

City of Sweetwater Annexation Feasibility Study

Prepared for:
City of Sweetwater

Prepared by:



**Metropolitan
Center**

150 S.E. 2nd Avenue, Suite 500
Miami, FL 33131
305.349.1251
metropolitan.fiu.edu

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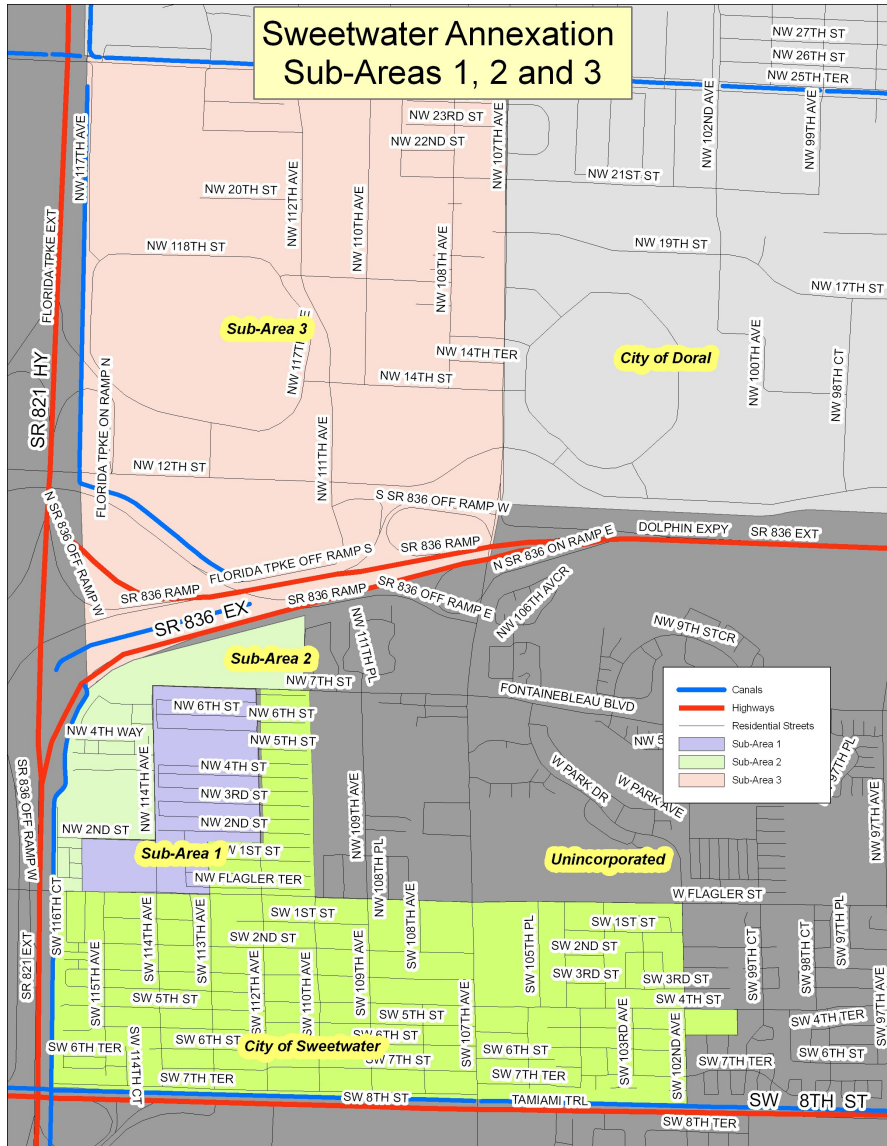
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BOUNDARIES OF PROPOSED COMMUNITIES

SUB-AREA 1: Beginning at the City's Western boundary on the North side of West Flagler Street, then North to N.W. 1st Terrace, then East along the City's boundary line to N.W. 112 Avenue, then North to N.W. 7th Street, then West to N.W. 114 Avenue, then South to N.W. 2 Street, then West to N.W. 116 Avenue, then South to West Flagler Street, then East to the point of beginning.

SUB-AREA 2: Beginning on N.W. 110 Avenue and N.W. 7 Street, then North to SR 836, then West to the Snapper Creek Canal, then South to West Flagler Street, then East to N.W. 116 Avenue, then North to N.W. 2 street, then East to N.W. 114 Avenue, then North to N.W. 7 Street, then East to the point of beginning.

SUB-AREA 3: Beginning at the intersection of N.W. 107 Avenue and SR 836, then West to the Snapper Creek Canal, then North to N.W. 25 Street, then East to N.W. 107 Avenue, then South to the point of beginning.



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GENERAL EXPENDITURES

The total operating expenditures for the proposed annexation area are estimated at \$4,134,086. The expenditures for the new City of Sweetwater are expected to increase by 62 percent. The estimation is based on anticipated expenses for increased staff, as well as maintenance and capital improvement projects, as provided by the City of Sweetwater.

	City of Sweetwater	Proposed Annexed Area	New City of Sweetwater
General Government	\$2,292,989	\$150,000	\$2,442,989
Public Safety	\$2,866,150	\$1,433,075	\$4,299,225
Parks and Recreation	\$444,062	\$0	\$444,062
Building & Zoning	\$91,812	\$0	\$91,812
Maintenance Dept.	\$818,864	\$409,432	\$1,228,296
Capital Improvement	\$78,660	\$39,330	\$117,990
TOTAL	\$6,592,537	\$2,031,837	\$8,624,374

The expenses for the Parks and Recreation, and Building and Zoning departments are anticipated to remain the same. The most significant expenditures will be for public safety, maintenance and capital improvements whose budgets the City of Sweetwater intends to increase by fifty (50) percent.

GENERAL GOVERNMENT

Three additional employees will be added to General Government in order to maintain the current level of service to the new residents and businesses. The average salary for each additional employee, including benefits, was estimated by the City at \$50,000 for a total of \$150,000 increase in expenditures.

PUBLIC SAFETY

Public safety expenditures include only police services. Fire protection and emergency medical services will continue to be provided by Miami-Dade County.

The annexation area will add approximately 4,500 new residents to the current population of more than 14,000. The city has estimated that the development potential of the annexation area as well as the concentration of businesses in it will require increasing the police force by 50 percent in order to maintain the level of service currently provided to businesses and residents in the city. The City plans to open another police station in the annexation area.

MAINTENANCE DEPARTMENT

The increase in the Maintenance and Capital Improvement department's budgets will be necessary since after the annexation the area within the City of Sweetwater will almost triple in size. The city will add to its current area of 22,054,314 square feet (0.79 square miles) another 43,577,693 sq. ft. or 1.56 sq. miles. Currently the city maintains approximately 4,774,829 sq. ft. (0.17 sq. miles of Right of Ways (ROWs) which include streets, sidewalks and medians. After annexation the city's ROWs will more than double with the addition of 5,947,422 sq. ft. (0.21 sq. miles). The additional ROW's will increase budget expenditures by approximately \$409,432.

Area	Property Parcels (sq. ft.)	Property Parcels (sq. miles)	Right of Ways (sq. miles)	Right of Ways (sq. ft)
Sub Area 1	3,286,271	0.1179	190,556	0.0068
Sub Area 2	3,419,596	0.1227	372,966	0.0134
Sub Area 3	27,606,427	0.9902	5,383,899	0.1931
City	16,942,686	0.6077	4,774,829	0.1713

CAPITAL IMPROVEMENT

The city's capital improvement expenses will also increase at the same rate as the expenditures for maintenance. Capital improvement funds are generally used for street lights and signs. The total expenses will increase by 50%, from \$78,660 to \$117,990.

GENERAL REVENUES

PROPERTY TAXES

Property tax revenues are the most substantial portion of the total revenues of the City of Sweetwater representing almost 23 percent of the total. The table below represents a breakdown of current and projected property tax revenues for the present and the new City of Sweetwater after annexation. The table shows a millage rate scenarios based on the current Miami-Dade County millage rate of 2.0083.

After annexation, the City of Sweetwater's taxable value would increase by \$920,220,430 for a total value of approximately \$1.37 billion. At the current county millage rate of 2.0083 applied for properties in the city and the annexed areas, the property tax revenues will be \$2,743,725, of which \$1,848,079 from the annexation area and \$895,647 from the current City of Sweetwater.

AREA	TAXABLE VALUE	REVENUE
		at 2.0083 mil
Area 1	\$28,020,862	\$56,274
Area 2	\$164,969,137	\$331,308
Area 3	\$727,230,431	\$1,460,497
AREA TOTAL	\$920,220,430	\$1,848,079
Sweetwater	\$445,972,618	\$895,647
TOTAL	\$1,366,193,048	\$2,743,725

Source: Miami-Dade County Property Appraiser's Office; City of Sweetwater, 2008.

NON PROPERTY TAX REVENUES

Revenues from the proposed annexation area, excluding property tax revenues, are anticipated to increase the overall revenues of the City by approximately 21 percent or \$1.08 million. Projections of revenue streams from different sources are based on the characteristics of the annexation area, including a population of approximately 4,500 people and land development potential, as well as the large concentration of business establishments. Table below shows the estimated population of the annexation area.

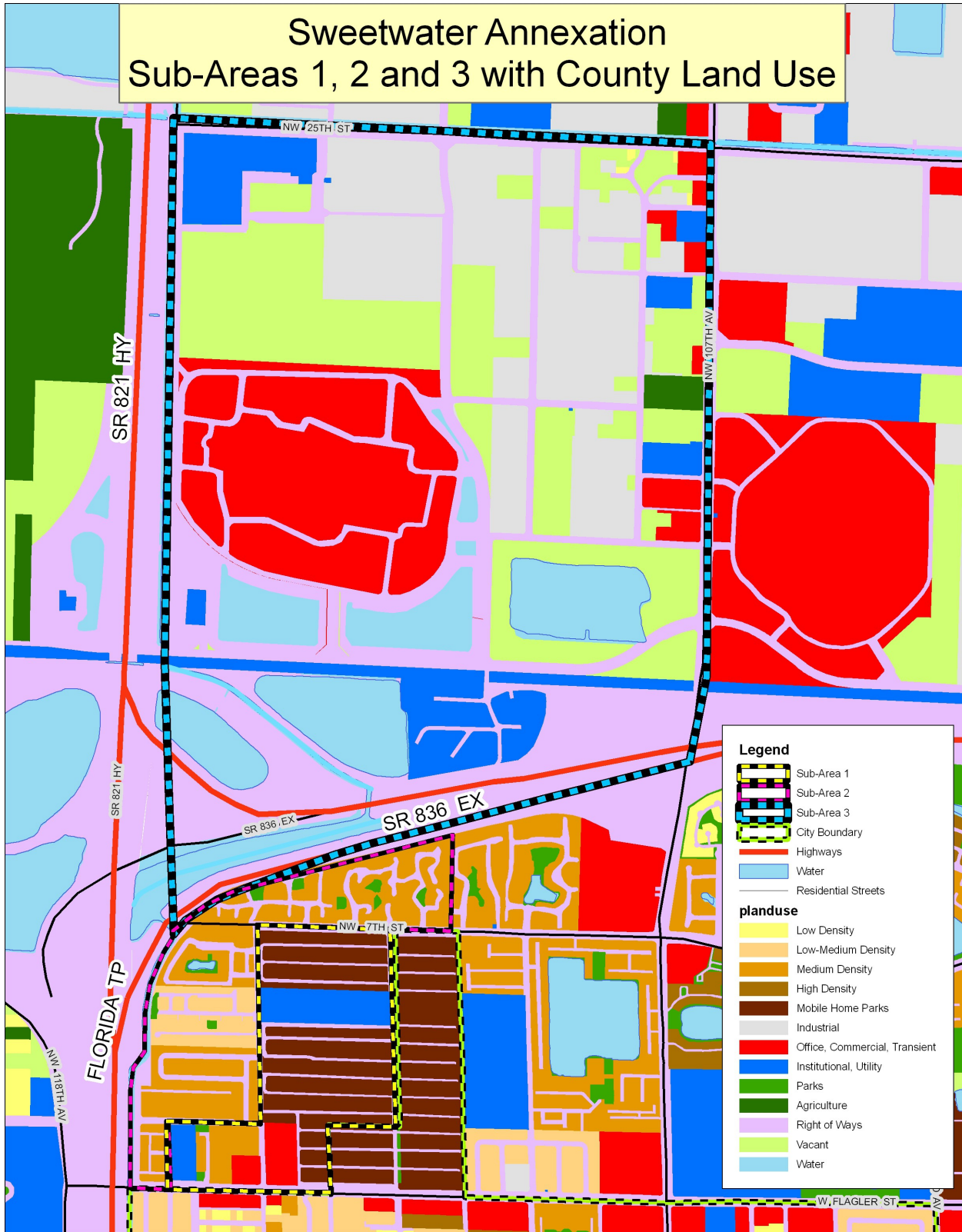
	2008 min	2008 max
Sub Area 1	1,824	1,874
Sub Area 2	2,562	2,633
Sub Area 3	20	20
	4,405	4,526

Source: FIU Metropolitan Center; Note: The Minimum and Maximum are necessary because there are two Census Blocks that fall partially within Sub Area 2 or Sub Area 1 boundaries.

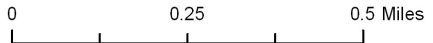
As a result, revenues from some sources are expected to increase by approximately 33 percent to reflect the increase in population by one third. These include

Sales and Use Taxes, Shared State Revenues, Public Safety, Parks and Recreation, as well other charges for services and miscellaneous revenues. In addition, given the business makeup of the area, revenues from professional occupational licenses and other licenses, fees and permits will likely double. The most significant increase in revenues is expected from building permits. The proposed annexation area has more than 80 vacant lots which will provide a significant boost to the City's revenue fund (see map below).

Sweetwater Annexation Sub-Areas 1, 2 and 3 with County Land Use



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The table below shows the projected revenues for the city of Sweetwater at the county's millage rate. The city's current millage rate yields the highest ad valorem revenues but the city will lower it after the annexation to the county's rate of 2.0083. It is anticipated that even with annexation the county will retain the franchise and utility fees of the annexation area, therefore projected revenues for the new City of Sweetwater from these two sources are likely to remain constant. The projected revenue increases below are based on the development potential in the area, as evident in the existence of significant tracts of undeveloped land, as well as the existing number of business establishments.

Revenue Source	Sweetwater (Present)	Sweetwater (after Annexation)	Change
		at 2.0083 mil	
AD VALOREM	\$1,517,957	\$2,743,725	
SALES AND USE TAXES	\$240,424	\$319,764	increase by 33%
FRANCHISE FEES	\$512,521	\$512,521	as is
UTILITY SERVICE TAXES	\$1,021,273	\$1,021,273	as is
PROFESSIONAL OCCUPATIONAL LICENSES	\$19,000	\$38,000	increase by 100%
BUILDING PERMITS	\$95,000	\$142,500	increase by 150%
OTHER LICENSES, FEES AND PERMITS	\$76,900	\$153,800	increase by 100%
SHARED STATE REVENUES	\$1,426,492	\$1,897,234	increase by 33%
PUBLIC SAFETY	\$709,500	\$943,635	increase by 33%
PARKING FACILITIES	\$21,260	\$21,260	as is
PARKS AND RECREATION	\$130,620	\$173,725	increase by 33%
OTHER CHARGES FOR SERVICES	\$296,519	\$394,370	increase by 33%
VIOLATIONS OF LOCAL ORDINANCES	\$4,500	\$5,985	increase by 33%
BANK INTEREST	\$14,000	\$14,000	as is
RENTS AND ROYALTIES	\$274,270	\$274,270	as is
SALES OF SURPLUS	\$176,631	\$176,631	as is
MISCELLANEOUS REVENUES	\$40,000	\$53,200	increase by 33%
NON-OPERATING SOURCES	\$55,000	\$55,000	as is
TOTAL (without ad valorem)	\$5,113,910	\$6,197,168	
TOTAL (with ad valorem)	\$6,631,867	\$8,940,894	

FEASIBILITY ASSESSMENT

Based on the projected revenues and expenditures, the table below shows the feasibility of annexation under projected city expenses and revenues. **With projected expenses and revenues at the levels discussed above, annexation is financially feasible even if the City of Sweetwater lowers its millage rate from the current 3.4037 to the county's 2.0083.** Sweetwater would not experience a budget deficit but at current projections will have a surplus.

EXPENSE	Sweetwater (Present)	Sweetwater (after Annexation)	
General Government	\$2,292,989	\$2,442,989	3 employees @ 50K
Public Safety	\$2,866,150	\$4,299,225	increase by 50%
Parks and Recreation	\$444,062	\$444,062	as is
Building & Zoning	\$91,812	\$91,812	as is
Maintenance Dept.	\$818,864	\$1,228,296	increase by 50%
Capital Improvement	\$78,660	\$117,990	increase by 50%
TOTAL EXPENSES	\$6,592,537	\$8,624,374	
REVENUES*	\$6,631,867	\$8,940,894	
SURPLUS	\$39,330	\$316,520	

*Do not include Franchise and Utility fees for the annexation area

The annexation will benefit the residents and businesses in the area as they will be able to rely on government and police services closer to them. After annexation, the ad valorem taxes of approximately \$1.8 million that Miami-Dade County is collecting from the area will be collected from the City of Sweetwater and that funding will be put back into services to the community. The County will transfer the primary responsibility for public safety and maintenance to the city and will be able to mitigate the loss of revenue by transferring resources to other areas in need. From the perspective of resident and business safety, the City of Sweetwater will be able to not only maintain but improve on the services currently provided by the county. City of Sweetwater Police is already assisting the county on occasions and by request with back up in the area, and the new police station intended for the annexation area will ensure the visibility of police protection as well as faster response times to incident locations. In addition, the intent of the City of Sweetwater to increase the expenditures for maintenance and capital improvement indicates the city's desire to create a quality living environment for the almost 4,500 residents in the annexation area and to build a favorable climate for business growth.