

Report and Recommendations
FishHawk Ranch Amenities Advisory
Committee



Executive Summary

Development of the FishHawk Community was envisioned as a single residential community financed by special revenue bonds in three geographic areas, now known as FishHawk Community Development District, FishHawk Community Development District II, and FishHawk Community Development District III. Operations and Maintenance Assessments (O&M) were equalized in 2004 by an interlocal agreement between FishHawk Community Development District and FishHawk Community Development District II to provide that all residents of either district would pay the same O&M assessment for the rights and privileges to use all the amenities in either district. When FishHawk CDD III was created in 2008, an interlocal agreement was entered by all three districts to assure that residents in any of the three districts would have all the rights and privileges to use all the amenities in any of the three districts, including those to be built in FishHawk CDD III. The interlocal agreement contained a provision that FishHawk CDD III, after 85% build out, would be able to request consideration for equalization of O&M assessments paid by residents in the other two districts as had been done by FishHawk CDD and FishHawk CDD II in their 2004 interlocal agreement. Such equalization would spread the costs of all community operations and maintenance across all residents which enjoyed the rights and privileges to use all the amenities in all three districts. Requests made by the Board of FishHawk CDD III to equalize O&M assessments between all three districts has been rejected the last three years. Residents of FishHawk CDD III continue to be met with larger O&M assessments than FishHawk CDD and FishHawk CDD II area residents.

Following the rejection of equalization in 2016, Board Chairmen of the three districts met to discuss the problem of the sustainable funding for community assets and amenities at the desired level for all FishHawk residents in light of the disparate amounts in O&M assessments paid by residents of FishHawk CDD III (665 tax payers paying \$1,413.37) as compared to residents in FishHawk CDD (1810 tax payers paying \$808.01) and FishHawk CDD II (2551 tax payers paying \$808.01). The Chairmen unanimously endorsed to study of changes to O&M assessment which would require each resident to pay an equal amount of their O&M assessment that would go to the Operation and Maintenance of ALL amenities in FishHawk, FishHawk II and FishHawk III Each Board appointed 5 sitting Board Members (2 each from FishHawk CDD and FishHawk CDD II and 1 from FishHawk CDD III). The FishHawk Ranch Amenities Advisory Committee began its work in October and has met over 20 hours working through this issue and provided recommendations for the three boards to adopt to assure sustainable funding for all community amenities. This is a report of their work, all done by consensus of the committee members.

Their recommendation to address the continued sustainability of funding for community assets is the merger of all three districts into one FishHawk Community Development District charged with responsibility for all operations and maintenance within the geographic area of all three districts.

Should the Boards reject merger as the solution, community-wide proportional funding of the operation and maintenance costs of all community-wide amenities should be considered in the alternative. consider the proportional funding of amenities costs so that all FishHawk Community Residents are paying the same amount in their O&M assessments towards the operation and

maintenance of all the community's common amenities while continuing as three (3) separate Districts.

History of FishHawk Community Development

The development of the FishHawk Community has been a multi-decade project to build and develop a robust housing community, the FishHawk Ranch Community. The FishHawk Ranch Community began as a Development of Regional Impact, development of which was governed by Development Orders issued by the Hillsborough County Commission and reviewed under Chapter 380 of Florida Statutes. The Developer chose to use the Community Development District as a way to finance the construction of infrastructure and amenities for the community. This was done by creating a physical area of land that would be within the first FishHawk Community Development District. Within such land area would be property that would be subject to bond indebtedness for bonds issued by the FishHawk CDD, the proceeds of which would be used to create the infrastructure and amenities for the new community. Work began in the area that became the FishHawk Community Development District almost twenty years ago.

As residents were filling up the area of the FishHawk CDD, in 2004, another geographic area was beginning development. This area was organized as the FishHawk Community Development District II. This property within FishHawk CDD II would be subject to bond indebtedness for bonds issued by the FishHawk CDD II, the proceeds of which would be used to create the infrastructure and amenities for the new area of the FishHawk Community. At the time, it was the vision of the developer and the governing Boards of the FishHawk CDD and FishHawk CDD II that the two separate funding areas of the emerging FishHawk Community be viewed by its residents as one FishHawk Community. This was accomplished structurally in 2004 by adopting an interlocal agreement which was designed to have residents view the two separate areas of FishHawk as one FishHawk Community. Under the 2004 Interlocal Agreement, all of the residents of FishHawk CDD and FishHawk CDD II were guaranteed that they would have the right to use all of the amenities that were geographically located within either District. Additionally, the annual assessment made for the operation and maintenance of all infrastructure and amenities in both Districts would be identical for residents in each District. From 2004, resident funding of operations and maintenance (O&M) through the O&M portion of ad valorem tax assessments was an equal amount for each resident in FishHawk CDD and FishHawk CDD II.

Development and home sales within the area of FishHawk CDD II proved to be well timed to the housing market expansion of the early 2000's. By 2008, the developer was ready to open up another geographic area contiguous to the FishHawk Community and under a separate DRI Development Order. The contiguous geographic area was to become FishHawk Community Development District III. Prior to the development of the CDD III area, the developer surveyed residents of FishHawk as to what amenities the existing resident would like to see incorporated within the new CDD III area. Based on those surveys, amenities like the Dog Park and Tennis Center were to be located within the geographic boundaries of FishHawk CDD III. After formation of the CDD III District in 2008, the Boards of The FishHawk CDD, Fishhawk CDD II and FishHawk CDD III entered into an interlocal agreement which provided that the residents of each of the three districts would be given the right to use the amenities in any of the three districts

without any charge based on residency. All residents of the FishHawk Communities, which would consist of FishHawk CDD, FishHawk CDD II and FishHawk CDD III were given equal status to use all the community amenities. The interlocal agreement also provided for a trigger point (85% of finished rooftops) after which time, the FishHawk CDD III Board could request O&M equalization with the FishHawk CDD and FishHawk CDD II.

The real estate recession in 2007 dictated the changes to the residential type and mix in the FishHawk CDD III area, resulting in a development plan which would yield 665 units, which in scale, was much smaller and resulted in less tax units than FishHawk CDD (1810) and FishHawk CDD II (2551). Requests made by the Board of FishHawk CDD III to equalize O&M assessments among all three district in each year since the trigger amount of development within FishHawk CDD III was met has been rejected and residents in FishHawk CDD III continue to be met with larger O&M assessments than the FishHawk CDD and FishHawk CDD II area residents.

District	Tax Units	Rate	Revenue*
FishHawk CDD	1810	\$808.01	\$1,462,498.10
FishHawk CDD II	2551	\$808.01	\$2,061,233.51
FishHawk CDD III	665	\$1413.37	\$939,891.05

*Actual revenue is reduced by 6% collection costs by Hillsborough, reducing the whole dollar amount available to each District

At the O&M assessment rates in place for FY 2016-2017, the O&M assessment on residential tax units in FishHawk III is significantly higher than the assessments on each residential tax unit in FishHawk CDD and FishHawk CDD II. While it may be understandable that the O&M assessment would be more because of the smaller number of residential tax units in FishHawk CDD III, the costs of operating the amenities for the benefit of all FishHawk residents at a desired level of service FishHawk residents have come to expect lead to a portion of that imbalance. Also, in FishHawk CDD III, street lighting districts were not created and the CDD has as part of its annual budget \$100,000 it pays for street lights in the FishHawk CDD III. Efforts are currently underway to help resolve some of these issues.

The math problem created for FishHawk CDD III is that there are less people to pay the routine costs of running FishHawk CDD III and the community amenities within the District. After the failure of the Fishhawk CDD III request for the equalization of O&M assessments between FishHawk CDD and FishHawk CDD II in 2016, the chairmen of the three districts agreed to meet to discuss the issue of how to proportionately balance the costs of operating and maintaining all community amenities to assure continued, sustainable funding for community infrastructure at the desired level for all FishHawk residents.

CDD Chairmen: Solution for a Long Term FishHawk Community

The Chairmen’s meeting was held in June of 2016. Discussion at that meeting brought forth a concept to distribute costs of community-wide amenities, which resulted in the task being charged to an advisory committee which has worked to bring this report to the Boards.

The underlying principle of the recommendation from the Chairmen was to require each resident to pay an equal amount of their O&M assessment that would go to the Operation and Maintenance of ALL amenities in FishHawk, I, II and III. This would not necessarily result in an equal O&M assessment for the residents of all Districts, only an equal share of O&M for operating and maintaining all FishHawk amenities. Each CDD residential tax unit would pay an equal portion of the O&M assessment based on the budgetary amounts for all community-wide benefits and services provided as amenities open to all residents. This represents a true amenity cost to each resident.

In addition to the centralized proportionate assessment of all amenities costs, the concept of centralized control over the amenities operation and maintenance was suggested for study. This could mean creation of an “Amenities Authority” which would have the responsibility of operation and maintenance of all FishHawk common amenities. It is with this creation of an Amenities Authority that Supervisors from each Board would be involved in the operation and maintenance of all amenities that are under the common budgetary amount. Residents from all three districts could have a say in the operation and maintenance of all community amenities. This Amenities Authority would consist of 5 members, 2 members from CDD I and CDD II and 1 member from CDD III (which would be roughly equivalent to the households in each District). The Amenities Authority would have to follow the same rules and statutes as the Boards regarding Sunshine Act and Public Records/Public Notice requirements and would have an administrative cost, although less than costs for administering each District. The Amenities Authority could have as their primary responsibilities 1) Operation and Maintenance of all FishHawk amenities; 2) Develop budgetary requirements for the common amenities portion of each District’s budget to recommend for adoption by the Districts; and 3) Make rules recommendations to the Boards for operation of the amenities.

Capital Reserve accounts could remain with the District that generated them. Control over those accounts could remain with the District that generated them. However, on a going forward basis, if this assessment methodology is introduced into the budgeting for the Districts, a new Capital Reserve account would be established and the capital reserve needs for all amenities in FishHawk would be calculated based on existing reserve study identified needs. Control over these reserve funds would be given to the Amenities Authority.

Boards Take First Steps Forward

The three FishHawk CDD Boards agreed with the recommendation from the Chairmen’s meeting to explore a way to provide a mechanism to proportionately balance the costs of operating and maintaining all community amenities to assure continued, sustainable funding for community infrastructure at the desired level for all FishHawk residents. FishHawk CDD I and FishHawk CDD II appointed two members to the five person Board and FishHawk CDD III appointed one member, all of who served as Supervisors on their respective Boards. The committee, dubbed the FishHawk Amenities Advisory Committee (FAAC) began their work October 12, 2016, and was made up of the following members of the three Boards:

FishHawk CDD	Kerri McDougald
FishHawk CDD	Randy Crouse
FishHawk CDD II	Marisa Radley
FishHawk CDD II	Bob Kneusel
FishHawk CDD III	Brian Cranmer

The FAAC conducted a series of meetings, open to the public to explore the problem of the sustainability of the amenities being provided for all residents in the FishHawk Community at the level of service to which the residents of the FishHawk Community were accustomed. Meetings of FAAC were held October 12, October 26, November 16, November 30, December 8 and December 14, producing this Final Report with recommendations to be considered by all three CDD Boards for action to maintain the fiscal health of the FishHawk Community into the future.

Recommendations

A. Merger of FishHawk CDDs Into One District Board of Supervisors

Over the years, merger of FishHawk CDD, FishHawk CDD II and FishHawk CDD III has long been discussed favorably by members of the three Boards. Early moves by District Boards have supported the concept of making District O&M assessments equivalent across all three Districts. For example, in 2004, the FishHawk CDD and the newly organized FishHawk CDD II entered into an interlocal agreement that insured all residents of FishHawk CDD and FishHawk CDD II would be able to use all of the amenities located in each district without regard to residence and at no added cost to residents of either district area. Additionally, in recognition that it was the desire to make residency in one district residency in one community, the two districts agreed in the interlocal agreement that amounts assessed residents for operations and maintenance of their districts would be equal. Since 2004, the O&M assessment portion for each resident within FishHawk CDD and FishHawk CDD II has been equal. Bond repayment amounts stayed with the residents of the areas benefitted by the issue of the bonds and the construction paid for by their proceeds. Similarly, with the creation and development of FishHawk CDD III in 2008, a second interlocal agreement assured the residents of FishHawk CDD, FishHawk CDD II and the residents that would move to FishHawk CDD III would be able to use all of the amenities located in each district without regard to residence and at no added cost to residents of all three district areas. Further, the interlocal agreement contemplated that the Board of FishHawk CDD III would be able to petition the Boards of FishHawk CDD and FishHawk CDD II to equalize O&M assessments across all three districts once the FishHawk CDD III area was substantially built out. Requests for such equalization of the O&M portion of the assessments have been rejected by FishHawk CDD and FishHawk CDD II the last three fiscal years.

Merger of the three CDDs into one district with one district Board is the recommended action from the FAAC. Merger creates the greatest opportunity to reduce and manage costs of operating and maintaining all community assets and amenities within the FishHawk Community and spread those costs equally among all community residents providing the greatest opportunity

to assure continued, sustainable funding for community assets and amenities at the desired level for all FishHawk residents.

The Mechanics of Merger

Merger is initiated by an affirmative vote to merge into one, newly created community development district by each Board. A Merger Agreement would be created, identifying the method of combining assets and liabilities and selection process for the initial Board of Supervisors for the new entity. Florida Statutes have been recently amended to make this process easier and more clear. For example, CDDs created by the local government, can now go back to that local government for merger, regardless of the resulting size (in acres) of the resulting District. No longer would there be a acreage threshold considered when determining whether the local government can approve merger, or if approval needs to be obtained to the Governor and Cabinet.

The statutes give clear guidance as to the composition of the initial Board of Supervisors – where there are three districts merging into a new district, the initial Board of the new CDD would consist of one Supervisor from each of the merging districts and two Supervisors selected at large. This would give each current FishHawk District the opportunity to select one member of the new Board to maintain continuity from the creation of the merged districts until the next general election. The remaining two “at large” Supervisors have no residency requirement except to be qualified electors of one of the three existing Districts. The “at large” members can be selected by a vote of all existing Board members. The new merged FishHawk CDD would have all statutory powers of the existing districts and manage the larger geographic area of FishHawk CDD, FishHawk CDD II and FishHawk CDD III, together with all assets and liabilities of all three districts. There would be one level of O&M assessment for all tax units from all three districts. Special benefit assessments for any services that are unique to a single district’s residents could be assessed against residents within such special benefit area. Such special benefit assessments could reduce the ongoing obligation for payments to TECO for lighting in areas of FishHawk CDD III where streetlighting districts were not created and have continued on as an obligation in that District.

When each of the Boards vote for merger, each Board is required to conduct a public hearing on the issue of merger before formally petitioning the Hillsborough County Board of County Commissioners to approve the merger. After the final public hearing has been held, 30 days must pass before the merger petition is filed with the County. The review fee for the merger petition to be paid at filing is \$15,000.

From the date of filing, the review process could be anywhere from 60 days to 6 months or more, dependent of the sufficiency of the merger petition (which is required to contain all elements of an originally filed petition to establish a new district) and the County review process and questions regarding the merger petition. The County review process will result in a public hearing before the Board of County Commissioners prior to a final vote to approve or disapprove of such merger. It is estimated that the merger process would cost each District approximately \$20,000 for all professional fees, costs and review fees.

The Economics of a District Merger

First a caveat regarding the economic projections contained in this section of the report. The only numbers available to project the impact to District O&M are the numbers from the 2016-2017 (current budget year). Assumptions and projections of possible impact are based on those existing dollar amounts. What is not included in this forecast is the effect of any reduction in amounts budgeted from not having to artificially make O&M assessment amounts in FishHawk CDD and FishHawk II be equal. Should additional capital projects be bonded in the future there would be a greater number of households to shoulder such future projects for any additional capital projects. The numbers which we will look at do not include budgeted amounts for Capital Reserve.

The Advantages of District Merger

1. Costs of operating and maintaining all community assets and amenities spread across the entire FishHawk Community will provide a greater opportunity to assure continued, sustainable funding for community assets and amenities at the desired level for all FishHawk residents.
2. Potential for reductions in administrative costs through reduction in administrative operating costs by reducing the number of Boards from three to one.
3. Annual budget exercise no longer result oriented where O&M assessment levels in FishHawk CDD and FishHawk CDD II must be equalized providing those Districts greater budgetary freedom.
4. One Board would be responsible for funding and management of all Community assets and liabilities. Through their elected Board members, all residents have a say in decisions affecting all amenities and spending.
5. Changes to FishHawk Rules and Regulations would no longer be subject to approval by three District Boards resulting in consistent policies across the entire community.
6. No change would be made to bond encumbered lots within the community. Bond repayment obligations would remain with the geographic area benefitted by such bonds.
7. Fewer Boards mean fewer Board meetings to staff and conduct resulting in administrative savings to the Community and resulting in consistent policies across the entire community.
8. The FishHawk Community, which was developed to be one community, now has three separate geographic areas of governance. With merger, the entire FishHawk Community would be subject to governance by one Board of Supervisors.

Alternative to Merger: Community-wide Amenities Funding

If the Merger recommendation is not supported by the District Boards, the FAAC recommends that to best accomplish some of the goals of Merger, specifically to proportionately balance the costs of operating and maintaining all community amenities to assure continued, sustainable funding for community infrastructure at the desired level for all FishHawk residents, that the District Boards consider the proportional funding of amenities costs so that all FishHawk Community Residents are paying the same amount in their O&M assessments towards the operation and maintenance of all of the community's common amenities. Under a proportional

funding scenario, each resident would be assessed an equal dollar amount of the portion of their O&M assessment which would fund the Operation and Maintenance of ALL amenities in FishHawk, I, II and III. This would not necessarily result in an equal O&M assessment for the residents of all Districts, only an equal share of O&M for operating and maintaining all FishHawk amenities. For example, funding of non-amenities would vary among the Districts. Each CDD residential tax unit will pay an equal portion of the O&M assessment based on the budgetary amounts for all community-wide benefits and services provided as amenities open to all residents. This represents a true amenity cost to each resident.

This would not necessarily result in an equal O&M assessment for the residents of all Districts, only an equal share of O&M for operating and maintaining all FishHawk amenities be paid by each FishHawk taxpayer with rights and privileges to use all the amenities in any district.

In addition to the proportionate assessment of all amenities costs, amenities operation and maintenance would be administered by an “Amenities Authority” which would be given, by Board agreement, the responsibility of operation and maintenance of all FishHawk common amenities. It is recommended under this approach that an Amenities Authority consisting of 5 members, 2 members on the Authority from CDD I and CDD II and 1 member from CDD III (which would be roughly equivalent to the households in each District). Under such structure, Supervisors from each Board would be involved in the operation and maintenance of all amenities that are under the common budgetary amount. Residents from all three districts could have a say in the operation and maintenance of all community amenities. The Amenities Authority would have to follow the same rules and statutes as the Boards regarding Sunshine Act and Public Records/Public Notice requirements and would have an administrative cost (although less than costs for administering each District). The Amenities Authority would have as their primary responsibilities

- 1) Operation and Maintenance of all FishHawk amenities;
- 2) Develop budgetary requirements for the common amenities portion of each District’s budget to recommend for adoption by the Districts; and
- 3) Make rules recommendations to the Boards for operation of the amenities.

Existing Capital Reserve account balances would remain with the District that generated them. Control over those accounts could remain with the District that generated them. However, on a going forward basis a new Capital Reserve account would be established and the capital reserve needs for all amenities in FishHawk would be calculated based on existing reserve study identified needs. Control over these future reserve funds would be given to the Amenities Authority.

Under this scenario, equalization is no longer an issue. Costs of operating and maintaining amenities are proportionately spread across the entire FishHawk Community which benefits from them. There are other issues Districts deal with that are not addressed as part of the amenities costs in O&M assessments. This scenario will likely result in different amounts of total assessed O&M for residents of each District. That is expected because each tax unit would be paying its proportionate share for the operation and maintenance of the amenities and a full share for other

O&M needs. With all the amenities being assessed on an equal basis to all who may use such amenities, equalization of O&M assessments between CDD I and CDD II should no longer be required.

The Advantages to Community-wide Amenities Funding

1. Costs of operating and maintaining all community amenities spread across the entire FishHawk Community to provide a greater opportunity to assure continued, sustainable funding for community amenities at the desired level for all FishHawk residents.

2. Annual budget exercise no longer result oriented where O&M assessment levels in FishHawk CDD and FishHawk CDD II must be equalized providing those Districts greater budgetary freedom.

3. One Board would be responsible for management of all FishHawk Community amenities. Through their elected Board members, all residents have a say in decisions affecting all amenities and spending.

4. FishHawk Rules and Regulations would be administered and reviewed for changes by a single oversight Board, subject to approval by three District Boards.

5. No change would be necessary to bond encumbered lots within the community. Bond repayment obligations would remain with the geographic area benefitted by such bonds.

6. New Capital Reserve funding based on a broader participation by community residents.