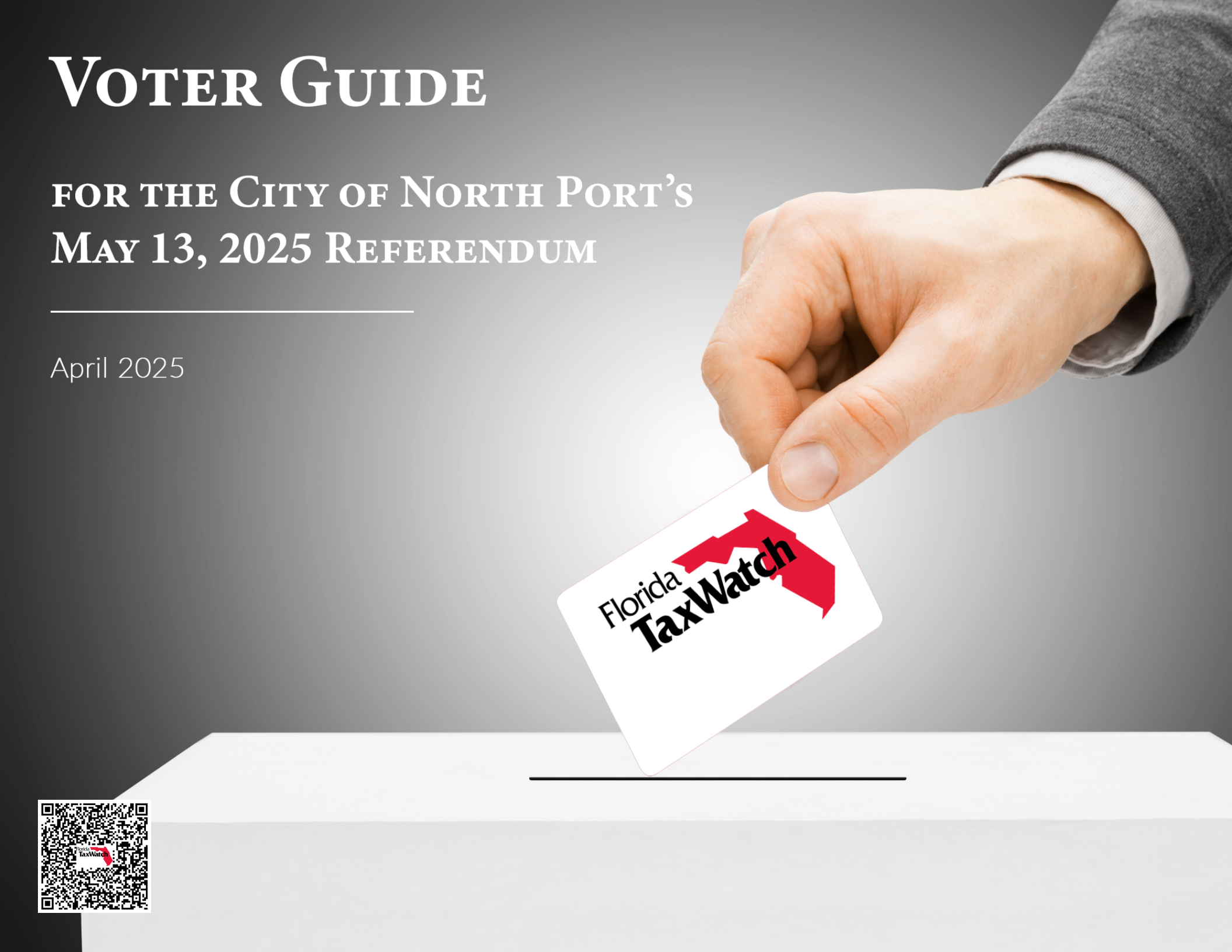
Voter Guide

for the City of North Port's May 13, 2025 Referendum

April 2025



Florida TaxWatch

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Dear Fellow Voter,

The City of North Port is the second fastest growing city in the United States and is also ranked within the top ten cities for population growth and job growth. Rapid urbanization and growth create significant challenges for cities like North Port, including strained infrastructure and difficulties in providing essential services like public safety, solid waste disposal, water resources, and sanitation systems. Compounding North Port's challenges to meet the ever-increasing demand for public facilities and services are efforts to recover from Hurricane Ian in 2022.

The November 2024 general election provided voters an opportunity to amend the City Charter to allow the City Commission to issue debt in response to declared states of emergency and to pay for public health and safety projects with a price tag of $15 million or less. This was narrowly defeated by the voters. The City Commission has now opted to go back to the voters in a May 13, 2025 special election that would permit the voters to approve or reject several issues or projects individually.

Florida TaxWatch undertakes this independent research project to help the North Port voters better understand the issues on the special election ballot, and how their approval or rejection affects their tax dollars. The involvement of Florida TaxWatch is at the request of a local nonprofit, nonpartisan, business membership-based think tank and government watchdog in Sarasota County. I hope the voters in North Port find our research helpful.

Respectfully,

Dominic M. Calabro

Dominic M. Calabro

President & CEO

As the largest municipality in Sarasota County and the Spring Training home of the Atlanta Braves, the City of North Port (population 94,700)[1] is responsible for providing police, fire rescue, solid waste & recycling, water & wastewater and parks and recreation services to its residents. The City is the second fastest growing city in the United States and is also ranked within the top ten cities for population growth and job growth.[2] The City's operating millage rate of 3.7667 per $1,000 assessed taxable valuation has remained the same for the past three years and is one of the lowest in Florida.[3]

The City is no stranger to hurricanes and other severe weather phenomena. The City was in the path of Hurricane Ian, which made landfall south of Tampa as a Category 5 hurricane on September 28, 2022. The deadliest storm to hit Florida in more than 80 years, Hurricane Ian caused record-breaking flooding and storm damage. Seven deaths in North Port were attributed to Hurricane Ian.

After Hurricane Ian passed, the City's Fire Rescue Department responded to more than 1,300 incidents. The City's Police Department provided services around the clock and enforced a curfew to protect the health and safety of City residents. The City's Social Services Division coordinated the outpouring of donated items and distributed more than $75,000 in Hurricane Ian relief vouchers to adversely affected City residents.[4]

The Department of Public Works coordinated the collection of more than 2,000,000 cubic yards of debris and oversaw the reconstruction of four waterway crossings and two arterial roadways that were made impassible by Hurricane Ian. Storm-related repairs were made to numerous other roadways. The Utilities Department worked to restore service and "harden" infrastructure throughout the City. The City's stormwater management system, which was designed in the 1950s to manage a ten-year, five-day storm (9.6 inches of rain over a five-day period), was easily overwhelmed by Ian's rainfall and storm surge. Crews cleared and removed debris from draining ditches, repaired erosion around water control structures, and inspected all significant stormwater management structures, bridges, and critical infrastructure.[5]

The Development Services Department helped property owners navigate the myriad federal regulations and permitting requirements for the extensive repairs needed to address storm damage. More than 19,000 permits have been issued, and more than 93,000 inspections have been conducted. The Economic Development Division launched a Business Recovery Call Center, which reached out to more than 1,200 local businesses to connect them with the resources they needed. The City's Grant Division has recovered more than $27 million in federal disaster assistance funds, with another $15 million in the process of being recovered. City facilities experienced an estimated $7 million in damages from the storm, including roof replacements and other repairs. The Utilities Department administration building and Parks and Recreation maintenance facility were destroyed.[6]

1 City of North Port, "North Port by the Numbers," retrieved from https://www.northportfl.gov/Home, March 5, 2025.
2 City of North Port, "North Port United," retrieved from https://www.northportfl.gov/City-Government/City-Leadership/City-Manager/North-Port-United, March 5, 2025.
3 Ibid.
4 City of North Port, "Recovery Continues in North Port 1 Year After Hurricane Ian," September 15, 2023, retrieved from https://www.northportfl.gov/News-articles/Hurricane-Ian-1-Year-Later, March 5, 2025.
5 Ibid.
6 Ibid.

The November 2024 general election included a referendum question asking the voters to amend the City Charter to allow the City Commission to issue debt in response to declared states of emergency and to pay for public health and safety projects with a price tag of $15 million or less. This question was defeated by a margin of 306 votes.[7]

The City Commission has now opted to go back to the voters in a special election that would permit the voters to approve or reject several issues or projects individually. On May 13, 2025, voters in the City of North Port will go to the polls once again in a special election to vote on the following referendum questions:

1. Should the City Charter be amended to allow the City to issue debt payable from funds other than property taxes without voter approval to respond to a declared emergency or disaster?
2. Should the City Charter be amended to remove the residency requirement for the City Clerk and City Attorney positions?
3. To finance a new police department headquarters facility, shall the City of North Port be authorized to issue bonds in one or more series in a total aggregate principal amount not to exceed $115 million, maturing no later than 30 years from issuance, bearing interest at no more than the maximum lawful rate, and payable from ad valorem property taxes levied in amounts sufficient to pay debt service on such bonds?
4. To finance a new solid waste transfer station, shall the City of North Port be authorized to issue bonds in one or more series in a total aggregate principal amount not to exceed $14 million, maturing no later than 30 years from issuance, bearing interest at no more than the maximum lawful rate, and payable from the revenues of the City's Solid Waste District?
5. To finance capital improvements to the City's wastewater treatment facility on Pan American Boulevard, shall the City of North Port be authorized to issue bonds in one or more series in a total aggregate principal amount not to exceed $17 million, maturing no later than 30 years from issuance, bearing interest at no more than the maximum lawful rate, and payable from the revenues of the City's water and sewer utility system?

Pursuant to §8.02(f) of the City's Charter, voter approval requires a majority vote (50 percent plus one) of the City's electors who voted on the referendum.

Florida TaxWatch has been contacted by representatives from the Argus Foundation, a nonprofit, nonpartisan, business membership-based think tank and government watchdog in Sarasota County, to look at questions 1, 3, 4, and 5 within the context of the City's perceived "broken" capital facilities planning process. Florida TaxWatch undertakes this independent research not to draw conclusions whether the questions posed in the referendum should be approved or rejected, but to identify those questions that must be answered, and the issues that must be considered, to permit City of North Port voters to make an informed decision regarding the proposed capital facilities. Our interest, as in all our research, is to make sure the interests of the taxpayers are well-served.

7 City of North Port, "What's on the Ballot?" retrieved from https://www.northportfl.gov/City-Government/City-Leadership/Whats-on-the-ballot, March 5, 2025.

Question 1

Summary

Voter approval of Question 1 would authorize amendment of the City Charter to allow the City to issue debt payable from funds other than property taxes without voter approval to respond to a declared emergency or disaster.

A YES Vote Means

A "YES" vote means you are in favor of amending the City Charter to allow the City Commission, in response to a declared state of emergency, to issue or incur debt without voter approval. This debt would be paid from funds other than property taxes.

A NO Vote Means

A "NO" vote means you are in favor maintaining the status quo that requires the City Commission, in response to a declared state of emergency, to first get voter approval before issuing or incurring debt.

The Arguments

Supporters:

Supporters of referendum question 1 maintain that North Port is the only municipality out of 411 in the state whose charter prohibits the borrowing of money or incurring any debt without voter approval.

The current limitations in the City's Charter can delay the City's prompt response to and recovery from a declared state of emergency, ultimately leading to higher costs.

During Hurricane Ian, the City's Charter restrictions forced the City Commission to reallocate funds that would have otherwise been used to support other approved projects.

Issuing debt enables cities to recover more quickly from declared states of emergency through more immediate access to funds they would not otherwise have.

Opponents:

Those who oppose referendum question 1 maintain that, because there is no limit to the amount of debt that could be issued, its approval would give the City Commission "blank check" authority to issue debt during a declared state of emergency.

There is nothing to say how the debt will be repaid.

Analysis

In order to provide for the rapid and orderly provision of relief to persons and for the restoration of services and property, Florida's Emergency Management Act (Chapter 252, Florida Statutes) confers broad emergency powers upon the Governor, the state Division of Emergency Management, and the governing body of each political subdivision[8] of the state. The emergency powers of political subdivisions are enumerated in subsection 252.38(3), Florida Statutes. Included in these emergency powers is the power to declare a local state of emergency as a means to request state assistance or to invoke emergency-related mutual aid assistance. Also included is the power to perform public work; to take "whatever prudent action" necessary to ensure the health, safety, and welfare of the community; to incur obligations; and to appropriate and expend public funds.

There is nothing in the Emergency Management Act that requires the governing body of a political subdivision to secure voter approval prior to incurring debt in order to respond to a declared state of emergency. The City Commission maintains that North Port is the only municipality out of 411 in the state whose charter prohibits the borrowing of money or incurring any debt without voter approval. The City attributes this statement to one of its consultants; however, the Florida League of Cities was unable to verify the accuracy of this statement. Regardless, Florida TaxWatch considers this as neither here nor there.

In the event of a declared state of emergency, the ability to incur short-term debt can be used to cover a temporary cash flow deficit or provide for intermediate financing until long-term borrowing or federal disaster funding[9] has been secured.

8 Subsection 252.34(10), Florida Statutes, defines the term "political subdivision" as any county or municipality created pursuant to law."

9 In the event of a federal disaster declaration, the federal government typically reimburses at least 75 percent of state and local governments' eligible and documented response and recovery costs. If the damages are extraordi-

Under the City's current charter, the City must prepare a voter referendum and request voter approval to issue debt in the event of a declared state of emergency. Absent such voter approval, options available to City officials are pretty much limited to reallocating funds that would have otherwise been used to support other approved projects or saving enough money to meet the emergency need.

On November 4, 2024, the City Commission adopted a policy to manage the City's debt.[10] The purpose of the debt management policy is to "establish parameters and provide guidance governing the issuance, management, continuing evaluation of, and reporting on all debt obligations issued by the city and to provide for the preparation and implementation necessary to assure compliance and conformity with this policy." All debt will be issued and administered to "obtain the best long term financial advantage to the city while making every effort to maintain and improve the city's credit ratings and reputation within the investment community."

The policy reflects the City's desire to maintain a conservative debt position, issuing debt only when the benefits outweigh the costs. Any debt issued by the City will be within the limits established in Florida Statutes, and "at levels consistent with its creditworthiness, best practices, needs, and affordability objectives."

Section III.B. of the policy establishes limitations for debt obligations payable from funds other than property taxes. For safety or public health projects (such as the solid waste transfer station and effluent pumping facility and pipeline), the maximum principal amount of indebtedness is capped at $15 million per project. In the event of a declared state of emergency, which is the focus of this referendum question, there is no cap or upper limit on the maximum principal amount of debt that can be issued.

Section III.E. of the policy establishes statistical measures (e.g., debt per capita, debt to taxable assessed value, debt service ratios, etc.) to be used to determine the City's capacity to issue debt for non-emergency situations. These standards and ratios will be compared to the standard municipal rating agency medians[11] for cities of comparable size, and to historical ratios, to determine whether the debt is affordable.

It is important to note that the City's debt management policy requires any proposed issuance of debt to be approved by the City Commission. This includes the adoption of appropriate resolutions, having been read twice in duly-noticed Commission meetings.

nary, the federal government can choose to shoulder a higher portion (e.g., 90 percent) of costs.

10 Resolution Number 2024-R-57.

11 The median municipal credit ratings from the major rating agencies (Standard & Poor's, Moody's, and Fitch) provide a benchmark for assessing the creditworthiness of municipalities and their debt.

If Approved

Voter approval of this referendum question will position the City to respond more quickly in the event of a declared state of emergency. In voting to approve this referendum question, the voters are placing trust in the City Commissioners that they will act responsibly during a declared state of emergency and borrow only enough money or incur only enough debt necessary to meet the emergency needs of the residents.

Voters can take some comfort knowing that any borrowing or issuance of debt would have to be approved by a majority of the City Commission in at least two duly-noticed public hearings. If City Commissioners misuse or abuse this trust, then the voters will have the chance to voice their displeasure during the next election cycle.

If Rejected

Those voting to reject the question must be willing to wait longer periods of time during a declared state of emergency to have debris cleared, essential services (e.g., electricity, etc.) restored, and critical infrastructure repaired. This approach is also likely to increase the City's (and the residents') costs. As an alternative, City officials can reallocate funds that would have otherwise been used to support other approved projects. This is in return for maintaining the authority to approve the borrowing of money needed to respond timely to a declared state of emergency.

Having to take the time to schedule a referendum to get voter approval to issue or incur debt will likely result in delays in meeting the immediate emergency needs of North Port residents and will slow overall response and recovery efforts. The City estimates the cost of a special election to get this approval at $100,000 or more.[12]

12 City of North Port, "Get the Work Done Fact Sheet."

Question 3

Summary

Voter approval of Question 3 would authorize the City to issue up to $115 million in bonds to finance a new police department headquarters facility. The debt service on the bonds would be paid from ad valorem property taxes levied in amounts sufficient to pay debt service.

A YES Vote Means

A "YES" vote means you support allowing the City Commission to issue bonds (not to exceed $115 million) to finance a new police department headquarters facility, and that you support using ad valorem property tax monies to pay the debt service on the bonds.

A NO Vote Means

A "NO" vote means you do not support allowing the City Commission to issue bonds (not to exceed $115 million) to finance a new police department headquarters facility, the debt service of which would be paid from ad valorem property tax monies.

The Arguments

Supporters:

Supporters of referendum question 3 maintain that the North Port Police Department has outgrown its current headquarters.

Building police substations, compared to a centralized police headquarters, is not the most efficient model due to more administrative overhead and a lack of streamlined services. It would cost more to retrofit the existing facility to meet existing codes than it would cost to construct a new building.

Opponents:

Opponents of referendum question 3 maintain that the need for the new Police Department Headquarters appeared as in immediate need out of nowhere.

This is a significant financial commitment. It is unclear how this project will, if approved, affect the ability of the City to borrow money to meet other identified needs.

Analysis

State and local governments have a constitutional obligation to ensure public safety and protect the health and well-being of their residents. This includes suppressing crime, restricting or prohibiting certain activities, preventing fires, and enforcing public health regulations. Police departments are a key component of a local government's efforts to protect public health and safety, maintaining order, and responding to emergencies.

Built in 2006, the City's current 32,000 square feet Police Department Headquarters facility, with a staff of 109, was designed to accommodate a city with 47,000 residents. Today, the Police Department has 206 positions and serves a population of more than 90,000.[13] The City's land area (104 square miles) is only about 30 percent built out, and the City's population is expected to grow steadily, eventually reaching 250,000 residents.

The City has explored a number of development and financing options for the new Police Department Headquarters facility. Building a number of smaller, decentralized substations around the City was considered; however, difficulties in streamlining services and the need for additional administrative overhead ruled this option out. The City also considered building on to the current Headquarters facility; however, the costs of additional construction and compliance with the current building codes would be greater than the costs of a new building. Retrofitting some other existing site was ruled out because of the building code requirements that police headquarters be hardened to withstand natural disasters.

The City hired a consultant to design a new Police Department Headquarters to be built on land on North Toledo Blade Boulevard owned by the City. The proposed new Police Department Headquarters facility (108,900 square feet/$122

13 Supra, see footnote 7.

million) is designed to accommodate the projected growth of the City and the Police Department through the year 2065.[14]

After exploring a number of options (e.g., infrastructure surtax, grants, state appropriations, impact fees, additional assessments, and additional taxes), to finance the new Police Department Headquarters, the City concluded that the most efficient and fair method to finance the costs of the new Police Department Headquarters is through the issuance of general obligation bonds, secured by and payable from ad valorem property taxes. A general obligation bond is a form of debt issued by the City to finance large-scale capital projects such as a police station. Pursuant to Section IV.J. of the City's debt management policy, the City cannot issue general obligation bonds without first seeking approval through a voter referendum.

In issuing the bonds, the City promises to use (property) tax revenues to repay the bond's principal and interest. If the tax revenues are insufficient, the City can raise the property tax to pay back the debt. General obligation bonds differ from revenue bonds, which are repaid using revenue generated by the capital improvement, and from special assessment bonds, which are repaid by assessments imposed on those who benefit from the capital improvement. Because general obligation bonds are backed by ad valorem property taxes, they are considered by lenders and investors to be low risk. Low risk translates into low interest rates on the bonds.

The City hired a consultant[15] to provide a host of financial services. This contract was amended in 2024 to include a scope of services, fee schedule, and project schedule for an economic development study, financial condition analysis, and a comprehensive long-term capital improvement plan. This amendment required the Consultant to (among other things) examine the City's capital and infrastructure needs in the preparation of the plan and complete the scope of services before October 15, 2024.

It is unclear if this capital improvements plan has been prepared and approved by the City; however, the City's current "Fiscal Plan 2024 Thru 2028 Capital Improvement Program" identifies $292 million in capital improvement projects. Of the $6,185,000 allocated for "Public Safety – Police," $4,550,000 is allocated for a "New Police Headquarters and EOC." Of this total, $101,970 is allocated for planning/design/engineering; $1,455,830 is allocated for study; $2,707,320 is allocated for land acquisition; and the remaining $284,880 is allocated for construction.

The City of North Port's "Fiscal Plan 2023 Thru 2027 Capital Improvement Program" allocates $3,565,168 for "Public Safety – Police." Of this total, $65,168 was allocated for planning/design/engineering" for "Police Station Construction." No reference is made to a "New Police Headquarters." This supports concerns expressed by opponents that the need for a new Police Department Headquarters "appeared as an immediate need out of nowhere."

14 Ibid.
15 PFM Financial Advisors, LLC, Agreement Number 2020-03 for Financial Advisor Services.

If Approved

If the general obligation bonds are approved by the voters, City officials estimate that the average North Port homeowner with an assessed property value[16] of $246,400 can expect to pay an initial property tax increase of about $121.38 per year, or about $10 a month. The millage increase will be represented separately on a resident's tax bill as capital improvement millage.[17] It is unclear why the City chose $246,400 as the assessed property value upon which to base expected property tax increases, should the voters approve referendum question 3.

Florida TaxWatch uses the median value of homes sold in the last 12 months ($362,062),[18] minus $50,000 in allowable homestead exemptions,[19] to arrive at a median assessed property value of $312,062. Florida TaxWatch considers the median value to be a better measure of central tendency than the average value, since half of the homes are above this number and half the homes are below this number. The City's website includes a property tax impact calculator that allows property owners to estimate the impact approval of referendum question 3 would have on their property taxes. Using the $312,062 assessed property value in the calculator yields an estimated property tax impact of $192.85 annually, or about $16 per month or $0.53 per day. This is about 60 percent higher than the estimate used by City staff.

In North Port, the city's property tax rate has remained steady at 3.7667 mills (or $3.77 per $1,000 of taxable property value) since 2020. Rising property values are responsible for generating more revenue. The current property tax rate, combined with the rising property values, are projected to generate at least $35.8 million more in property taxes for the 2024-25 budget year. The City Commission began its 2024-25 budget deliberations with a 16 percent increase in taxable property (from $8.5 billion to almost $9.9 billion).[20] If this trend continues, and rising property values continue to generate more property tax revenues, then the City should be well-positioned to pay off the principal and interest on the bonds and perhaps reduce the expected property tax increase on property owners.

If Rejected

If the referendum question is rejected by the voters, the City Commission will likely have to reevaluate the financing options that were previously considered and rejected in favor of the general obligation bonds option (e.g., infrastructure surtax, grants, state appropriations, impact fees, additional assessments, and additional taxes). This will likely delay the construction of the new Police Department Headquarters and increase the facility's overall cost. As the City's population and the size of its police force grow, the existing deficiencies will continue to hinder the functionality, operational effectiveness, and safety of the existing Police Department Headquarters.

16 The assessed value is the market value minus any applicable exemptions or limits determined by local laws and offerings.
17 Supra, see footnote 7.
18 Rocket Homes, "Florida Housing Market Report, February 2025," retrieved from https://rocket.com/homes/market-reports/fl/north-port, March 17, 2025.
19 Florida law allows up to $50,000 to be deducted from the assessed value of a primary/permanent residence. The first $25,000 of value is entirely exempt. The second $25,000 exemption applies to the value between $50,000 and $75,000, exclusive of school taxes.
20 Earle Kimel, "North Port to Examine 2024-25 Budget, Tax Rate at Monday Workshop, as Property Values Soar," Sarasota Herald-Tribune, June 24, 2024, retrieved from https://www.heraldtribune.com/story/news/local/venice/2024/06/24/north-port-starts-two-day-workshop-on-budget-that-calls-for-more-staff/74155090007/, March 19, 2025.

Question 4

Summary

Voter approval of referendum question 4 would authorize the City to issue up to $14 million in bonds to finance a new solid waste transfer station. The debt service on the bonds would be paid from the revenues of the City's Solid Waste District.

A YES Vote Means

A "YES" vote means you support allowing the City Commission to issue bonds (not to exceed $14 million) to finance a new solid waste transfer station, and that you support using revenues of the City's Solid Waste District to pay the debt service on the bonds.

A NO Vote Means

A "NO" vote means you oppose allowing the City Commission to issue bonds (not to exceed $14 million) to finance a new solid waste transfer station, and that you oppose using revenues of the City's Solid Waste District to pay the debt service on the bonds.

The Arguments

Supporters:

Supporters of referendum question 4 maintain that the most efficient and fair method of financing the costs of a new solid waste facility is through the issuance of revenue bonds secured by and payable from the revenues, charges, fees, and assessments generated by solid waste revenues.

Saving the money up front to pay for the project is more expensive. This can lead to higher assessments on current residents and rising costs (e.g., labor and materials, etc.) over time.

A new transfer station will help make the City a cleaner and more sustainable place to live.

A new transfer station will reduce the number of trips to the Sarasota County landfill, saving valuable collection time and reducing fuel costs and the wear and tear cost on City vehicles and equipment.

If approved, The City's Solid Waste District will be able to recognize efficiencies right away while spreading the costs over the life of the bond.

Opponents:

Those who oppose referendum question 4 cite the facts that the current estimated cost of the transfer station has increased from $9 million to $15 million, and that the project is not yet at 100 percent of design.

Analysis

A transfer station is a facility where collected trash is temporarily unloaded, sorted, and prepared for further handling before final disposal at a landfill or other solid waste processing facility. Waste is loaded into larger transport trucks and taken to the landfill. This should save the City time and fuel and reduce wear and tear on the vehicles.

In issuing the debt, the City would issue revenue bonds. It is common practice for municipalities to use revenue bonds to finance large capital projects, like the solid waste transfer station. Payment for the debt service on the bonds will come from user fees generated by the transfer station. The City is then responsible for establishing and collecting sufficient revenue (through rate increases) to retire the debt.

Unlike general obligation bonds, where the City promises to use property tax revenues to repay the bond's principal and interest, revenue bonds are not backed by the full faith and credit of the City. Because of this, investors may consider them (somewhat) less secure than general obligation bonds. This may cause bond buyers to demand interest rates that are higher than those on general obligation bonds, which would raise the total cost of the transfer station. The risk to the City is that investors may not believe the new solid waste transfer station will generate enough revenue to make the bond payments. In that case, investors may be less likely to purchase the bonds, or they may require bond covenants[21] to satisfy lender requirements.

21 A covenant is a promise by the City to refrain from doing something that would jeopardize the City's ability to repay the loan.

In 2021, City staff estimated that a new transfer station would save the City an estimated $8 million over a ten-year period.[22] Given increases in the costs of fuels, equipment, maintenance, etc., since then, City staff still project savings of more than $1.4 million annually.[23] Of this total, the City will save an estimated $800,000 in fleet maintenance; an estimated $370,000 in payroll savings; and an estimated $270,000 in fuel costs.

Opponents' concerns about the cost of the solid waste transfer station and the financial impacts on City customers appear to be well-founded. The City has acknowledged that the project's estimated cost has increased from $9 million to $15 million due to higher construction and material costs. Unless this trend is reversed, which is unlikely, there is every reason to believe the cost of the transfer station will continue to increase.

In January 2025, the cost of construction materials rose at the steepest rate in a year. The prospect of new tariff policies makes supply chain disruptions and further increases in construction costs far more likely since a tangible portion of materials—including lumber, cement, and steel—is imported. Further, immigration restrictions and the deportation of undocumented workers could lead to renewed labor shortages and increased costs.[24]

To better manage the cost of the transfer station, the City is using a Construction Manager at Risk (CMAR) process to manage its design and construction. Under this process, a construction manager is hired to oversee the project from design to close-out. The construction manager is responsible for managing the project budget and schedule, ensuring the project stays within an agreed-upon guaranteed maximum price (GMP). If the project costs exceed the GMP, the construction manager is financially liable for the overruns.

On January 2, 2025, the City Commission issued a notice of intent to award Agreement Number 2024-04 to J. Kokolakis Contracting, Inc., to serve as the City's CMAR for the solid waste transfer station. Agreement Number 2024-04, which has yet to be executed by the parties, divides the CMAR services into two phases:

- **Preconstruction services**—generally include design support, coordination, project scheduling, design, and equipment evaluation and recommendations, project scheduling and costs, and the guaranteed maximum price process. The City will pay the CMAR a preconstruction phase fee not to exceed $342,589 for providing all preconstruction services.
- **Construction services**—generally include managing, subcontracting, and completing the construction within a certain time and at a certain cost. When the drawings and specifications for the project are complete, the CMAR will prepare the GMP proposal for the Project's construction. The proposed GMP will be prepared in accordance with the terms and conditions specified in the Agreement, including the scope of services and the preconstruction schedule.

The City Council approved the preconstruction services portion of the Agreement at its February 25, 2025 regular meeting. At the time of this report, the GMP has yet to be determined. Florida TaxWatch thinks asking the voters to approve the issuance of bonds to finance the solid waste transfer station before the design has been approved, and before the GMP has been negotiated (thus better defining the project's total cost) is tantamount to asking the voters to buy a "pig in a poke." Florida TaxWatch urges North Port voters to exercise caution in approving a capital project whose design, schedule, and costs are currently unknown.

22 Supra, see footnote 7.
23 Ibid.
24 Beth Mattson-Teig, "February Economist Snapshot: 2025 Outlook for Construction Costs," February 19, 2025, retrieved from https://urbanland.uli.org/february-economist-snapshot-2025-outlook-for-construction-costs, March 18, 2025.

If Approved

The City has acknowledged that the total cost of the transfer station has increased to $15 million, and that assessments, although not "significant," will continue, with solid waste rate payers expected to pay $2 per month for 30 years.[25]

If Rejected

If the referendum question is rejected by the voters, and the City had to save money up front to pay for the transfer station, the City estimates that it would have to increase its solid waste customer fees by about 20 percent ($60) in 2026 and an additional 20 percent ($70) in 2027.[26]

25 Supra, see footnote 7.
26 Ibid.

Question 5

Summary

Voter approval of Question 5 would authorize the City to issue up to $17 million in bonds to finance capital improvements to the City's wastewater treatment facility on Pan American Boulevard. The debt service on the bonds would be paid from the revenues of the City's water and sewer utility system.

A YES Vote Means

A "YES" vote means you support allowing the City Commission to issue bonds (not to exceed $17 million) to finance capital improvements to the wastewater treatment facility on Pan American Boulevard, and that you support using revenues of the City's water and sewer utility system to pay the debt service on the bonds.

A NO Vote Means

A "NO" vote means means you oppose allowing the City Commission to issue bonds (not to exceed $17 million) to finance capital improvements to the wastewater treatment facility on Pan American Boulevard, and that you oppose using revenues of the City's water and sewer utility system to pay the debt service on the bonds.

The Arguments

Supporters:

Supporters of Question 5 maintain that this project is necessary for the health, safety, and welfare of City residents. The effluent pump at the wastewater treatment plant in nearing capacity to properly dispose of treated wastewater, and the current pipeline is insufficient to meet the City's treatment flow needs.

During periods of heavy rains, millions of gallons of reclaimed water overflow an on-site pond and into Myakkahatchee Creek. A new pumping station and pipeline are needed to prevent future spills.

This project is necessary to meet regulatory requirements imposed by the Florida Department of Environmental Protection (FDEP) and to accommodate the City's projected growth.

Opponents:

Those who oppose Question 5 maintain that this project that is premature. The design plans are only 60 percent complete and there is no timeline for when the project would be completed.

The financial impact on water and sewer customers is unknown. When asked at a town hall meeting, City officials were unable to say how much the water and sewer rate increase would be for City customers, and how much capacity fees will increase for new homes or businesses.

Analysis

The City's wastewater treatment plant is located on Pan American Boulevard and treats wastewater for more than 13,500 customers. The plant is a conventional, activated sludge facility with screening, aeration and secondary clarification capabilities, with a daily treatment capacity of 7.0 million gallons per day. Treated wastewater is distributed to many areas in the City as reuse irrigation water.[27]

The City has adopted a wastewater expansion master plan that outlines the infrastructure and capital improvements needed to address the aging wastewater infrastructure, with a focus on expanding service to areas currently relying on septic tanks. North Port, like many other communities, was platted before federal legislation prohibited septic tanks on quarter-acre lots, creating the need for a wastewater expansion plan.

The referendum question 5 project involves the construction of a new pumping station and 30-inch pipeline between the Pan American Boulevard wastewater treatment facility and a deepwater injection well where treated water is discharged. As is the case with the solid waste transfer station, the City would issue revenue bonds to finance the pumping station and 30-inch pipeline. It is common practice for municipalities to use revenue bonds to finance large capital projects like the pumping station and pipeline project. Payment for the debt service on the bonds will come from user fees generated by the wastewater treatment plant. The City is then responsible for establishing and collecting sufficient revenue (through rate increases) to retire the debt.

27 City of North Port, "Service Information," retrieved from https://www.northportfl.gov/City-Services-and-Safety/Utilities-Department/Service-Information, March 19, 2025.

Unlike general obligation bonds, where the City promises to use property tax revenues to repay the bond's principal and interest, revenue bonds are not backed by the full faith and credit of the City. Because of this, investors may consider them (somewhat) less secure than general obligation bonds. This may cause bond buyers to demand interest rates that are higher than those on general obligation bonds, which would raise the total cost of the pumping station and pipeline project. The risk to the City is that investors may not believe the new pumping station and pipeline will generate enough revenue to make the bond payments. In that case, investors may be less likely to purchase the bonds, or they may require bond covenants to satisfy lender requirements.

Florida TaxWatch understands and appreciates that the design plans for the pumping station and pipeline are incomplete and there is no schedule for the project's completion. This raises the possibility that the total cost of the project may exceed the $17 million generated by the bonds.

As is the case with the solid waste transfer station, Florida TaxWatch thinks asking the voters to approve the issuance of bonds to finance the pumping station and pipeline before the design has been approved and the project's schedule and total cost is determined is tantamount to asking the voters to buy a "pig in a poke." Florida TaxWatch urges North Port voters to exercise caution in approving a capital project whose design, schedule, and costs are unknown.

If Approved

Voter approval of this referendum question will provide financing for the additional wastewater treatment capacity necessary to preserve the health, safety, and welfare of City residents, and to help ensure that the enhanced ability to properly dispose of treated wastewater will permit the City's continued growth and development.

If Rejected

Rejection of this referendum question could adversely affect the health, safety, and welfare of City residents. Further, the resultant limited capacity to properly dispose of treated wastewater increases the likelihood of enforcement action by the Florida Department of Environmental Protection and could limit the continued growth and development of the City.

Conclusions

The ability to respond quickly and decisively during a declared state of emergency is often the difference between life and death. Florida TaxWatch considers the current requirement that the City must first secure voter approval before issuing debt payable from funds other than property taxes in response to a declared emergency or disaster as unnecessary and burdensome, and hamstrings the City's ability to protect the health, safety, and welfare of its residents.

Under the City's current charter, the City has two options when it comes to financing large-dollar capital improvements: (1) the City can take the proposed capital improvement to the voters for approval; or (2) the City can save the millions of dollars needed to fully fund the improvement before beginning the project.

Taking the proposed capital improvement to the voters through a referendum can occur as part of the normal election cycle, in which general elections occur roughly every two years. This would have the effect of delaying the City's ability to address a critical need, which would be made worse if the critical need was in response to a declared state of emergency. It could also be taken to the voters through a special election, at an additional cost to the taxpayers of more than $100,000.

It is important to note that, historically, fewer voters turn out for special elections than for general elections. Data from the Sarasota County Supervisor of Elections show that North Port voter turnout for the November 2024 general election was 72.5 percent; in contrast, North Port voter turnout for special elections from 2003 to 2021 ranged from 8.9 percent (2017) to 16.3 percent (2021). This raises the very real possibility that an issue deemed so critical that it warrants a special election could be decided by fewer voters.

The City also has the option to save the money necessary to pay for the improvement before initiating the project. This "pay as you go" approach may not be sustainable for a City growing as fast as Nort Port for severable reasons. The cost of the improvement will likely continue to increase while the City is saving money. This will further delay implementation of the project. During this time, existing infrastructure and facilities continue to age, which likely increases the need for deferred maintenance. The cost burden is placed solely on the current taxpayers—future residents will be able to enjoy the benefits of the improvement without having to share in the costs.

Issuing long-term debt is a common practice of government entities to finance large-scale capital projects. The issuance of general obligation and revenue bonds allows local governments to acquire or construct capital assets sooner than if they had to fund them from existing cash reserves. By spreading out the project costs over a longer period of time (e.g., 30 years), local governments can better predict their expenses and create a more predictable cash flow. Further, because future residents who will benefit from the improvements will share the costs, current users are not burdened with paying 100 percent of the costs.

The City's debt management policy includes a number of guardrails designed to obtain the best long term financial advantage to the City while making every effort to maintain and improve the city's credit ratings and reputation within the investment community. North Port voters should take comfort knowing that any debt issued by the City will be within the limits established in Florida Statutes, and at levels consistent with its creditworthiness, best practices, needs, and affordability objectives.

The City's debt management policy establishes limitations for debt obligations payable from funds other than property taxes. For safety or public health projects (such as the solid waste transfer station and effluent pumping facility and pipeline), the maximum

principal amount of indebtedness is capped at $15 million per project. In the event of a declared state of emergency, which is the focus of this referendum question, or for debt obligations payable from property taxes, there is no cap or upper limit on the maximum principal amount of debt that can be issued.

The City's debt management policy also establishes statistical measures to be used to determine the City's capacity to issue debt for non-emergency situations. Any debt issued by the City requires approval by the City Commission. This includes the adoption of appropriate resolutions, having been read twice in duly-noticed Commission meetings.

State and local governments have a constitutional obligation to ensure public safety and protect the health and well-being of their residents. Police departments are a key component of a local government's obligation. Of the three infrastructure projects on the May 13 referendum, the new Police Department Headquarters is the most well-planned and thought out. It is also the most expensive.

The proposed new Police Department Headquarters first appears in the City's "Fiscal Plan 2024 Thru 2028 Capital Improvement Program," in which $4,550,000 is allocated for a "New Police Headquarters and EOC." The proposed new Police Department Headquarters will, if approved by the voters, be financed primarily through the issuance of general obligation bonds, repayable from ad valorem property tax increases sufficient to pay the debt service on the bonds. The current property tax rate, combined with the rising property values, are projected to generate at least $35.8 million more in property taxes for the 2024-25 budget year. If this trend continues, and rising property values continue to generate more property tax revenues, then the City should be well-positioned to pay off the principal and interest on the bonds and perhaps reduce the expected property tax increase on property owners.

The apparent delay in preparing the new comprehensive long-term capital improvement plan raises the question "are there any other capital facility needs that are more pressing than the new Police Department Headquarters?" At present, the voters do not have the answer to that question. With a price tag in excess of $115 million, having to address another critical high-cost capital facility will tax (no pun intended) the ability of the City's property owners to finance such a project.

The other two infrastructure projects on the referendum (the solid waste transfer station and wastewater treatment capital improvements) are less well-planned and thought out. They are also less expensive. If approved, these projects would be financed through the issuance of revenue bonds, which are somewhat riskier than the general obligation bonds because they are repayable from revenues generated by users of the facilities.

The contract between the City and the CMAR for the design and construction of the solid waste transfer station is under negotiation. Although there is agreement on the fee to be paid to the CMAR for preconstruction services (not to exceed $342,589), there is no agreement yet on the Guaranteed Maximum Price (GMP) to be paid to the CMAR for construction services. This is important because, as acknowledged by the City, the projected cost for this facility has already increased from $9 million to $15 million. Not until the drawings and specifications for the project are complete will the CMAR prepare the GMP proposal for the project's construction. Voters approving referendum question 4 will do so without complete knowledge of the cost, design, or schedule for completion of the proposed solid waste transfer facility.

The same can be said for the wastewater treatment facility capital improvements (pumping station and pipeline). Voters approving referendum question 5 will do so without complete knowledge of the cost, design, or schedule for completion of the proposed pumping station and pipeline.

About Florida TaxWatch

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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