



Office of the
**INDIAN RIVER COUNTY
ADMINISTRATOR**

Jason E. Brown, County Administrator
Michael C. Zito, Assistant County Administrator

MEMORANDUM

TO: Members of the Board
of County Commissioners

FROM: Jason E. Brown
County Administrator

DATE: February 28, 2022

SUBJECT: Environmental Land Bond Referendum

Background

On February 18, 2020, the Board of County Commissioners authorized the Chairman to send a letter to the Trust for Public Land requesting technical advice and assistance in the form of feasibility research, public opinion polling, and program recommendations to support a potential referendum for an environmental bond issue to be placed on the ballot for November 2020. Subsequently, on June 3, 2020, the groups supporting the ballot initiative for the bonds sent a letter to the Board withdrawing the request in light of the COVID pandemic. On February 1, 2022, the Indian River Land Trust made a presentation to the Board regarding the results of their feasibility study and requested that the Board direct staff to bring forth a resolution to place a \$50 million environmental land bond referendum on the ballot for the November 8, 2022 General Election. The Board approved a motion to do so (on a vote of 4-1 with Commissioner Flescher dissenting).

Analysis

Since the meeting, staff has worked with the supporters of the referendum as well as bond counsel and our financial advisor to develop the attached resolution authorizing the placement of the bond referendum on the ballot. Staff has reached agreement with the supporters on the ballot language, and we are in agreement with all issues in the resolution, with the exception of the ability to use bond proceeds for initial restoration activities on acquired land. Staff recommends that this remains an allowable use to ensure that we are able to restore such conservation lands to their natural state, which seems consistent with the concept of conserving environmentally significant land.

The proposed ballot language is as follows:

OFFICIAL BALLOT

COUNTY OF INDIAN RIVER, FLORIDA
BOND REFERENDUM ELECTION – NOVEMBER 8, 2022

ACQUIRE LANDS TO PROTECT WATER RESOURCES, THE INDIAN RIVER LAGOON,
NATURAL AREAS, AND WILDLIFE HABITAT

To acquire and permanently preserve environmentally significant lands to restore the Indian River Lagoon, protect water resources, natural areas, wildlife habitat, drinking water resources, and construct public access improvements related thereto, shall Indian River County be authorized to issue general obligation bonds up to \$50,000,000, maturing within 20 years from each issuance, not exceeding the legal maximum interest rate, payable from ad valorem taxes, with full public disclosure of all spending through annual independent audits?

For Bonds _____
Against Bonds _____

The resolution also commits the County to revise the Environmental Lands Program Guide to provide criteria and guidelines for the purposes of the Projects prior to the 2022 Referendum. The existing Environmental Lands Program Guide is attached. This will need to be updated to remove historic properties and make other adjustments as necessary.

The Board will also need to consider another policy issue regarding the process to determine which properties to prioritize for acquisition. For the two prior authorizations (1992 and 2004), the County had a Land Acquisition Advisory Committee (LAAC) formed under Resolution No. 2003-130. County staff and the supporters agree that the previous structure may not be the best option moving forward, however, staff believes that there should still be a process to help prioritize the funding of particular properties. The LAAC consisted of 18 members (Reference Resolutions No. 2003-130; No. 2005-120), which resulted in some inefficiencies in moving through the process of acquisition. For instance, the first bond authorization in 1992 led to the issuance of the 1995 Series Bonds in the amount of \$15 million. These funds were not exhausted for six (6) years, at which time the remaining \$11 million authorization was issued in 2001. Staff would recommend a more streamlined structure, which could be a smaller advisory committee or a process for presenting a ranking of properties to the Board of County Commissioners for approval.

Funding

Staff has worked with Hilltop Securities, the County's Financial Advisor, to determine the estimated debt service and millage that would be needed to support a \$50 million bond issue financed over a 20-year term with a level annual debt service. The projection, based upon market rates as of February 17, 2022, would equate to a 2.49% all-in true interest rate. An additional 1% was added to the current rate due to the fact that interest rates are generally expected to increase over the next year. It is important to note that the actual interest rate may be higher than this once the bonds are issued, assuming approval of the referendum in November 2022. The analysis also assumes a 3% increase in the taxroll, which staff believes is a relatively conservative assumption. It should also be noted that we anticipate splitting the \$50 million authorization into two separate issuances. Municipal issuers are required to certify that we expect to expend all of the proceeds of a bond issuance within three (3) years of the date of issuance. Staff believes that it will be necessary to have a second issuance due to the time that it may take to acquire all of the property, conduct any necessary restoration, and design and construct any initial improvements on the properties which may exceed the three-year time period. Therefore,

the initial millage would be less than this projection based upon a smaller issuance. However, staff is presenting the total \$50 million to reflect the maximum amount that we anticipate levying over the life of the bonds (assuming no taxroll decreases). The amounts are shown in the table below:

Fiscal Year	2023/24
Projected Taxroll	\$21.8 billion
Total annual debt service	\$3,819,593
Projected Millage	0.1750 mills
Typical House Tax Bill (\$250,000 taxable value)	\$43.74

As shown above, the proposed bond authorization would result in a projected millage rate of 0.1750 mills. The owner of a home with a \$250,000 taxable value would pay about \$43.74 per year to support the annual debt service for the bonds.

It is also important to consider the ongoing cost of developing and managing the County's existing conservation lands (over 2,200 acres). During the last five years, County staff has been working to construct initial improvements for properties acquired through the previous two bond referendums. These initial improvements currently in progress were delayed due to funding constraints following the Great Recession. These improvements are requirements of the County's cost-share agreements with Florida Communities Trust (FCT). FCT administers the State's Land and Recreation Grants Program which has been the County's main source of matching funds for environmentally sensitive land purchases. The County has four full-time staff dedicated to the Conservation Lands Program. This staff is responsible for implementing public use improvements, applying for grants to leverage available funding, and maintaining the existing land under their area of responsibility per the management plans we have committed to with partner agencies. The County's five-year Capital Improvements Program includes funding of \$13.8 million for projects at 17 locations. The annual operating budget of the Conservation Lands Program for the current year is \$483,404.

In order to operate, maintain, and manage the existing conservation properties, the current allocated budget amounts will need to increase significantly over the next few years. As an example, the County is currently obligated to construct three (3) museums and provide staffing and programming for these facilities. If the Board moves forward with the referendum and the referendum is approved by the voters, future County budgets will need to address the additional demands on the Conservation Lands Program.

Staff Recommendation

Staff recommends that the Board of County Commissioners:

1. Approve the proposed resolution authorizing the referendum and take any other necessary actions to have the matter placed on the November 8, 2022 ballot.
2. Direct staff to update the Environmental Lands Program Guide prior to the referendum.
3. Provide direction to staff on the process to prioritize properties for purchase.

Attachments

Resolution Authorizing Placement of Referendum on November 8, 2022 Ballot

Current Environmental Lands Program Guide