

Okaloosa County BCC

MSBU / MSTU Policy

Municipal Service Benefit Units
(MSBU)

Municipal Service Taxing Units
(MSTU)

Revised

February 6, 2024

Table of Contents

INTRODUCTION & OVERVIEW.....	1
UNIT CREATION PROCESS.....	2
COLLECTION METHODS AND COSTS OF COLLECTION.....	7
SPECIFIC UNIT STANDARDS.....	9
DISSOLUTION PROCEDURES FOR UNITS.....	9

INTRODUCTION

The Okaloosa County Board of County Commissioner's Municipal Service Benefit Unit (MSBU)/Municipal Service Taxing Unit (MSTU) Program is a community self-help program designed to assist with the construction, maintenance, and/or operation of a variety of types of public services and infrastructure improvements within specific areas of the County. MSBU's and MSTU's both provide a funding mechanism by which communities/neighborhoods may request to charge themselves to obtain desired improvements/services. The Program primarily relies on requests for assistance from the community/neighborhood and in turn, its success is directly related to the cooperative effort of each resident, the community, and the County.

OVERVIEW

The Board of County Commissioners, pursuant to Florida Statute (Chapter 125) and County Ordinance, may create a MSBU or MSTU (or "Unit" interchangeably). A Unit may be created for a variety of services and/or improvements to include some of the most common Okaloosa County Units which are for: roadway and stormwater improvements, dredging, and streetlighting. A Unit is created through the adoption of a County ordinance, which establishes the area boundaries (determining who legally is participating in the Unit) as well as the assessment rates, frequency, duration and method of collection.

MSBUs are generally flat, equal charges, per a benefit unit received by the property and not based on the value of the property receiving the benefit. For example, to provide a residential solid waste service all homeowners in the MSBU may be charged an equal amount because every home can dispose of an equal amount of solid waste (get the same service), regardless of the value of the property. It is considered a non-ad valorem assessment, that is otherwise considered a charge based on property benefit and not property values. Conversely, an MSTU is associated with property tax valuations on the annual property tax bill and is entirely based on the taxable value of the property. It is considered an ad valorem assessment, that is otherwise based on property value and not

direct property benefits.

UNIT CREATION PROCESS

1. Unit Initiation - The creation of a Unit usually begins with an initial request or inquiry about solving an infrastructure problem or service in a specific area of the County that because of the type of project or limited public wide benefits cannot be paid for with normal property taxes or the normal rates for a service provided to everyone. The initial request may come from a homeowner's group, a community leader, or an interested resident just reaching out to make their neighborhood/community better. To initiate the process a person(s) desiring to create a Unit must do the following:

a. Contact the Office of Management and Budget (OMB) and discuss the potential project:

**Okaloosa County Office of Management & Budget
1250 N. Eglin Pkwy, Suite 100
Shalimar, FL 32579
(850) 651-7105
Email: budget@myokaloosa.com**

b. Submit a Unit application in the form of cover letter and any attachments with the following minimum information:

(1) Scope of service, improvement or construction proposed.

- Thoroughness in describing the desired scope of services is important as it is the key to the development of more accurate preliminary cost estimates.

(2) A map depicting the proposed Unit boundary.

- Boundaries must be continuous and not split parcels or lots. Enclaves are not allowed if the reason is to remove a lot or lots because the property owner is not in favor of the establishment of the Unit.
- The Unit to be assessed does not necessarily need to include an entire subdivision if the entire subdivision does not materially benefit from the proposed action.
- Units may be established in un-platted residential areas where the proposed action benefits the property in a definable geographic area.
- Units must contain a minimum of two distinct taxable (or platted) pieces of property.

- (3) Contact person and proposed liaison names, addresses and phone numbers.
- (4) \$250.00 non-refundable application fee made payable to the Board of County Commissioners, Okaloosa County.

2. Application Review and Deadlines

- a. The Office of Management & Budget will review the items submitted as part of the application and the time it was submitted to confirm that the information is complete and the application can move forward on schedule. If complete, the application will then be forwarded to appropriate departments for review of the scope of work, develop the project details and to create a Preliminary Engineering Report. If the application is not complete, OMB will seek to work with and advise the initiating party on what is necessary and if possible, help with completing the application.
- b. Timing - Unit Applications are required to be submitted by May 1st of each year to meet the calendar provided for in Florida Statutes and/or the County budgetary process. OMB will help determine what collection process(es) can be utilized and the process timelines associated with pursuing the MSBU.

3. Preliminary Engineering Report and Cost Estimates

- a. A preliminary engineering report is required by Florida Statutes and will provide the Unit participants an understanding of the project details to include all project costs and likely assessments to implement the Unit activity. In some situations, creating the preliminary engineering report will be relatively easy and straightforward and at other times the project size and/or complexity may require more extensive investigation and engineering to accurately produce a Preliminary Engineering Report. For example, for sidewalk and roadway/drainage construction or replacement it may require more in-depth engineering to complete a Preliminary Engineer's Report. If the upfront engineering for the Preliminary Engineering Report is beyond the expertise or capacity of the County staff, outside engineering assistance may be utilized. If the cost of outside engineering assistance for this preliminary phase, exceeds \$25,000 dollars, it will require the preapproval by the Board of County Commissioners. Said costs will be charged to any future Unit established.
- b. The Preliminary Engineering Report shall reflect the estimated costs for project and estimated charge per benefit unit per month or annually. The Unit assessment calculations shall include, but shall not be limited to, a preliminary engineering cost, construction plan engineering and permitting, property acquisition, construction, construction inspection and annual maintenance. The petition shall also reflect the applicable costs for reserves, contingencies, legal costs, collection and

administrative fees, financing costs, and other similar costs that can be reasonably attributable to the project.

4. Pre-Petition Submittal Meeting (Optional)

- a. Depending on the cost and/or complexity of the Unit project proposed and after the completion of the Preliminary Engineering Report, but prior to seeking petition signatures it may be desirable to have a meeting about the newly proposed Unit with those property owners that would likely be asked to participate in any Unit assessment. If a decision is made to hold the meeting, a letter will be mailed by the County through regular mail to each property owner advising of the application's submittal and the imminent petition process and inviting them to the meeting to hear the Unit details known at this point in the process.
- b. If this meeting option is not selected and correspondence regarding the project is going to be sent out by the Unit initiator, County staff shall review any correspondence relating to the establishment of the Unit prior to circulation. Incorrect information about the Unit could undermine the creation process.

5. Unit Petition Creation and Signature Collection

- a. The Board of County Commissioners has determined that a petition serves as an indicator of the amount of community interest for a proposed project. The petition process is not a requirement of Florida Law. The County will develop the petition form to be utilized and will provide the petition document to the Unit Liaison to obtain the signatures. County staff will identify a date for petition return of 30-60 calendar days based upon target time frame in the process for the Unit creation. The petition form shall reflect the cost for project and estimated charge per benefit unit per month or annually.

6. Unit Petition Acceptance

- a. The Board of County Commissioners shall consider petitions signed by current property owners representing at least 66% (51% for Street Lighting Units) of the properties (number of lots) within the Unit boundaries.
- b. If the petition meets the above requirements and is accepted by the Board of County Commissioners, a public hearing shall be authorized for the consideration of an ordinance to establish the Unit. Please note that although the petition has been accepted and a public hearing is authorized, the petition is not binding as to a final determination by the Board of County Commissioners to proceed with the project.

- c. A property owner is the individual or group of individuals that own a parcel of land. For purposes of petition percentages, each parcel represents only one benefit unit. The Okaloosa County Property Appraiser and Tax Collector data shall be used to determine eligible signatures of owners. All of the non-related current owners of a parcel or the designated trustee must sign the petition for the ownership and parcel to count toward the required percentage. Tenants may not sign on behalf of an assessed property owner(s).
- d. No petition will be accepted without the signatures of all property owners who may be required to dedicate rights-of-way or easements to the County in order to accommodate a project.
- e. If the petition is accepted and verified to meeting the participation percentages required herein, the Office of Management & Budget will request the Board of County Commissioners authorize a public hearing for consideration of the ordinance to establish the unit. Note that once the petition is accepted and the hearing is authorized, the petition is not conclusive to the final determination by the Board of County Commissioners to proceed (or not) with the project. The final determination of the scope and feasibility of a project will be determined by Okaloosa County.

7. Board of County Commissioner Public Hearing and Ordinance Approval/Denial

- a. When the proposed ordinance and all documents are in order and a public hearing date is scheduled, multiple legal notices will be published in the newspaper as required by Florida Statutes prior to the public hearing. In addition, a notification will be mailed by U.S Postal first-class mail to all property owners listed on the tax roll within the proposed Unit.
- b. At the public hearing, the Board of County Commissioners may consider comments, objections, and information relevant to the creation of the Unit. The County Commissioners may approve, deny or modify the ordinance, as well as address any exceptions necessary for the project. If the ordinance is enacted, it will be officially recorded by the Okaloosa County Clerk's Office, reflecting the preliminary assessment amount for each property.

8. Implementation

Once the Unit ordinance is adopted by the Board of County Commissioners, County staff will proceed with implementing any assessment and performing or procuring the work as required by County Purchasing Manual and State law. Staff implementation of the project may consist of engineering services, procuring bids, ordering materials, renting equipment or mobilizing work with inhouse staff.

If during the Unit project implementation phase the total project cost is 20% or more over

the preliminary cost estimates in the preliminary engineering report, an additional public hearing will be held by the Board of County Commissioners to determine if the affected citizens desire the project to continue. Notices for this public meeting will be published in the newspaper; notification will also be mailed by U.S Postal first-class mail to all property owners listed on the tax roll within the proposed Unit.

COLLECTION METHODS AND COSTS OF COLLECTION

MSBU's are generally collected in one of two ways 1) On the annual property tax bill utilizing the "Uniform Collection Method" or 2) through some type of other billing service such as a water and sewer monthly bills. Section 197.3632, Florida Statutes, provides for the levy, collection and enforcement of non-ad valorem assessments through the uniform method. It should be noted that the majority of Okaloosa County MSBU's are for street lighting and most of those types of MSBU's are billed monthly through the County's water and sewer bills. There is a cost to collection which is included the overall costs of MSBU/MSTU assessment. All assessment on the annual tax bill (uniform collection method) are charged a 16% collection fee. Assessments not on the annual tax bill are charged a 13% fee. Whether collected through the tax bill method or a utility bill they can become a lien against the property, including homesteaded property. All MSTU's are all assessed through uniform Collection Method.

CALENDAR YEAR SCHEDULE For Uniform Collection Method

Before January 1	4 consecutive week public notice notification that the local government has intent to use the uniform method of collection for non-ad valorem assessment.
By January 1	Adopt a resolution at a public hearing (by March 1 if local government, property appraiser, and tax collector agree)
By January 10	Local government mails by U.S Postal first-class mail a copy of the resolution to property appraiser, tax collector, and the Department of Revenue (by March 10 if the local government, property appraiser, and tax collector agree)
By June 1	Property Appraiser provides local government with legal descriptions, names and addresses of the property owners within boundary of MSBU
Between January 1 to September 15	20 Days Prior to the public hearing to adopt a non-ad valorem roll local government shall notice the hearing by U.S. Postal first-class mail and by newspaper. The notice by mail shall be sent to each property owner that shall be subject to the assessment.
Between January 1 and September 15	Local government adopts a non ad-valorem roll at public hearing if: 1) Non ad-valorem assessment is levied for the first time 2) assessment is increased beyond the maximum rate authorized 3) upon any boundary changes 4) upon change of purpose or use of revenue
Between January 1 and September 15	Written Objections – Property owners have a right to appear at the hearing and to file written objections with the local government within 20 days of the notice
	Local government makes agreement with Property Appraiser and Tax Collector for providing reimbursement of administrative costs. (Postage, forms, supplies, etc.)

SPECIFIC UNIT STANDARDS

- 1. Road Construction** - Construction/reconstruction to current County or alternate/interim standards. Standard improvements include conversion of a dirt/unimproved roadway to a fully designed paved/hot-mix asphalt roadway or conversion of a dirt/unimproved roadway to a stabilized and sealed roadway.

Requirements:

- a. Area to be improved must be platted/dedicated to the public or conveyed through an easement or deed or the area to be improved is private, but the roadway is used for public benefit/access for services like fire response, ambulance rescue, and public school transportation.
- b. For the conversion of a dirt/unimproved road to a fully designed paved/hot-mix asphalt road a minimum right-of-way width of 50' will be required; 66' is preferred. Adequate area shall be available for applicable stormwater facilities and utilities.
- c. For the conversion of a dirt/unimproved road to a stabilized and sealed roadway an adequate dedicated right-of-way or easement is required. Adequate area shall be available for applicable stormwater facilities and utilities. If the road is to be publicly owned and maintained, the minimum right-of-way shall be 50'.
- d. Work included in, but not limited to, the scope for roadway improvements includes design, clearing and grubbing, stormwater infrastructure, base/sub-base materials, surface treatments (i.e. hot-mix asphalt, chip-seal, double chip seal, etc.), and construction inspection. Construction methodology shall require approval by the Public Works Department.
- e. In addition to costs associated with design and construction, long term routine maintenance costs will continue to be assessed once the project is completed.

DISSOLUTION PROCEDURES FOR UNITS

Upon written request, the County will provide guidelines for dissolving an existing Unit. The steps to take in requesting dissolution of a Unit are:

- Submission of a petition which includes a statement regarding funding to pay for any outstanding financial obligations and distribution of credits of the Unit. Similar to the creation of the Unit the County will craft the language of the petition seeking to dissolve the Unit.
- The petition, to be considered, must be signed by at least 66% (51% for Street

Lighting Units) of the current property owners (number of owners) representing at least 66% (51% for Street Lighting Units) of the assessed properties (measured consistent with the method of assessment) within the Unit boundaries.

- A Notice and Public Hearing by the Board of County Commissioners to consider the petition and as necessary address any issues and establish final assessments.