
Port of the Islands Community Improvement District

Operations & Maintenance Assessment Methodology

Port of the Islands Community Improvement District

Background

- The Port of the Islands Community Improvement District (the “District”) is looking to change the methodology by which they assess properties within the District for the annual Operations & Maintenance (“O&M”) Budget (the “Budget”). Real Estate Econometrics, Inc. (“Consultant”) has been asked to review the existing O&M methodology structure and recommend changes that better relate to the benefit received from the O&M Budget.
- The existing O&M methodology calculated the assessment benefit by using an Equivalent Residential Connection (“ERC”) which was originally based on the water & sewer (“W&S”) ERC that determined the W&S connection benefit for the various types of units within District boundaries. The W&S ERC is useful in calculating the W&S assessment but there is no benefit basis for using the same ERCs for the O&M benefit determination as the O&M Budget is not related to W&S connections.

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Background, cont.

- Through the years, the O&M ERUs were modified by previous District Boards of Supervisors which deviated from the W&S ERCs. No justification was found to support those changes.
- The table on the following slide shows the current O&M ERCs and the current W&S ERCs side by side. It appears that the O&M ERCs were modified to simplify the O&M assessments with the residential and boat slips receiving a 1 and 0.4 respectively and the commercial parcels were given similar ERCs as the W&S ERCs with some variations.

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UNIT	Description	O&M ERC	W/S ERC
Hotel Room		1.00	0.60
Condo Unit		1.00	0.80
Single Family		1.00	1.00
Boat Slip	up to 40 feet (water only)	0.40	0.08
Boat Slip	up to 40 feet (water & sewer)	0.40	0.20
Boat Slip	40 feet and larger	0.40	0.40
Parcel ID #	Description		
1058920513	DORMITORY	3.40	4.80
1058920607	LAKE LINCOLN	10.00	1.80
1058921208	GUN CLUB RESTROOMS	2.00	2.00
1067083700	SW COMMERCIAL - MARINA	5.52	5.52
1067084000	SOUTH HOTEL RESERVE	33.00	33.00
31417501802	1 1/2 LOTS	2.00	1.50
31417501909	1 1/2 LOTS	1.00	1.00
31417502607	DOUBLE LOT	2.00	2.00
31417502759	DOUBLE LOT	2.00	2.00
68291040002	DOUBLE LOT	2.00	2.00
68291160005	DOUBLE LOT	2.00	2.00
68291240006	DOUBLE LOT	2.00	2.00
68300000108	SE COMMERCIAL	6.00	10.00
68300000205	SE COMMERCIAL	6.00	10.00
68300003781	DOUBLE LOT	2.00	2.00
68310002484	RESTAURANT SEATS	0.00	19.20
68310002507	BAR SEATS	0.00	2.72

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Background, cont.

- The District requires a more appropriate allocation methodology that adheres to the two-prong lienability test for valid assessments.
- Let's first review those two tests.

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Two-Prong Lienability Test for Valid Assessments

- Special and Peculiar Benefit
- Fair and Reasonable Apportionment

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Special and Peculiar Benefit

- Operations & Maintenance (“O&M”) of the District’s systems, facilities and services accrue in differing amounts and are dependent on the type of land use receiving the special benefit peculiar to those properties which flow from the logical relationship of the O&M to operate and maintain the improvements to the properties.

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Fair and Reasonable Apportionment

- The duty to pay the non-ad valorem special assessments for O&M should be fairly and reasonably apportioned because the special and peculiar benefits to the property derived from operating and maintaining the District's Facilities (and the concomitant responsibility for the payment of the resultant and allocated debt) have been allocated to each property according to the reasonable estimates of the special and peculiar benefits provided consistent with each land use category.

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Remember the Two-Prong Lienability Test for Valid Assessments

- The current methodology uses a fair and equitable method of allocation that pertains specifically to W&S capacity uses does not meet the lienability test as the O&M budget line items such as road maintenance, administration and operations, landscaping and water management are unrelated to the W&S connection ERCs.
- The new methodology will determine the special and peculiar benefit received from the O&M Budget and mathematically allocate the special and peculiar benefit to each of the different product types within the District.

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First Step: Budget Allocation

- The assessment methodology is a two-step process. The first step is to review the operations & maintenance budget (“budget”) and allocate the budget into categories for measurement. Almost all community development district budgets can be allocated into three general categories: Roadways, Water Management and Administration.
- The roadway category includes common landscape/irrigation, street signs, sidewalks and street lighting and a portion of field operations. Water management includes stormwater management, lake maintenance and a portion of field operations. Administration includes all related district management services such as the management company, legal services, engineering services and Board of Supervisors stipends.

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First Step: Budget Allocation

- The District's fiscal year 2021-2022 adopted budget would be allocated by those categories as follows:

Roadways	Water Management	Administration	Total
\$199,079	\$9,792	\$145,420	\$354,292

- Once the Budget is allocated, there are a variety of ways to determine the special benefit received by the various parcels within the District boundaries.

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Second Step: Methods of Allocation

- The Port of the Islands community is unique in that it is a combination of a resort/marina with transient population and a residential community with both seasonal and year-round residents. Because the land uses include boat docks, a marina, a hotel and various residential uses that are difficult at best to determine the benefit received by such measurements as trip generation, flow off of a property, front footage, the most appropriate basis of allocation measurement is the equivalent residential unit (“ERU”).
- The professionally acceptable basis for a single ERU is anchored by a single family residence. The single family residence is assigned one (1) ERU and the remaining land uses are assigned variations of the ERU that are based on a number of elements including parcel size, residential unit size or a combination thereof.
- The Consultant used a combination of the parcel size and unit size depending on the land use being analyzed.

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Methods of Allocation

Unit Types	Tota Units
Residential Units plus Hotel Rooms:	745
Residential Units on Multiple Lots:	9
Remaining Units outside of Residential:	183
Total Units:	937

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Methods of Allocation

- As mentioned in a previous slide, the professionally acceptable basis for a single ERU is anchored by a single family residence. The single family residence is assigned one (1) ERU and the remaining land uses are assigned variations of the ERU that are based on a number of elements including parcel size, residential unit size or a combination thereof.
- In the case of POI, the Consultant assigned an ERU of one (1) to all of the residential units including the hotel rooms as the current methodology as it appears that all of those residential units receive the same benefit from the O&M Budget.
- The benefit differentiation is identified in the remaining units that do not have residential units on them or are residential units that are on more than one (1) lot.

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Methods of Allocation

- There are 9 single family residential units that are constructed on multiple lots. Some are built upon double lots and some on one and a half lots. The Consultant recommends that there ERUs correlate to the number of units is built upon those lots. Therefore, each of these units should receive one (1) ERU and not given ERUs based on the number of lots those units are constructed upon.
- For example, a residence on two lots does not generate more trips than a residence on one lot or a condominium residence.
- The remaining units will be allocated ERUs based on formulas that relate to the size of the parcel being assessed a benefit assessment.

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Methods of Allocation

- To determine the ERUs for the remaining 183 parcels/land uses, the first calculation required is to calculate the single family units per acre in the District. The Consultant used Collier County Property Appraiser data to calculate the ERUs per acre. The table below shows that there are 4 ERUs per acre in the District.

Base Equivalent Residential Unit Calculation					
Single Family Units	Total SF Acres	Units per Acre	Units per Acre Rounded	ERUs/Acre	
166	38.48	0.23	0.25	4	

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Methods of Allocation

- Of the remaining 183 units outside of the residential units, there are 175 boat slips that receive benefit from the District's O&M budget. The ERU calculation per boat slip is shown in the table below.

Boat Parcel Acres					
Units	Acres	Units/Acre	Total ERUs for Parcel	ERU per Boat Slip	ERU/Boat Slip Rounded
175	11.2	4	44.8	0.256	0.25

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Methods of Allocation

- The remaining 9 units outside of the residential and boat slip units are commercial in nature and also receive benefit from the District's O&M budget. The commercial hotel units are accounted for in the residential units and the gun club is a special use and if the 4 ERU per acre calculation is used, that parcel would be significantly over assessed for the benefits received from the Budget. The hotel restaurant and bar has not been previously assessed but they do receive special benefit from the Budget so they have been assigned ERUs by the Consultant.
- The ERU calculations for those 9 parcels are shown in the table on the next slide.

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Methods of Allocation

	Acres	ERU/Acre	Total ERUs
DORMITORY	2.75	4	11.00
LAKE LINCOLN	2.62	4	10.47
SW COMMERCIAL - MARINA	2.06	4	8.23
SOUTH HOTEL RESERVE	7.50	4	29.99
SE COMMERCIAL	2.34	4	9.35
SE COMMERCIAL	3.21	4	12.85
GUN CLUB RESTROOMS	53.66	-	2.00
HOTEL RESTAURANT	-	-	3.00
HOTEL BAR	-	-	1.00

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UNIT	Description	Current O&M ERC	Revised O&M ERU
Hotel Room		1.00	1.00
Condo Unit		1.00	1.00
Single Family		1.00	1.00
Boat Slip	up to 40 feet (water only)	0.40	0.25
Boat Slip	up to 40 feet (water & sewer)	0.40	0.25
Boat Slip	40 feet and larger	0.40	0.25
Parcel ID #	Description		
1058920513	DORMITORY	3.40	11.00
1058920607	LAKE LINCOLN	10.00	10.47
1058921208	GUN CLUB RESTROOMS	2.00	2.00
1067083700	SW COMMERCIAL - MARINA	5.52	8.23
1067084000	SOUTH HOTEL RESERVE	33.00	29.99
31417501802	1 1/2 LOTS	2.00	1.00
31417501909	1 1/2 LOTS	1.00	1.00
31417502607	DOUBLE LOT	2.00	1.00
31417502759	DOUBLE LOT	2.00	1.00
68291040002	DOUBLE LOT	2.00	1.00
68291160005	DOUBLE LOT	2.00	1.00
68291240006	DOUBLE LOT	2.00	1.00
68300000108	SE COMMERCIAL	6.00	9.35
68300000205	SE COMMERCIAL	6.00	12.85
68300003781	DOUBLE LOT	2.00	1.00
68310002484	HOTEL RESTAURANT	0.00	3.00
68310002507	HOTEL BAR	0.00	1.00

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UNIT	UNITS	ERU VALUE	TOTAL ERUs	ERUs PERCENT	BUDGET ALLOCATION	REVISED ASSESSMENT	CURRENT ASSESSMENT	VARIANCE
Hotel Room	86.00	1.00	86.00	9.72%	\$ 34,442.52	\$ 400.49	\$ 395.45	\$ 5.04
Condo Unit	510.00	1.00	510.00	57.65%	\$ 204,252.17	\$ 400.49	\$ 395.45	\$ 5.04
Single Family	149.00	1.00	149.00	16.84%	\$ 59,673.67	\$ 400.49	\$ 395.45	\$ 5.04
Boat Slip	101.00	0.25	25.25	2.85%	\$ 10,112.49	\$ 100.12	\$ 158.18	\$ (58.06)
Boat Slip	33.00	0.25	8.25	0.93%	\$ 3,304.08	\$ 100.12	\$ 158.18	\$ (58.06)
Boat Slip	41.00	0.25	10.25	1.16%	\$ 4,105.07	\$ 100.12	\$ 158.18	\$ (58.06)
Parcel ID #								
1058920513	1.00	11.00	11.00	1.24%	\$ 4,404.13	\$ 4,404.13	\$ 1,344.53	\$ 3,059.60
1058920607	1.00	10.47	10.47	1.18%	\$ 4,194.71	\$ 4,194.71	\$ 3,954.50	\$ 240.21
1058921208	1.00	2.00	2.00	0.23%	\$ 800.99	\$ 800.99	\$ 790.90	\$ 10.09
1067083700	1.00	8.23	8.23	0.93%	\$ 3,294.88	\$ 3,294.88	\$ 2,182.88	\$ 1,111.99
1067084000	1.00	29.99	29.99	3.39%	\$ 12,009.93	\$ 12,009.93	\$ 13,049.85	\$ (1,039.92)
31417501802	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
31417501909	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 395.45	\$ 5.04
31417502607	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
31417502759	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
68291040002	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
68291160005	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
68291240006	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
68300000108	1.00	9.35	9.35	1.06%	\$ 3,744.62	\$ 3,744.62	\$ 2,372.70	\$ 1,371.92
68300000205	1.00	12.85	12.85	1.45%	\$ 5,146.35	\$ 5,146.35	\$ 2,372.70	\$ 2,773.65
68300003781	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ 790.90	\$ (390.41)
68310002484	1.00	3.00	3.00	0.34%	\$ 1,201.48	\$ 1,201.48	\$ -	\$ 1,201.48
68310002507	1.00	1.00	1.00	0.11%	\$ 400.49	\$ 400.49	\$ -	\$ 400.49
	937.00		884.64	100.00%	\$ 354,291.56			

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Two Prong Test

- Special and Peculiar Benefit 
- Fair and Reasonable Apportionment 

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CONCLUSIONS

- This Assessment Methodology passes two prong test of lienability.
- This Assessment Methodology was developed with professionally acceptable data and multipliers.
- This Assessment Methodology is a recommendation. The District Board of Supervisors has the final decision with regard to determining and levying assessments.

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Questions or Comments?