



# ANNEXATION BENEFITS



# EVALUATION SUMMARY

RENAISSANCE PLANNING

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## Mount Dora Annexation Benefits Evaluation Summary

## I. Introduction and Project Goal

Mount Dora’s jurisdictional boundaries are unusual. Although the original city lines started as the village core, over time, many, but not all adjacent property owners (usually developers) have chosen to join the City’s limits. This has left the City with an inconsistent and patchy jurisdiction. As detailed in the map below, there are several significant gaps in the city’s jurisdictional lines. Of Mount Dora’s 5,458 acres, approximately 1,865 acres (34%) of them are in “outparcels” – those smaller parcels of land that are not actually in the city jurisdictions (dark green).

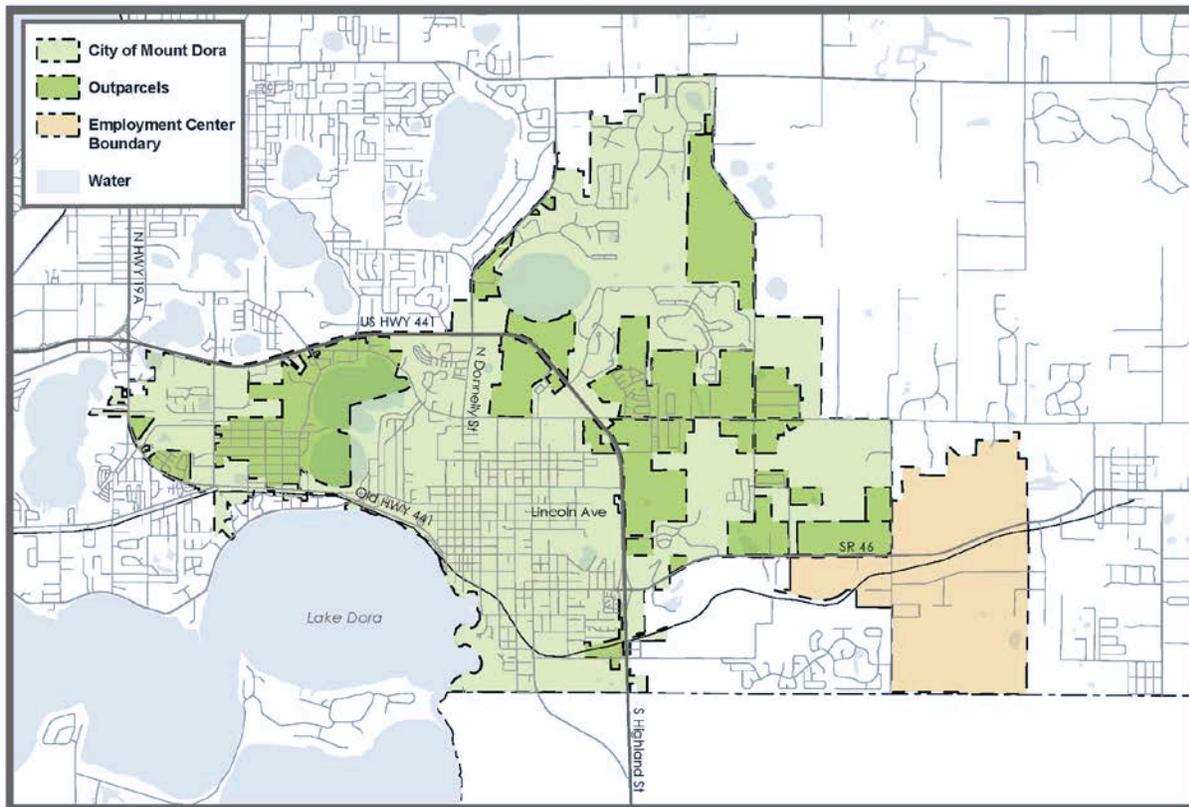


Figure 1: Key outparcels and annexation targets

Furthermore, the City has an additional annexation program for the lands within the Wolf Branch Innovation District (orange). For this area, they are extending utilities along SR 46 to Round Lake Rd to serve the Innovation District. Nearby SR 453 and the Wekiva Parkway (SR 429) are currently under construction. The Innovation District has also been designated as a growth/employment center and has been planned as such. These activities make this Innovation District a logical and necessary addition to the City’s jurisdictional boundaries. If annexed, it will add another 1,370 acres to the city boundaries. Many of the larger property owners within the Innovation District will pursue annexation as it is more desirable and marketable for their properties to be connected to the City’s utilities systems. However, the smaller property owners may not be as inclined and will potentially contribute to a new “outparcel” condition.

The goal of this project is to provide County property owners and residents in both sets of existing and potentially future outparcels specific compelling benefits to join the City of Mount Dora. To achieve this goal, Renaissance Planning has completed the following tasks:

- Analyzing the basic differences in tax regimes, fees, services, amenity access, etc. between living and working in the City versus the County. This work has focused on understanding the different potential benefits of annexation for County residents.
- Exploring the different potential range of benefit by different County residents or businesses. The benefits differ depending on if you are an individual homeowner, multi-family property owner, or a commercial/business owner.

Completing these tasks will then help the City develop an informational brochure that outlines the pros and cons of choosing to be annexed into the City of Mount Dora.

## II. Potential Annexation Benefits and Approach

Although the City has an existing annexation brochure that outlines some of the benefits of annexation, it is valuable to determine if that list of benefits is comprehensive. Informal research suggests the following factors can make a difference in the likelihood of a specific property owner to choose annexation:<sup>1</sup>

- Property taxes – this can include both land but also other real property like automobiles. In addition, there may be differences in the universe of what is taxed (such as specific exemptions or exclusions) as well as differences in rates within different categories of property.
- Utility taxes or fees – this can cover such services as electricity, water, sewer, natural gas, garbage, oil, telecommunications, etc.
- Sales taxes – this can include differences in what is taxed as well as rate differences.
- Transactional taxes – those taxes associated with government filings/activities, such as transfer taxes.
- Licenses and permits (businesses, buildings/development) both fees and differences in applications requirements and processes
- Federal tax deduction opportunities – payment on property taxes is fully deductible on an individual's federal taxes. If one jurisdiction provides services and pays for it through its assessing property taxes but another does so through assessing service fee, then only those residents who pay for that service through a property tax assessment are eligible for claiming that federal tax deduction.
- Community services quality/coverage – differences municipal services may occur such as more police protection or less frequent garbage service.

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<sup>1</sup> ADAPTED FROM *COSTS AND BENEFITS OF MUNICIPAL ANNEXATION*, CHARLES K. COE. *STATE & LOCAL GOVERNMENT REVIEW*, VOL. 15, NO. 1 (WINTER, 1983), PP. 44-47  
[HTTPS://WWW.JSTOR.ORG/STABLE/4354771?SEQ=1#PAGE\\_SCAN\\_TAB\\_CONTENTS](https://www.jstor.org/stable/4354771?seq=1#page_scan_tab_contents)

- Property owner insurance premiums – If services related to fire, medical, or police protection are improved by annexing, then it can be possible for homeowner’s insurance premiums to be reduced.<sup>2</sup>

Thus, to the extent information was available, Renaissance Planning explore the available information on each of these topics relative to city or county residence. Below details the resources reviewed:

City of Mount Dora	Lake County
<p>Code of Ordinance, Chapter 78 Taxation</p> <ul style="list-style-type: none"> <li>• <a href="#">Part IV. Homestead Exemption</a></li> <li>• <a href="#">Part V. Economic Property Tax Exemption</a></li> </ul> <p>Code of Ordinance, Chapter 86 Utilities – <a href="#">Part IV Stormwater Drainage Utility – Sec 86.1110.</a></p> <p><a href="#">2015-16 Annual Budget Report</a></p> <p><a href="#">Rezoning Information</a> and <a href="#">Procedure</a></p> <p><a href="#">Fee Schedule for Building and Planning</a></p> <p><a href="#">State of the City</a></p> <p><a href="#">Residential Utility Rates and Fees</a></p> <p><a href="#">Future land use map and zoning maps</a></p> <p><a href="#">Comprehensive Plan</a></p>	<p>Office of the Tax Collector <a href="#">Tangible Personal Property Taxes</a></p> <p>Code of Ordinance <a href="#">Appendix A – Ordinance 1990-25 Section 4 Ad Valorem Tax</a></p> <p>Property Appraiser <a href="#">Homestead Exemption Tax Roll Information by Year (2012-2016)</a></p> <p><a href="#">Sheriff’s Annual Report</a></p>
<p><a href="#">Joint Planning Area Documents</a></p>	

### III. Benefits Summary

Appendix A outlines the details of these assessments but at the highest level, the differences are:

- Property taxes – City of Mount Dora residents pay an .59970 more in millage (approximately 33% more) than County residents, although some lower income city residents are eligible for an additional property tax exemption. For illustration purposes, this amounts to:
  - \$251.55 more per year on a \$50,000 taxable value property
  - \$1,257.73 on a \$250,000 taxable value property
  - \$3,7773.18 on a \$750,000 taxable value property

<sup>2</sup> [http://www.pinellas-park.com/government/departments/community\\_development/benefit\\_of\\_annexation.php](http://www.pinellas-park.com/government/departments/community_development/benefit_of_annexation.php)

- Land Uses Regime and Regulations – land uses are coordinated, but development review fees vary in structure and are difficult to compare. However, the development review approvals time is estimated to be significantly better (i.e. shorter) in the City.
- Utility taxes/fees and franchise fees – these vary by type of utility. Some are greater in the City (gas, telecommunications, solid waste, stormwater, and most franchise fees), others in the County (water, sewer, and non ad valorem fire), and others the same such as electricity.
- Ad valorem taxes and credits – sales tax is the same, but the City provides an economic development credit for new and existing businesses that meet certain requirements.
- Impact Fees – The City has additional impact fees for public safety and physical environmental on top of the County's fees for roads, schools, fires, parks, and libraries. However, school concurrency requirements are waived in the City.
- Transactional taxes and licenses and permits – varied and overlapping.
- Federal tax deduction opportunities – more of the money paid to the City is tax deductible, such as the city property tax versus the Municipal Services Taxing Unit (MSTU)
- Community services quality/coverage – services coverage is presumed greater due to increased proximity of services as well as more localized resources, specifically for policy and public safety. City residents also receive a discount at local city-owned facilities. There is also the satisfaction in knowing that the fees and taxes paid to the City go to localized services within the city.
- Property owner insurance premiums – presumed better in the city due to enhanced public safety response times.
- Property Value – also are presumed to be greater due to better municipal services provision.

Looking only at the property tax rates, it is more expensive to live in the City. But it is possible to offset that difference in millage through several options

- Utility use and mix – the discounts from being a City user on the City system could very easily dwarf the additional \$250 that is charged on a lower-valued property. It would ultimately depend on the mix and use of the different utilities as compared to the property value. In particular, for lower valued properties, this could be an unexpected boon.
- Additional Federal tax income deductions and economic development incentives – for those less affluent community members as well as those willing to invest to spur economic development within the city.
- Localized taxes and fees distribution – in some cases, the fees are less for City resident. But across the board, the monies that support the City and its services are then spent in the City. The same cannot be said for the County taxes and fees.

- Insurance premium reductions and enhanced property values – these City services help support reduced insurance premiums and greater property value, solely by being a part of the City.
- Professional and accessible municipal staff – opting in to the City’s jurisdiction allows for a wide variety of improved government services, spanning from
  - Reduced development review times
  - Rescinded school concurrency requirements
  - Community facility resident discounts
  - Available and convenient municipal services.
  - Enhanced public safety response times and coverage.
- Contributions to maintaining a historic and charming small-town center. Mount Dora is well known as an important small city center in Lake County. Being a resident helps support all the great activities, services, events, and attractions that come with that.

#### IV. Proposed Annexation Brochure Language<sup>3</sup>: “Why join a world class historic town?”

**Save 25% on your monthly water and sewer bills!** County residents receiving City water and sewer are assessed at a higher rate. A four-person household using 400 gallons of water could easily spend an extra \$20/month.

**Deduct your property tax payments from your federal income tax returns!** The City property taxes are eligible for deductions on your federal tax returns in a way that the County’s MSTU is not!

**Qualify for additional homestead property tax deductions!** If you household is lower income, additional homestead property deductions are available!

**Receive more for your business investments!** New and existing businesses can receive additional tax credits if they meet certain job, wage, or targeted location requirements! In addition, if you are a developer, your projects will have the state school concurrency requirements rescinded.

**Support a thriving Mount Dora!** Monies collected for the City and its services are then spent in the City. Mount Dora is well known as an important small city center in Lake County. Being a

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<sup>3</sup> Adapted from Pinellas Park, FL.  
[http://www.pinellas-park.com/government/departments/community\\_development/benefits\\_of\\_annexation\\_2.php](http://www.pinellas-park.com/government/departments/community_development/benefits_of_annexation_2.php)



resident helps support all the great activities, services, events, and attractions that come with that. With your annexation, you can share in this community pride.

**Reduce your property insurance premiums!** these City services help support reduced insurance premiums and greater property value, solely by being a part of the City. You are served by closer and more responsive police!

**Enhance your property values with a stroke of a pen!** Being located in the City means that you are being provided with greater public services coverage and that gets reflected in your property values!

**A professionally managed City!** We are able to provide first class municipal services through a well-trained and well-equipped work force.

**Be assured of a high quality of life free from inappropriate and haphazard development!** The City has a professional building development/planning and zoning staff that provide shorter development review times, potentially reduced fees, and personalized service. These services become readily available to you – and are closer than the same services at the County.

**Great community centers and parks!** The City maintains its own municipal parks and community centers. The facilities available to the residents range from parks and playgrounds to boat docks to our community centers. City residents pay less for any fee-based activities at these locations!

APPENDIX A: DETAILED COMPARISON OF CITY AND COUNTY DIFFERENCES

Factor	Details	City	County
<b>Property Taxes</b>	Differential Millage Rates <sup>4</sup>	5.9970 City of Mount Dora	<ul style="list-style-type: none"> <li>• 0.4957 millage for MSTU Stormwater, Parks, and Roads</li> <li>• 0.4704 millage for Lake County Fire Rescue MSTU</li> </ul>
	Same Millage Rates <sup>5</sup>	<ul style="list-style-type: none"> <li>• 5.1180 Lake County Board of County Commissioners</li> <li>• 0.1524 Lake County Voted Debt Service</li> <li>• 0.4629 Lake County MSTU Ambulance</li> <li>• 6.8750 Lake County School Board</li> <li>• 0.2554 Lake County Water Authority</li> <li>• 1.0000 North Lake Hospital</li> <li>• 0.2885 St. Johns Florida Water Management District</li> </ul>	
	Cumulative Millage <sup>6</sup>	20.1492 total millage	15.1183 total millage
	Value Determined	Assessed value <sup>7</sup>	Assessed value <sup>8</sup>
	Universe	May include tangible property, but considered a minor consideration. <sup>9</sup>	Includes tangible property <sup>10</sup>
	Exemptions	County homestead plus exemption of \$25,000 for households making under \$20,000 on city tax assessment <sup>11</sup>	Homestead (up to \$50,000) <sup>12</sup>
<b>Land Use Regimes and Regulations</b>	Future land uses <sup>13</sup>	Coordinated with the County via Joint Planning Agreement	
	Development Review Fees	Depends on project specifics, very difficult to compare since they are built up differently. City is via construction value and select activity (i.e. plumbing), whereas the County is by building use and different select activities (i.e. aluminum construction).	
	Development Review	45 days	Up to 6 months <sup>14</sup>

<sup>4</sup> Provided by the City of Mount Dora, Finance Department

<sup>5</sup> Provided by the City of Mount Dora, Finance Department

<sup>6</sup> Provided by the City of Mount Dora, Finance Department

<sup>7</sup> Confirmed by the City of Mount Dora staff.

<sup>8</sup> <http://www.lakecopropappr.com/>

<sup>9</sup> As indicated by the City of Mount Dora staff; (PART V - Sec.78.520)

<sup>10</sup> [http://www.laketax.com/property\\_taxes/tangible\\_personal\\_property.php](http://www.laketax.com/property_taxes/tangible_personal_property.php)

<sup>11</sup> City Code Part IV

<sup>12</sup> Estimated \$750 annually on average.

<sup>13</sup> <http://ci.mount-dora.fl.us/823/Joint-Planning-Areas>

<sup>14</sup> Provided by City staff.

	Approvals		
<b>Utility Taxes/ Fees<sup>15</sup></b>	Gas/Propane <sup>16</sup>	10%	None identified <sup>17</sup>
	Electricity <sup>18</sup>	2.5% gross receipts	
	(Tele)Communications <sup>19</sup>	5.220%	1.940%
	Water utility surcharge <sup>2021</sup>	100% Monthly base fee of \$9.96 Rates span \$1.30-5.20/cubic ft	100.25% <sup>22</sup> Monthly base fee of \$12.45 Rates span \$1.63-6.50/cubic ft
	Sewer <sup>23</sup>	Monthly base fee of \$26.94 \$3.43/cubic ft	Monthly base fee of \$33.64 \$4.29/cubic ft
	Solid Waste	\$20.74/month <sup>24</sup>	\$176-231 year <sup>25</sup>
	Stormwater	\$6.95/month	Included in MTSU above
	Non Ad valorem Tax Fire <sup>26</sup>	\$50/year, but will sunset in 9/30/2018	\$175/year
<b>Franchise Fees<sup>27</sup></b>	Electricity	6%	None identified <sup>28</sup>
	Gas	6%	None identified <sup>29</sup>
	Solid Waste <sup>30</sup>	10%	\$176
<b>Ad valorem Taxes/ Credits</b>	Economic development	New and existing businesses that meet certain job, wage, or location requirements <sup>31</sup>	None.
	Sales Tax <sup>32</sup>	7% (6% state plus 1% county infrastructure)	
<b>Impact Fees</b>	Residential	Public Safety and Physical Environment <sup>33</sup>	Roads, School, Fire Parks, Library <sup>35</sup>

<sup>15</sup> “Outside City” are County residents that are connected to the city’s water or other infrastructure system as a user. If the county residents are not on the Mount Dora system, they are then on septic/well systems.

<sup>16</sup> Provided by the City of Mount Dora, Finance Department

<sup>17</sup> Unable to confirm definitively, but all County budgeting does not include such a revenue.

<sup>18</sup> <http://ci.mount-dora.fl.us/DocumentCenter/View/2625>

<sup>19</sup> Provided by the City of Mount Dora, Finance Department

<sup>20</sup> Percentages provided by the City of Mount Dora, Finance Department; Rates at <http://ci.mount-dora.fl.us/DocumentCenter/View/2625>

<sup>21</sup> Irrigation and Reclaimed water have a modified water utility rate structure

<sup>22</sup> Converted from 1.25 to match units for the city’s surcharge.

<sup>23</sup> <http://ci.mount-dora.fl.us/DocumentCenter/View/2625>

<sup>24</sup> <http://ci.mount-dora.fl.us/DocumentCenter/View/2625>

<sup>25</sup> [http://www.lakecountyfl.gov/pdfs/fee\\_schedules/public\\_works.pdf](http://www.lakecountyfl.gov/pdfs/fee_schedules/public_works.pdf) ; through discussions with Lake County residents

<sup>26</sup> Provided by the City of Mount Dora, Finance Department

<sup>27</sup> “Outside City” presumed to mean Lake County.

<sup>28</sup> Unable to confirm definitively, but all County budgeting does not include such a revenue.

<sup>29</sup> Unable to confirm definitively, but all County budgeting does not include such a revenue.

<sup>30</sup> Provided by the City of Mount Dora, Finance Department

<sup>31</sup> <http://ci.mount-dora.fl.us/DocumentCenter/View/149>

<sup>32</sup> [https://www.lakecountyclerk.org/forms/cafr/2015\\_CAFR.pdf](https://www.lakecountyclerk.org/forms/cafr/2015_CAFR.pdf)

		Single Family (SF) – \$5,055.38/Density Unit (DU) <sup>34</sup> Multi-Family (MF) - \$3,169/DU	SF - \$10-13,000/project sq ft Mobile - \$6,500-9,600/project sq ft MF - \$1,000-9,900/project sq ft <sup>36</sup> Upgrades - \$0-3,800/project sq ft
	Non-residential	Public Safety and Physical Environment <sup>37</sup> Commercial - \$1400/1000 sq ft <sup>38</sup> Office - \$421.29/1000 sq ft Institutional - \$2344.47/1000 sq ft Industrial - \$321.51/1000 sq ft Warehouse - \$283.62/1000 sq ft	For Roads Lodging - \$242.00 Retail/Commercial - \$569.00/1000 sf <sup>39</sup> Office- \$485/1000 sq ft Public/Institutional - %150/1000 sq ft <sup>40</sup> Industrial/Manufacturing \$278/1000 sq ft Warehousing \$66-259/1000 sq ft
	Concurrency	School requirements are rescinded in the City.	
<b>Transactional Taxes, and Licenses and Permits</b>		Varied and overlapping	
<b>Federal Tax Deductions</b>		Property tax payment are deductible, but individualized; these are greater in the City.	
<b>Community services quality/coverage</b>	Stormwater	None	TBD
	Public Safety	Presumed greater police and fire response times in the city due to geographic proximity.	
	Location of community facilities	Availability of localized library and community facilities	
	Other residential discounts	City residents receive discounts for community center/park facility rental, etc.	None for just unincorporated residents.
<b>Property insurance premiums</b>		Unknown, but presumed to be better in the City given enhanced public safety.	
<b>Property Values</b>		Broadly homes in the annexed jurisdiction are worth more and increase in value, mostly due to greater service provision.	

<sup>33</sup> City of Mount Dora 2015-16 Budget Revenues <http://ci.mount-dora.fl.us/DocumentCenter/View/2494> Note that these are in addition to the County's fees.

<sup>35</sup> <https://www.lakecountyfl.gov/residents/index.aspx>

<sup>34</sup> <http://ci.mount-dora.fl.us/DocumentCenter/Home/View/410>

<sup>36</sup> Active Adult Community don't pay any school impact fee.

<sup>37</sup> City of Mount Dora 2015-16 Budget Revenues <http://ci.mount-dora.fl.us/DocumentCenter/View/2494> Note that these are in addition to the County's fees.

<sup>38</sup> <http://ci.mount-dora.fl.us/DocumentCenter/Home/View/410>

<sup>39</sup> Except for marinas and golf courses; those are by slip and hole.

<sup>40</sup> Except for schools (per student); mental institutions, hospitals, and nursing homes (by bed); cemetery or park (by acre)