

CITY OF DUNNELLON

COMPREHENSIVE PLAN



VOLUME III

Capital Improvements

Conservation

Future Land Use

Housing

MASTER



Henigar & Ray, Inc.

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LANDSCAPE ARCHITECTS • PLANNERS • SURVEYORS

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CAPITAL IMPROVEMENT ELEMENT
CITY OF DUNNELLON

INTRODUCTION

In 1985, the Florida Legislature mandated that local governments plan for the availability of public facilities and services to support development concurrent with the impacts of such development. Consequently, the Capital Improvements Element (CIE) of local comprehensive plans has become the "cornerstone" for achieving this mandate. The purpose of the CIE is to:

1. Evaluate the need for public facilities in support of the Future Land Use Element;
2. Estimate the costs of improvements for which the City has fiscal responsibility;
3. Analyze the fiscal capability of the City to finance and construct improvements; and
4. Adopt financial policies to guide the funding and construction of improvements.

The Capital Improvements Element differs from the City's capital improvements program in that its scope is limited only to those capital improvements derived from the other elements of the Dunnellon Comprehensive Plan. In short, the CIE may be used to demonstrate the economic feasibility of the comprehensive plan. It focuses on the capital outlay required to meet deficiencies and to maintain adopted level of service standards for public facilities in the plan.

This element includes:

1. An inventory of capital improvement needs and financial resources;
2. A fiscal assessment of revenues and expenditures; and
3. A discussion of issues and recommendations.

INVENTORY

Needs Derived from Other Elements

The analyses performed in the preceding Dunnellon comprehensive plan elements have identified facility improvements needed to meet the demands of existing development and the demands of future development.

The locations and geographic service areas of public education and health system components have been identified. It was determined that such existing systems and facilities were adequately served by roads, sanitary sewer, solid waste, drainage, potable water, and recreation facilities. Based upon information obtained from the Marion County School Board and the Marion County Health Department, it was determined that no additional public facilities will be needed beyond those already planned in order to adequately satisfy the projected demand and maintain adopted level of service standards, as proposed in the other elements of the Dunnellon Comprehensive Plan.

It is noted that a single additional elementary school is planned to be located within the Dunnellon City limits by 1995. However, a specific site has not been chosen. According to the Marion County School Board, the elementary school will have a facility capacity of 820 students. The tentative location is in South Dunnellon, near the existing elementary school. Another elementary school is planned for a location Northeast of the City. Both facilities could require capital improvements by the City, and this element should be updated as new information becomes available with respect to planning for educational facilities. According to the Marion County Health Department, a single part-time clinic is located within the Dunnellon City limits and no major expansion or new facilities are planned at this time. Again, this element should be updated as new information becomes available.

The inventory is concerned with only capital products. I.e., those needed improvements which are of relatively large scale, are of generally non-recurring high cost, and which may require multi-year financing. The needed improvements derived from the elements of this plan which qualify as capital improvements are listed in Table 1. These capital improvements were ranked in order of priority by the City Council and the Director of Public Works/Utilities.

Table 1 lists capital improvements identified for the fiscal years 1993-1997, since the plan is scheduled for submission to DCA in May 1991. This is consistent with the provision of Section 9J-5.016,

F.A.C., which requires this element to address existing and future capital improvements needed for at least the first five fiscal years after the adoption of the comprehensive plan. Adoption will occur during FY 1992. Capital improvements needed for the latter part of the planning period will be evaluated during the required annual review of this element.

Table 1 provides a brief description of each of the capital improvement projects and provides an estimate of the total project cost. Projects are grouped by facility type, including traffic circulation, sanitary sewer, drainage, potable water, and recreation.

TABLE 1

CITY OF DUNNELTON CAPITAL IMPROVEMENTS
FY 1993-1997

Project Description	Target Year		Estimated Cost (\$)
<u>TRAFFIC CIRCULATION FACILITIES</u>			
<u>SANITARY SEWER FACILITIES</u>			
1. Upgrade existing plant to meet compliance with FDER standards	1992	SF & H	500,000
2. Extensions to existing waterfront unsewered areas Blue Cove II; Burkett; Vogt Springs; then Hendrix Ave.	1992	SF & H	2,170,000
3. Redesign lift stations (5)	1993	SF & H	200,000
Upgrade manholes (150)	1997	SF & H	<u>30,000</u>
TOTAL SANITARY SEWER IMPROVEMENTS			
<u>DRAINAGE FACILITIES</u>			
1. Improve drainage at Dunnellon Square (Powell Road)	1993	GT	25,000
2. Improve drainage at Third Avenue and CR 40	1994	GT	45,000
Complete studies to determine method and cost to correct the following drainage deficiencies:			
3. McKinney Ave. Outfall	1994	GT	10,000
4. Palmetto Way Outfalls	1993	GT	15,000
TOTAL DRAINAGE FACILITY IMPROVEMENTS			95,000

TABLE 1 (Cont'd)

CITY OF DUNNELTON CAPITAL IMPROVEMENTS
FY 1993-1997

Project Description	Target Year		Estimated Cost (\$)
<u>POTABLE WATER FACILITIES</u>			
1. Purchase property for new well and water tower (east of Rainbow River) Establish Well #4 (construct well, permitting and testing)	1992	WF	315,000
2. Upgrade water mains to meet pressure needs for fire department	1997	WF	100,000
3. Install isolation valves	1997		15,000
4. Purchase generator: Well #3	1991	WF	30,000
5. Dunnellon Heights water assessment district	1992	WF	25,000
6. New water tank - Well #4	1997	WF	<u>250,000</u>
TOTAL POTABLE WATER FACILITY IMPROVEMENTS			735,000
<u>RECREATION FACILITIES</u>			
1. Improve City beach (additional drainage and parking)	1995	GF	150,000
2. Recreational complex (bicycle/jogging trails)	1997	GF	<u>5,000</u>
TOTAL RECREATION FACILITY IMPROVEMENTS			155,000

Source: Director of Public Works, City of Dunnellon, 1989.
Henigar & Ray, Inc., 1991.

- *: GF: General Fund revenues
- GB: General Revenue Bonds
- SF: Sewer Fund
- FH: Farmers Home Admin. Loan/Grant
- WF: Water Fund Bonds
- RB: Revenue Bond
- GT: Local Option Gas Tax

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In Table 1, the "Target Year" column indicates the year by which the projects must be completed in order to achieve the adopted level of service standards for the respective facilities.

The capital improvement projects listed in Table 1 are not inclusive of all anticipated capital expenditures by the City during this time frame. The list of improvements derived in the other elements has been limited primarily to the major components of each facility in order to analyze development trends and impacts at a level of detail which is both manageable and reasonably accurate. Smaller scale improvements, such as those requiring less than \$5,000, will be addressed in the City's annual capital budget as they occur over time.

The basis for cost estimates in this element is as follows:

Sewerage system construction costs, drainage facility estimates, water transmission costs, and construction costs for parks were estimated based upon the following sources:

1. Director of Public Works, City of Dunnellon.
2. Henigar & Ray, Inc.

FINANCIAL RESOURCES

In order to effectively plan for needed capital improvements, and to arrange, systematically, for the necessary financing through the budgeting process, a preliminary step is to inventory the major sources of funding available to the City of Dunnellon. In 1993, these major sources of funding will contribute to a total revenue sum of an estimated \$1,922,000. The following list of revenue sources comprises a working inventory from which the City's capability to appropriate the needed revenue for capital improvements is assessed. The status of each financial resource currently utilized in the City of Dunnellon is indicated below. However, the following list includes all major financial resources available to the City and is not limited to those sources which will be used for capital improvement projects included in this elements' five-year schedule of improvements. These currently utilized financial resources comprise, in part, the accounts (revenue sources) from which the capital improvement projects will be funded.

At this time, neither the Southwest Florida Water Management District, FDOT, or any other state agency has any plans to provide public facilities within Dunnellon's jurisdiction during the planning time frame.

LOCAL SOURCES

Property Taxes (ad valorem)

Property taxes are based on a millage rate (one mill is the equivalent of \$1.00 per \$1,000.00 of assessed value or 0.1 percent), which is applied to the total taxable value of all real property and other tangible personal property. Depending upon policies established by the City Council, revenue from ad valorem taxes may be used to fund both operating costs and capital projects.

As the major source of revenue for the City of Dunnellon, the ad valorem tax traditionally accounts for approximately 35 percent of the City's annual revenues. The current millage rate is set at 6.678 mills (1990/91) for a tax base of slightly under \$54 million. The tax yield for 1993 is expected to be \$453,016 from a tax base (adjusted taxable value) of almost \$70 million. This projection is based upon an annual increase of approximately 7.3 percent.



Public Utility or User Charges

These charges are derived from the operation of publicly-owned and operated utilities, such as water, sewer, and solid waste removal. This source of revenue currently makes up about 8 percent of all City revenues. The public utility revenue yield for 1993 is projected to be approximately \$103,500.

Other Taxes, Fees, and Charges

This category includes administrative fees and user charges for services and facilities operated by the City of Dunnellon. Examples are franchise fees, utility taxes, licenses and permits.

About 20 percent of the City's revenues are generated from these sources. Approximately \$258,900 in other taxes, fees, and charges is anticipated in 1993.

Special Sources of Revenue

Depending upon priorities assigned by the City Council and the availability of other revenue sources, it may be advantageous to seek additional funding mechanisms. The following sources of revenue represent options available to the City of Dunnellon for financing capital improvements.

1. Impact Fees. These are charged in advance of new development and are designed to pay for infrastructure needs, but not operating costs, which are directly attributable to new

development. These fees must be equitably allocated to specific group(s) which will directly benefit from the capital improvement, and the assessment levied must fairly reflect the true costs of these improvements. The City has not adopted any impact fee ordinance.

2. Special Assessments. Like impact fees, special assessments are levied against residents, agencies, or districts which directly benefit from the new service or facility. For example, a new sewer system for an existing neighborhood can be financed through a special assessment of that neighborhood's homeowners, rather than through the City's general fund.

The City has designated Dunnellon Heights Water Assessment District for the purpose of financing the construction of a water distribution system to serve the present and future residents of this subdivision.

3. Borrowing. The high cost of many capital improvements requires local governments to occasionally resort to borrowing, either through short-term or long-term financing. Short-term financing through local banks is one option available to raise required revenue. However, the more customary method is to authorize long-term bond issues. The duration is usually from five to forty years to retire a bond obligation.

By 1993 only about \$22,720 in revenue bonds and bank notes are anticipated from debts financed before 1990. Table 2 presents a breakdown of the maturities of long-term instruments and bank notes.



TABLE 2

MATURITIES OF LONG-TERM DEBT FOR YEARS ENDING
SEPTEMBER 30

<u>CITY OF DUNNELLO</u>			
Year	Bonds	Notes Payable	Total
1990	\$ 8,000	\$ 27,636	35,636
1991	8,000	18,059	26,059
1992	8,000	19,486	27,486
1993	8,000	21,025	29,025
1994	<u>0</u>	<u>22,720</u>	<u>22,720</u>
TOTAL	<u>\$32,000</u>	<u>\$108,926</u>	<u>\$140,926</u>

Source: Financial Statements and Independent Auditors' Report
City of Dunnellon, Florida - September 30, 1990.

Currently the City has the following general long-term debt:

	<u>1990</u>
Payable to IBM, \$792 Per Month for 60 Months, Including Interest at 10.6%, Collateralized by Computer Software	\$35,347
Payable to IBM, \$470 Per Month for 60 Months, Including Interest at 7.9%, Collateralized by Computer Hardware	<u>22,294</u>
Total General Long-Term Debt	<u>\$57,641</u>

The capital leases described above are for assets costing a total
of \$59,707 which are recorded in the City's general fixed assets.

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No general obligation bonds have been issued in the City. The City did issue several revenue bonds in 1964 to finance sanitary sewer improvements. The annual debt service on these bonds is \$8,000. In 1993, the ratio of revenue bonds (\$8,000) to total debt (\$51,721) will be 15.5 percent. The total debt service on these bonds for 1993-1997 is as follows:

<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
8,000	0	0	0	0

No industrial revenue bonds have been issued in the City.

STATE SOURCES

The City of Dunnellon depends on annual disbursements from the state government to supplement its operating and capital budget revenues. The sources of revenue listed in the above section represented funds which the City may levy, collect, and disburse at the local level. This section addresses those funds which are: generated locally, but collected and later returned by state agencies to the City; adopted as a local option tax or license fee, collected and returned by the State; or shared by the state in the form of grants to the local government, but originate from state general revenues. Amounts available from these sources may vary from year to year, depending upon legislative actions.

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Cigarette Tax

The City currently receives a revenue of two cents on tobacco products. Approximately \$16,900 is generated annually from this source.

Revenue Sharing Trust Fund

The City receives approximately \$53,800 annually from this source.

Mobile Home License

The City receives approximately \$5,600 annually from this source.

Alcoholic Beverage License

The City receives approximately \$3,000 annually from this source.

Other Shared Revenue

Within this category are several major financial resources which are shared between city, county, and the state agencies. The following taxes and licensing fees generate a large portion of Dunnellon's total annual revenue.

Sales Tax

The City of Dunnellon receives revenues from a one-half cent local option sales tax from Marion County. This has generated revenues of between \$48,315 and \$75,300 over the past five years: the fiscal 1990 budget for Dunnellon includes \$77,958 from this revenue source. It is projected that this source will remain approximately level and will provide \$78,800 of revenue in the 1993 budget.

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Motor Fuel Tax Rebate

This source of revenue accounted for \$700 in the Fiscal Year 1990 budget. In 1987, \$780 in revenues were generated from this source and over \$1,700 were generated in 1986. It is projected that this source of revenue will fluctuate from year to year and a conservative \$750 is estimated for the 1993 budget.

Local Option Gas Tax

The revenues received by the City of Dunnellon as a result of the local option gas tax was \$194,366 in 1989. It accounts for \$198,663 in the Fiscal Year 1990 budget. This source of revenue is projected to provide \$208,300 to the 1993 budget for transportation system improvements. The local option gas tax accounts for approximately 20 percent of revenues in the Fiscal Year 1990 budget. The gas tax is a 6 cent per gallon County tax of which the City receives a proportional share as provided by state law. In 1989, 30 percent of the local option gas tax revenues were returned to the 6 incorporated municipalities in Marion County. The City of Dunnellon's share is currently 2.56 percent. It should be noted that 6 cents per gallon is the maximum tax per gallon pursuant to Section 336.025, F.S., and any increase in revenues will result in increased gasoline consumption and/or retail prices.

Municipal Share of Occupational License

The revenue received by the City of Dunnellon as a result of the issuance of occupational licenses accounted for approximately \$14,032 in 1989. It is conservatively estimated that this will account for approximately \$14,500 in the 1993 budget.

FEDERAL AND STATE GRANTS AND LOANS

While there are a number of grants and loans readily available to local governments, the City of Dunnellon has not generally sought funds through these sources in the past. A source of funds used by many small cities in the State of Florida is the CDBG Program, whereby 30 percent of the total funds available for CDBG is dispersed to the state to pass through to the local government, in the form of "small cities" grants, for cities of 5,000 population or less. However, the County is an entitlement County and has targeted Chatmire for improvements in the past, including provision of potable water from Dunnellon. Refer to the Potable Water sub-element for details.

In addition to block grants, several federal agencies offer direct loan programs for capital improvement projects. Loans and grants are available for original installation or improvement of central community water systems, sewage disposal systems and solid waste disposal systems. State loans are also usually available to finance capital projects.

Currently, the City has made application to the Florida Department

of Environmental Regulation for a revolving loan fund to expand wastewater treatment facilities. The application for a \$4.3 million loan was filed in May, 1989.

In addition, the City has made application for a loan/grant with the Farmers Home Administration (FmHA) in order to construct a new water supply well No. 4 in an area less susceptible to groundwater contamination. The estimated cost of this project is \$315,000.

Local Policies and Practices

The City of Dunnellon has not adopted specific policies in order to guide the timing and location for the installation or expansion of the capacity of public facilities. Due to the current needs of the City regarding capital improvements, and the problems associated with protecting environmentally sensitive areas, the focus is shifting somewhat. Public facilities that are provided directly by the City include a potable water and sanitary sewer system, solid waste removal, parks and recreation facilities, drainage facilities, and local roads.

Water, sanitation services, and sewer services are provided by the City through user fees. Operating revenues projected for FY 1990 total \$599,549 for these services. Total operating expenses are projected to be \$508,020 for a net gain of \$91,529. When projected operating revenues/expenses are considered along with non-operating revenues and expenses it is projected that these three funds will

show a combined End of Year Earning of \$134,126 plus \$84,604 from 1989. I.e., the City's Enterprise funds are currently operating in the black with the exception of the Sewer Fund.

Sewer services are provided by the City through user fees. Revenues projected for FY 1990 total \$219,273 for sewer service, and expenditures were projected at \$182,068 plus a retained deficit from 1989 of \$136,637 for a combined End of Year Earning (deficit) of (\$70,806). To rectify that situation the City implemented a sewer rate increase effective October 1, 1989. It should be noted that the debt service for the Sewer Revenue Bonds will expire in 1993. Therefore, additional funds will be available for maintenance. As mentioned previously the City plans to expand wastewater treatment facilities. In addition to expanding the service area, the City is in the process of making necessary repairs to the existing system.

Prior to the preparation and adoption of the Dunnellon Comprehensive Plan pursuant to Chapter 163, the City had no adopted level of service standards for any of its facilities or services. In general, local practice regarding the installation or expansion of public facilities may be described as a first come, first served system, whereby the city strived to provide an adequate level of services to its citizens through current revenues.

This approach has proven satisfactory in the past, but today external and internal pressures are affecting the aging infrastructure and demanding that environmental issues be addressed as well. The City is currently taking steps to extend services to dwelling units in close proximity to the Rainbow River in order to eliminate the use of septic systems in the areas which have the potential to contaminate the river. Environmental issues concerning urban development are paramount in Dunnellon. These types of issues are being reflected by level of service standards which the City is adopting, and it is using such standards to guide future decisions regarding installation or expansion of public services.

ANALYSIS

Fiscal Assessment

This section begins the examination of the City's ability to fund the capital improvements listed in Table 1. The purpose of this section is to determine whether sufficient revenue will be available within the existing budgeting framework utilized by the City to fund the needed improvements at the time they will be required.

The assessment process consists of estimating future receipts of revenues which the City uses for capital improvement financing and balancing these receipts against anticipated expenditures for capital improvements. Using this process, it is possible to quantify annual revenue surpluses and shortfalls, providing a basis for examining opportunities for financing the needed capital improvements.

In addition to the direct cost for capital improvements, this section will review the fiscal impacts of the capital improvements derived from the other elements upon the department responsible for facility management. This will include costs for some additional personnel and routine operation and maintenance activities.

Accounting System

The accounting system employed by the City records financial transactions in individual accounts or "funds." Records for each fund provide a complete accounting of fund assets, liabilities, reserves, equities, revenues and expenditures. The following is a brief description of the funds which the City has established for capital improvement financing.

General Fund

The General Fund is the basic operating fund of the City. All ad valorem tax revenues are required to be accounted for in the General Fund.

Water Fund

The Water Fund is used to account for water utility revenue and operating expenditures.

Sewer Fund

The sewer fund is used to account for sewer utility revenues and expenditures, including debt service for capital improvements.

Sanitation Fund

The Sanitation Fund is used to account for garbage/solid waste services revenue and operating expenditures.

Projected Revenues

The City's tax base was projected to increase assuming a 7.29 percent rate of growth for the adjusted taxable value of property (including new construction), as indicated below. The percentage is based on the average rate of increase in taxable value of property for the ten-year period ending in 1989.

TABLE 3
PROJECTED TAX BASE, CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
Adjusted taxable value (\$) (including new construction) 7.29 Percent Increase	69,979	75,081	80,554	86,426	92,727

Source: Henigar & Ray, Inc., 1991

Note: All figures in thousands.

Table 4 indicates the expected revenues available to the City to finance capital improvements for the years 1993-1997. Revenue amounts projected are based on past trends. These amounts are represented in 1989 dollars.



Ad valorem tax yields were projected assuming the average rate of millage and annual increase in adjusted taxable value for the five year period ending in 1989.

TABLE 4
PROJECTED AD VALOREM TAX YIELDS
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
Ad Valorem	453,016	486,044	521,474	559,487	600,270

Source: Henigar & Ray, Inc., 1991

Note: Based on an average millage rate of 6.4736 in effect for the five year period preceding this analysis (I.e., 1985 to 1989).

TABLE 5

TOTAL REVENUE PROJECTIONS AND REVENUE PROJECTIONS
AFFECTING CAPITAL IMPROVEMENTS
CITY OF DUNNELLON: 1993-1997

TOTAL REVENUE PROJECTIONS

Year	1993	1994	1995	1996	1997
General Fund	1,208	1,275	1,348	1,426	1,509
Water Fund	267	295	325	358	394
Sewer Fund	222	238	256	275	295
Sanitation Fund	<u>225</u>	<u>246</u>	<u>269</u>	<u>295</u>	<u>323</u>
Revenue (\$)	1,922	2,054	2,198	2,354	2,521

PROJECTED REVENUE AVAILABLE FOR CAPITAL IMPROVEMENTS*

General Fund	212	224	237	250	265
Water Fund	41	47	54	61	70
Sewer Fund	78	84	90	96	103
Sanitation Fund	<u>24</u>	<u>27</u>	<u>29</u>	<u>32</u>	<u>35</u>
Revenue (\$)	355	382	410	439	473

Source: Henigar & Ray, Inc., 1991.

Note: All figures in thousands.

* Based on FY 1988/89 Budget Proportions. Revenue Projections
Minus Projected Operating Expenses.

The General Fund revenues represent continued capture of ad valorem revenues necessary to meet annual government services and operating expenses. No annual debt service for projects is currently funded by this account. However, an analysis of the City's budget over the past five years revealed that approximately 17 percent of the expenditures have been allocated for road improvements on a "pay as you go" basis. The projected revenue from this fund is based on continued service provisions in accord with historical trends. Since the majority of needed capital improvements are based on existing deficiencies rather than increased demand, the funding must come from: an increase in taxes and subsequent revenues; or cuts in other areas of local government spending which are not considered to be as high a priority; and/or grant monies of obtained by the City. (It is noted, however, that the improvements due to growth are eligible for funding from impact fees or other sources.)

This analysis assumes that property values and subsequent revenues will increase and the millage rate will remain constant at 6.4736, a conservative estimate slightly lower than the present 6.678 mills. Public utility/user charges and other taxes/fees/charges are projected to increase in accord with the tax base at a rate of approximately 7 percent annually based on historical trends. The local option gas tax is projected to yield an annual revenue increase of approximately 4 percent, while all other state sources are projected to remain at a constant \$189,700, based on the existing rating structure.

The Sanitation Fund revenue amounts represent operating income and other income projected from FY 1989 at a rate of approximately 9 percent annually based on an average rate of increase for the preceding 5-year period. Revenue projections affecting capital improvements are based on the current level of debt service for projects. This rate (approximately 11 percent) is projected annually, minus any excess contributions to the General Fund.

The Sewer Fund revenue amounts represent operating income and other income projected from FY 1989 at a rate of approximately 7.4 percent annually based on an average rate of increase for the previous 5-year period. Revenue proportions affecting capital improvements are based on the 1989 level of debt service for projects. This rate (approximately 6 percent) is projected annually.

Projected Expenditures

For the purpose of this fiscal assessment, projected capital expenditures have been aggregated into two categories: scheduled capital improvement project expenditures and capital improvement debt service expenditures; and, expenditures for improvements derived from the other elements of this plan. The first category represents the direct cost of capital improvements presently included in the schedule of projects that are planned by the City in addition to those in Table 1. Table 6 lists these projected and amortized expenditures by fund source for 1993-1997.

These expenditures are based on capital expenses budgeted for FY 1989 and 1990. It is assumed that annual debts will remain at the level budgeted for at the time that this element was prepared.

TABLE 6
EXPENDITURE AND DEBT SERVICE BASED ON HISTORICAL DATA
SCHEDULED CAPITAL IMPROVEMENTS
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
General Fund	19	19	19	19	19
Water Fund	6	6	6	6	6
Sewer Fund	8	0	0	0	0
Sanitation Fund	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Expenditure (\$)	39	30	30	30	30

Source: Henigar & Ray, Inc., 1991.

Note: All figures in thousands.

The second category includes the direct costs of capital improvements listed in Table 1. The projected annualized debt of these improvements are summarized by facility type for 1993-1997 in Table 7. These expenditures represent additional costs the city must incur in order to correct existing deficiencies and to maintain adopted level of service standards for capital facilities under projected growth conditions.



Listed beneath the revenues are the projected expenditures for the year. The expenditures are the sum of the annualized scheduled capital improvement costs and the debt service expenditures (from Table 6), and applicable costs of capital improvements derived from the other elements (from Table 7). Improvement costs from the other elements for sanitary sewer and potable water have been assigned to the fund accounts for the respective facilities. Improvement costs from the drainage, and recreation elements have been assigned to the General Fund, which has historically been the funding source used by the City for these types of capital improvements. The balance for each fund indicates the difference between the projected revenues and expenditures. A negative balance indicates a revenue shortfall for that year.

TABLE 7
NEEDS DERIVED FROM OTHER ELEMENTS
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
Sanitary Sewer	198.5	190.5	190.5	190.5	190.5
Solid Waste	0	0	0	0	0
Drainage	44.0	55.0	0	0	0
Potable Water	10.5	10.5	59.9	59.9	78.3
Recreation	<u>1.0</u>	<u>1.0</u>	<u>150.0</u>	<u>1.0</u>	<u>5.0</u>
Total	186.0	189.6	239.0	253.0	372.1

Source: Henigar & Ray, Inc., 1991

Note: All figures in thousands.

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In order to assess the ability of the City of meet the anticipated capital improvements expenditures, it is necessary to determine whether sufficient revenues will be available. This was accomplished by finding the difference between the projected annual revenues and expenditures for each fund used by the City to finance capital improvements. The results of these assessments are shown in Table 8.

Table 8 indicates the projected revenues available for capital improvements for each of the four funds, as previously listed in Table 5, for the years 1993-1997. Listed beneath the revenues are the projected expenditures for the year. The expenditures are the sum of the annualized scheduled capital improvement costs and the debt service expenditures (from Table 6), and applicable costs of capital improvements derived from the other elements (from Table 7). Improvement costs from the other elements for sanitary sewer and potable water have been assigned to the fund accounts for the respective facilities. Improvement costs from the drainage, and recreation elements have been assigned to the General Fund, which has historically been the funding source used by the City for these types of capital improvements. The balance for each fund indicates the difference between the projected revenues and expenditures. Funds are transferred from the General Fund to the Sewer Fund to cover potential negative balance situations.

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TABLE 8

FISCAL ASSESSMENT NO. 1
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
General Fund					
Balance Forward	-	33.5	76.0	43.0	198.5
Revenues	212.0	224.0	237.0	250.0	265.0
Expenditures	<u>59.0</u>	<u>74.0</u>	<u>169.0</u>	<u>0</u>	<u>5.0</u>
Sewer Fund	-119.5	-106.5	-100.5	-94.5	-89.5
Balance	33.5	76.0	43.5	198.5	371.0
Water Fund					
Balance Forward	-	24.5	43.1	38.2	
Revenues	41.0	47.0	54.0	61.0	70.0
Expenditures	<u>16.5</u>	<u>16.5</u>	<u>65.9</u>	<u>65.9</u>	<u>84.3</u>
Balance	24.5	55.0	43.1	38.2	23.9
Sewer Fund					
Balance Forward	-	0.			
Revenues	78.0	84.0	90.0	96.0	103.0
(General Fund)	119.5	106.5	100.2	94.5	87.5
Expenditures	<u>198.5</u>	<u>190.5</u>	<u>190.5</u>	<u>190.5</u>	<u>87.5</u>
Balance	(20.2)	(7.2)	(1.2)	4.8	(87.5)
Sanitation Fund					
Balance Forward	-	18.0	40.0	64.0	91.0
Revenues	24.0	27.0	29.0	32.0	35.0
Expenditures	<u>6.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Balance	18.0	40.0	64.0	91.0	121.0

Source: Henigar & Ray, Inc., 1991.

Note: All figures in thousands.

All figures in parenthesis () are negative.

Expenditures are existing debt plus projected capital improvements debt. Revenues are available revenues after operating costs.

Sanitary sewer improvements and water system require additional funding beyond the present capacity of the Sewer Fund and the Water Fund respectively. Therefore, these improvements must be funded through alternative funding mechanisms. Such alternative funding mechanisms are discussed in the Issues and Recommendations section of this element.

Operating Costs

In addition to the capital costs of providing the needed facility improvements, the City will also incur increases in annual operating costs. These are the recurring expenses associated with routine operation of the capital facilities, such as supplies, utilities, maintenance and personnel costs.

The anticipated increase in annual operating cost associated with the assessed capital improvement needs are shown in Table 9 for each of the capital improvement categories. The operating costs have been assigned to the year they will first be incurred based on the improvement schedule shown in Table 7.

TABLE 9

ANNUAL OPERATING COST INCREASE
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
Traffic Circulation	--	--	--	--	--
Sanitary Sewer	11.2	12.3	13.4	14.7	15.6
Solid Waste	--	--	--	--	--
Drainage	2.0	--	--	--	--
Potable Water	8.7	9.6	10.5	11.5	12.2
Recreation	--	--	--	2.6	1.0
Total	21.9	21.9	23.9	28.8	28.8

Source: Henigar & Ray, Inc., 1991.

Note: All figures in thousands.

As indicated in Table 9, not all of the needed capital improvements will result in increased operational costs in every year. The traffic circulation improvement (US 41) involves an existing roadway which is already included in the City's maintenance program, and no significant increase in cost is anticipated for maintenance of the improvement in the planning time frame. The most significant increases in operational costs are associated with expansion of facilities which require maintenance of mechanical components and operator staffing, and which incur utility costs, such as the sanitary sewer and potable water facilities.

Since these are recurring costs, the total cost to the City will be

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cumulative over time. As each cost is incurred it must be carried forward and added to costs incurred in successive years to assess the total impact on City operating costs. Table 10 shows the cumulative increase in operating costs associated with the capital improvements derived from the other elements for the years 1993-1997.

TABLE 10
CUMULATIVE OPERATING COST INCREASE
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
Traffic Circulation	--	--	--	--	--
Sanitary Sewer	11.2	23.5	36.9	51.6	67.2
Solid Waste	--	--	--	--	--
Drainage	2.0	2.0	2.0	2.0	2.0
Potable Water	8.7	18.3	28.8	40.3	52.5
Recreation	--	--	--	2.6	3.6
Total	21.9	43.8	67.7	96.5	125.3

Source: Henigar & Ray, Inc., 1991

Note: All figures in thousands.

In order to assess the impact of the increase in operating costs, the cumulative operating costs were compared to the total projected City operating costs. The result of this comparison, shown in Table 11, indicates the extent of increase required in the total



City operating budget to absorb these additional operating costs. As shown in Table 11, the maximum impact of these additional costs will occur in 1997, when a 6.3 percent increase in operating costs would be incurred. This is due to the projected sewer plant improvements.

TABLE 11

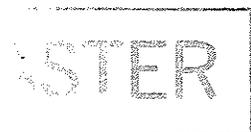
IMPACT OF CUMULATIVE OPERATING COST INCREASE
ON TOTAL PROJECTED CITY OPERATING COSTS
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
Projected Operating Cost	1,516.2	1,617.6	1,727.9	1,849.1	1,977.7
Cumulative Operating Cost Increase	21.9	43.8	67.7	96.5	125.3
Percent of Projected Operating Cost	1.4%	2.7%	3.9%	5.2%	6.3%

Source: Henigar & Ray, Inc., 1991.

Note: All figures in thousands.

The City uses revenues from the General Fund, as well as the water, sewer, and the sanitation fund accounts to meet annual operating expenses. General Fund revenues are used primarily for meeting expenses associated with providing city-wide general government services. These include general administrative offices of the various departments.



The City-wide millage rate is reviewed on an annual basis as part of the City's budgeting process. Adjustments are made in order to ensure that sufficient funds are generated to meet anticipated expenses. In anticipation of future increases in operating costs, the City may adjust the millage rate upward by small increments for several years (up to 10 mills). This provides additional operating reserves initially, which can be used to offset later operating expense increases and allow the City to moderate annual changes in millage rates.

For example, a one-half mill (.0005) increase in ad valorem tax millage rate could generate almost \$35,000 for the anticipated 1993 adjusted taxable value of \$69,979 million; and the following increases could result for 1993-1997:

TABLE 12
POTENTIAL INCREASE IN REVENUE FROM A ONE-HALF
MILL INCREASE
CITY OF DUNNELLON: 1993-1997

Year	1993	1994	1995	1996	1997
One-half mill increase	34.99	37.54	40.28	43.21	46.4

Source: Henigar & Ray, Inc., 1991.

Note: All figures in thousands.



ISSUES AND RECOMMENDATIONS

Within this section, potential sewer revenue shortfalls, general fund dollars is considered to be an "issue." The factors which contribute to these issues are examined, as are recommendations as to how they may be overcome.

Issue

The Sewer Fund is projected to have a revenue shortfall, in varying degrees, during 1993-1997. This is due to sewer facility improvements which are scheduled to begin in 1992. These shortfalls are covered by General Fund revenues. While this is an acceptable solution the City must decide whether these fund transfers will be a loan or grant.

Recommendations

1. In order to balance the projected revenue and expenditure streams within the Sewer Fund, it is recommended that the City utilize funds from the General Fund on a grant basis. However the sewer enterprise fund should be evaluated and put on a true balanced budget basis with rates appropriately assessed to cover all costs.



Additionally, the following strategies are recommended:

1. A downtown redevelopment plan with a tax increment financing district (TIF) can aid in providing needed funds for a specific area in need of capital improvements if necessary, therefore reducing the overall tax burden commonly necessitated by areas of urban decline.

2. A special assessment district such as the Dunnellon Heights Water Assessment District may be appropriate for areas requiring "special" or unique public facilities/services relative to the overall City can also reduce the overall tax burden and allow these improvements to be financed only by residents who will directly benefit from them.

a. An example of a Special Assessment District which would be appropriate for certain areas of the City might be a fire pressure assessment district, whereby only those geographically defined areas in need of new water lines would be assessed a tax to finance the improvement.

3. Furthermore, the City should consider establishing a permanent fund balance that is unreserved and undesignated except for emergency purposes. This amount should be approximately 10% of the operating and capital budget of each fund on 6 months of the operating budget.

4. In addition, GAO requires that by 1993 all accrued compensated leave obligations (sick leave, vacation time, etc.) must be held in reserve. This also should be accounted for in a fund balance reserve.

The above recommendations can provide mechanisms for servicing the debt without experiencing the adverse consequences which result when operating expenses must be cut in order to meet capital debts.

CITY OF DUNNELLON

CONCURRENCY MANAGEMENT SYSTEM

Chapter 9J-5, Florida Administrative Code, requires the adoption of a concurrency management system to ensure that facilities and services needed to support development are available concurrent with the impacts of such development. This concurrency management system is designed to ensure that prior to the approval of an application for a development order or permit which contains a specific plan for development, including densities and intensities of development, the adopted level of service standards required within this Comprehensive Plan for roads, potable water, sanitary sewer, solid waste, drainage and recreation and open space will be maintained.

The comprehensive Plan of the City of Dunnellon contains policies which establish level of service standards for public facilities; the concurrency management system in turn provides a mechanism for which the City can ensure the maintenance of level of service standards.

Purpose and Overview

The City shall require a concurrency review be made with applications for development approvals and a Certificate of Concurrency issued prior to the approval of any application for a development order or permit which contains a specific plan for development, including intensities and densities of development. If the application is found to be concurrent, a Certificate of

Concurrency will be issued. If any other development permits are required, a copy of the Certificate of Concurrency shall be included with the future application. A separate concurrency review shall not be required for each permit for the same development. This concurrency review will only address the availability of and capacity of public facilities, and a Certificate of Concurrency does not infer approval of the entire development, such as approval of final plats where review indicates availability during preliminary plat approval.

If the application is found not to be concurrent, the applicant shall be notified in writing that a certificate of concurrency cannot be issued. The burden of demonstrating that adequate facilities are available, consistent with the adopted concurrency management system, shall rest with the applicant.

The City shall issue development approvals only if the proposed project does not lower the public facility level of service below the standards adopted as part of the Comprehensive Plan.

A. Minimum Requirements for Concurrency

The minimum requirements for concurrency within this management system are as follows:

1. for roads, potable water, sewer, solid waste, drainage and recreation and open space, provisions shall be in place to ensure that:

a. the necessary facilities and services are in place at the time a development permit is issued, or conditions are placed on the permit stating that the necessary facilities and services will be in place when the impacts of development occur; or

b. The necessary facilities are under construction at the time a development permit is issued;

c. The necessary facilities and services are guaranteed in an enforceable development agreement that includes the provisions of Chapter 9J-5.0055 (2)(a)(1-3), F.A.C., in effect upon the adoption of this comprehensive plan. All development agreements shall be consistent with the provisions of Chapter 163.3220, Florida Statutes or an agreement or development order issued pursuant to Chapter 380, Florida Statutes.

These requirements shall be enforced for various types of development orders, as follows:

1. For building permits, necessary facilities and services shall be in place prior to issuance. The determination of the existence of the necessary facilities and services in place shall be made by the Public Works Director or designee.

2. For other development orders, including, but not limited to, approval of subdivisions, rezonings, special exceptions or permits and site plans, public facilities and services must be available concurrent with the impacts of development permitted by other development orders. Subject to a determination by the City Public Works Director or designee that the necessary facilities or



services are in place and are maintaining the adopted level of service, the following concurrency management requirements shall apply to all development orders with the exception of buildings permits:

a. Provisions shall be included within the development order, which shall require the construction of additional public facility capacity, where public facilities, due to the impacts of the development proposal do not meet the adopted level of service; and

b. such provisions shall require that the necessary public facilities be constructed to the adopted level of service so that necessary facilities and services will be in place when the impacts of the development occur and within conformance with the 5-year Schedule of Capital Improvements. Construction shall be undertaken by the developer or other private entity having authority over the facility, at their expense, or may be constructed by the City only in cases where the City Council agrees to construct such a facility.

B. Concurrency Determination Procedures

A concurrency test shall be made for these public facilities: roadways, sanitary sewer, solid waste, drainage, potable water, and recreation and open space.

1. For all public facilities with the exception of roadways, the adequacy of facilities will be determined by comparing the available capacity of facilities or services to the demand created by the development. Available capacity will be determined by

adding together the total excess capacity of existing facilities and the total capacity of any new facilities which meet the previously defined concurrency standards and subtracting any capacity committed through issuance of certificates of concurrency from previously approved development orders. The following procedures shall be applicable to all development orders and permits:

a. If an applicant desires to determine whether there is adequate capacity to accommodate a proposed development, the City shall make an informal non-binding determination of whether sufficient capacity exists.

b. If sufficient capacity does not exist, the City shall determine what public facilities are deficient if the project were to be approved.

c. Certain development approvals are ineligible to receive concurrency reservation since they are conceptual in nature and do not allow an accurate assessment of public facility impacts. These development approvals include land use amendments and rezoning applications. These approvals shall receive a non-binding concurrency determination.

d. any concurrency determination, with or without a development approval application, is a non-binding

determination of public facilities availability and capacity at the time of inquiry. The only binding action shall be the issuance of a Certificate of Concurrency, which reserves capacity for public facilities and services.

2. For roadways, the following determination procedures shall apply:

a. The City shall provide level of service information as set forth in the most recent Data and Analysis of the Traffic Circulation Element of the comprehensive plan. If this level of service information indicates a level of service failure would occur due to approval of the development, the applicant may either:

(1) accept the level of service information as set forth in the most recent Data and Analysis of the Traffic Circulation Element of the comprehensive plan, or

(2) prepare a more detailed Highway Capacity Analysis as outlined in the most recent Highway Capacity Manual or other approved methods of the Florida Department of Transportation.

b. If the applicant chooses to do a more detailed analysis, the applicant shall submit the completed alternative analysis to the Public Works Director or designee for review of the accuracy and appropriateness of the application of the methodology.

c. If the alternative methodology is accepted by the Public Works Director or designee, and indicates an acceptable level of service, the alternative methodology may be used in place of the most recent Data and Analysis of the Traffic Circulation Element of the comprehensive plan.

d. Any proposed development generating more than 400 trips a day shall be required to provide a trip distribution model, in addition to the requirements outlined above.

3. For sanitary sewer, solid waste, drainage, potable water and recreation and open space, the following determination procedures shall apply:

a. The city shall provide level of service information as set forth in the most recent Data and Analysis of the Data and Analysis of the comprehensive plan.

b. If such information indicates that the proposed project would not result in a level of service failure, the concurrency determination would be that adequate facility capacity at acceptable levels of service was available.

c. If such level of service information indicates that the proposed project would result in a level of service failure, the concurrency determination would be that adequate facility capacity at acceptable levels of service was not available at the date of application or inquiry.

Specific procedures for determination of concurrency for each public facility and service shall be included in the revised Land Development Regulations.

C. Certificate of Concurrency Compliance

The City's concurrency management system shall include provisions to ensure reservation of capacity in the public facilities necessary to serve previously approved/vested developments as well as proposed development following approval of a development order and concurrent issuance of a Certificate of Concurrency. A Certificate of Concurrency Compliance (COCC) shall only be issued upon final development approval, and each development approval/COCC shall include a time limit by which development must commence and be completed or the reserved capacity (and required hookup fees) are forfeited. The COCC shall remain in effect for the same period of time as the development order or permit granting final development approval. If there is no expiration date, the Certificate shall be good for a period of one (1) year. Certificates of Concurrency shall be issued on a first-come, first-served basis.

In summary, the following conditions apply to the City of Dunnellon's Concurrency Management System:

1. Amendments to the Comprehensive Plan can be made twice each year, and as other wise permitted. Changes can be made to the Capital Improvements Element by ordinance if the changes are



limited to those contained in Chapter 163, Part II, Florida Statutes.

2. No development order or permit shall be issued requiring the City to delay or suspend construction of any of the capital improvement listed in the 5 year schedule of the Capital Improvement Element.

3. If a comparable project on the 5 year schedule is proposed through the issuance of a development order or permit, the applicant may request a change to the 5 year schedule as part of the twice annual land use plan amendment review periods.