

ANNEXATION:

BOCA RATON'S EXPERIENCE WITH SPATIAL EXPANSION

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Nationwide, some urban areas are expanding, some declining in population. In South Florida, expansion is the rule, and as urban areas increase in population, so too do nearby unincorporated areas. Cities not only expand in population numbers, but also in geographical area through the process of annexation. This paper examines many of the issues of annexation of southern Florida communities, with examples primarily from Boca Raton (Fig. 1).

Annexation Statutes

"I go to sleep: I'm in Broward County. I wake up: I'm in Plantation." The man's mobile home had not been towed away in the night, and it wasn't some prankster's joke or a Stephen King movie. The property owner had become a citizen of Plantation by legislative act, a decision made in Tallahassee by the Florida legislature. Plantation, hoping to solve some of its jurisdictional problems related to irregular boundaries, altered its geographic configuration through annexation, a legal tool designed to allow municipalities to expand their jurisdictional size. At the city's behest, the Broward County legislative delegation had proposed a bill to annex certain properties into the corporate limits of Plantation. As with most bills, it became law at midnight while our hapless speaker slept.

The anecdote of the nocturnal migration of boundary lines points to some serious flaws in Florida's annexation laws. Some cities have abused the existing statutes; Sunrise, for

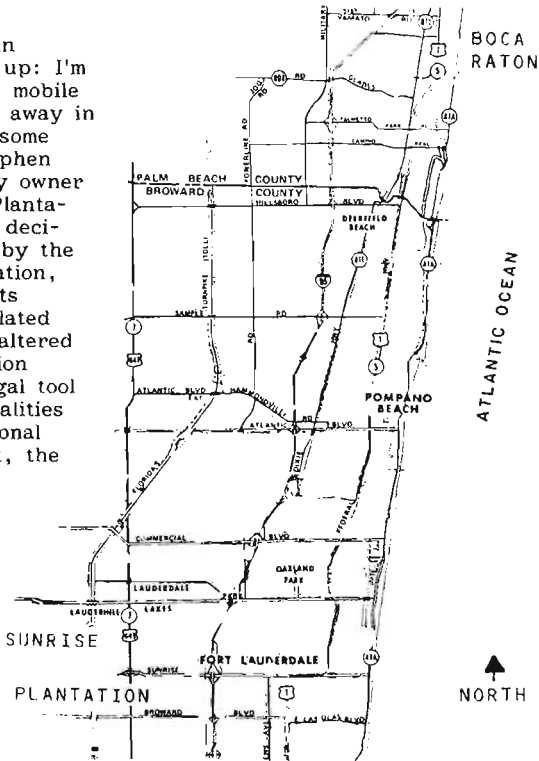


Fig. 1.

example, has been dubbed infamous for its point-to-point annexations, with boundaries running like tendrils down roads, canals, or other corridors in order to grab lucrative highly-assessed parcels of land.

Under Florida statutes, annexation can be accomplished by three different methods: (1) legislative action, as exemplified by the Plantation incident above; (2) involuntary annexation, where both the to-be-annexed property owners and the residents of the receiving municipality must approve by majority vote the proposed annexation; and (3) voluntary request on the part of the to-be-annexed property owner(s) and approval by the receiving municipality.

The Problem of Enclaves

Leapfrog annexation and annexation along corridors to grab desirable property is no longer allowed. The creation of enclaves -- pockets of unincorporated property surrounded by incorporated lands and vice versa -- is likewise forbidden. The to-be-annexed property must be compact and contiguous to existing city boundaries.

Unfortunately these rules were not in effect when the city of Sunrise ran down corridors to annex valuable property while bypassing those of less value. Pockets of low rent districts belonging to Broward County are surrounded by Fort Lauderdale because the city chose not to include them in its expansion plans years ago. Delray Beach has some fifty to one hundred outparcels within its corporate limits.

Enclaves are a nightmare for police officers, fire fighters, and emergency medical service teams (EMS). Often new residents, visitors, or employees do not realize that they are physically located in an unincorporated area. In an emergency the wrong jurisdiction is often called. Then there is the example of being involved in a traffic accident in one jurisdiction with the misfortune of the vehicle actually ending up in another. Ideally EMS units from both political entities will respond, stop the bleeding, and later figure out whose problem the victim becomes.

Enclaves are headaches to cities for other reasons than service provisions. Some billboard company representatives prowl through courthouse documents, hoping to find isolated, forgotten pockets within cities that have adopted tight sign restrictions. Boca Raton is proud of its signage program which only allows signs that identify, not advertise. Consternation plagues planners who discover a billboard company coveting previously unknown or forgotten enclaves. Railroad right-of-ways are popular sites because the chance of a small outparcel having been overlooked or exempted from city incorporation is high. Railways often run along major highways in urban settings. Railroad right-of-ways often get overlooked because intuitively there appears to be little developable land necessitating much zoning consideration.

Incentives and Disincentives for Annexation

From the Standpoint of the Property Owners

Property owners sometimes want to annex if the provision of city services is especially important. A county cannot and does not provide the same level of services as a municipality. Residents of Boca Del Mar, a development just west of the Boca Raton corporate limits, considered annexation because they were not

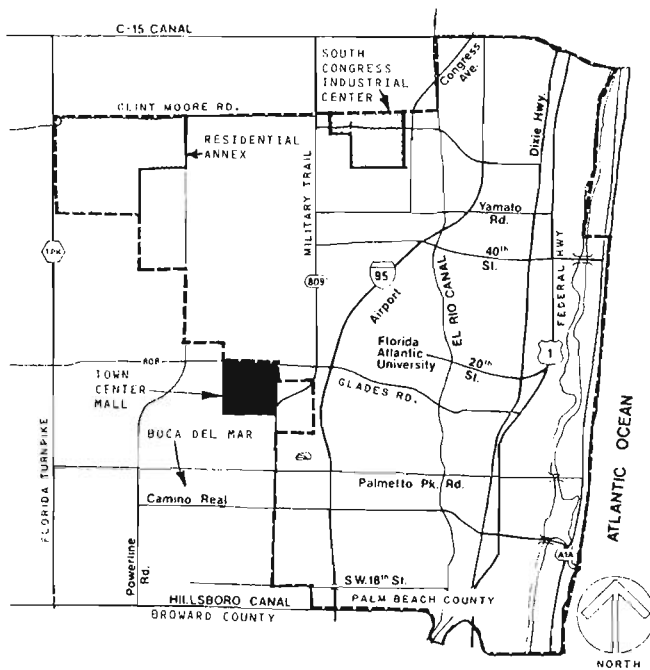


Fig. 2.

happy with their current level of police protection (Fig. 2). Joining the City of Boca Raton was a possible solution; however, in this instance annexation was abandoned for another measure. The Boca Del Mar residents hired an off duty Sheriff's Deputy to patrol their area. This was easier than attempting to educate and convince 20,000 residents of the merits of annexation with its additional taxation. Besides, city officials were lukewarm to the idea of adding more residents to the city and were resistant to the idea of dramatically increasing the service area.

The provision of water and sewer service can be a big motivator for property owners to choose annexation. The development opportunities in Northwest Boca Raton in the South Congress Industrial Center (SCIC) were severely limited by lack of such facilities. After four years of debate the twenty-eight property owners of the sixty-seven lots in SCIC finally unified and petitioned the City of Boca Raton for a voluntary annexation. Prior to annexation septic tanks and wells only allowed limited development. With annexation SCIC got full water and sewer service and a beautification program of a major roadway median. For these, the owners were assessed almost \$9000 per lot. The general long run picture was an increase in value, but for those owners who had already developed their property the increase of land value was less significant than the increase of taxes. With such diversity of land ownership, it was not an easy task to convince all owners that the benefits outweighed the negatives.

Being brought into a city's corporate limits means abiding by new rules and regulation. Getting development approval in Boca Raton is not easy. The city is fussy about setbacks, landscaping, height limitations, and signage. There are, moreover, substantial impact fees assessed for the privilege of building. Being in Boca Raton carries a perceived quality difference, however, so developers find the costs worth the benefits.

Several developers have capitalized on the prestige factor by promoting a spurious Boca Raton address. Imagine the surprise of those who purchased a home apparently in Boca Raton when they attempt to register to vote in city elections, buy a beach permit, or attain a library card -- only to be told they don't live within the corporate limits. This is a common circumstance. Some years ago, the mayor undertook a personal campaign to restrict developers from advertising "in Boca Raton," when they were not "in" the city at all. When advertisements proclaim "at" or "of" Boca Raton, prospective buyers can be pretty sure you are not within city limits. Buyer beware!

Besides improved services and a perceived prestige factor, other advantages to annexation into Boca Raton (from the standpoint of property owners) include free garbage pickup, twice monthly free trash pickup, inexpensive access to beachfront parks, and participation in local government. Government watching is a leisure-time activity in South Florida and the ability to participate in the process can be very important. Residents of Palm Beach County find it difficult to commute forty-five minutes from the Boca Raton area to West Palm Beach in order to reach the site of county government.

Clearly, then, property owners find incentives to annexation. However, there are arguments against as well, the major one being an increase of property taxes. Currently Boca Raton enjoys a low millage rate of 3.3894 mills, which compares very favorably to other cities. But on a \$200,000 home with a \$25,000 homestead exemption that becomes \$593 in additional taxes. For many -- snowbirds,⁽¹⁾ for example, or those SCIC owners with developed property mentioned above -- the burden of increased taxes outweighs advantages. Other disincentives to developers are the additional requirements and fees that the city imposes, as well as the development restrictions.

From the Perspective of the City

Despite the Plantation or Sunrise experience, cities often do not view annexation quite as favorably as property owners. They face the prospect of serving a larger area. That means more fire engines, firefighters, EMS personnel, and fire stations. That means more police officers, police vehicles, and training programs. More garbage and trash trucks with their crews need to come on line. These are the obvious services demanded, but additionally, general government (attorneys, various managers, engineers -- and planners) will have increased work loads, but is seldom even considered. Few cities have any idea what the expenditures are on an employee per capita basis. Sometimes the dollar signs associated with increased assessable properties completely obscure the negatives. Boca Raton is fortunate in having a fiscal impact model which analyzes both the potential revenues and expenditures. It is rare for a city of 60,000 to employ such sophisticated analysis. But then, Boca Raton is rare in many ways.

Fiscal impact analysis has played a key role in Boca Raton's annexation decisions. Depending on location, residential property is generally a breakeven proposition in fiscal analysis: the cost of increased expenditures is evenly met by the increase in revenues. Boca Raton land values are higher than those of neighboring communities, the densities permitted are generally very low, and

the cost of development is relatively high. These factors, along with the exclusive Boca image, real or imagined, contribute to the production of expensive homes. Thus for Boca Raton, residential development has mostly proven to have a positive fiscal impact. The revenues collected from ad valorem taxes, franchise fees, and utility taxes are much greater than the expenditures required for the provision of services. Communities with less valuable real estate may not be so lucky.

Commercial and industrial properties are usually considered economic pluses. In South Florida "industrial" means clean high-tech and doesn't carry the negative externalities of pollution or noise often associated with industry. The fiscal analysis of SCIC forecast a conservative net positive fiscal impact to the city's cash flow of \$1.2 million annually, at full development. The lucrative 1.4 million square foot Town Center Mall is just outside the city limits. Annexation of the mall would mean \$1.5 million in revenues per year with a net positive impact of \$800,000 per annum. So long as it remains outside Boca Raton jurisdiction, it presents something of a problem. There is significant congestion on the roads and streets created by the mall being right on the corporate edge; the "free rider effect" is in force for the mall.

One reason that commercial and industrial land, in contrast to residential land, will generate positive fiscal impacts is that the demand for service provision is usually very low. Residents demand parks for their children, insist upon beach access, parking, and renourishment. Residents want libraries and a responsive city government. Employees do not generate that type of demand. Employees and customers do require EMS, fire, and police protection, as does the residential sector. For large retail centers the additional expenditures can be substantial; notwithstanding, those increases are usually well compensated for by a substantial increase in revenues.

The most significant revenues are not necessarily ad valorem taxes. Boca Raton has a 6 percent franchise fee on electricity and an 8 1/2 percent utility tax on all other utilities except telephone, which is 7 percent. The next time you stroll through a comfortable air conditioned regional mall, look around at the high-ceiling and spacious common area. That translates to high energy consumption, which means big electric bills, which to the city means 14.5 cents on the dollar.

Another plus in favor of commercial and industrial lands is that they don't swell the ranks of the voters. Put another way, they don't add residents that dilute the existing political base. With residential annexations, politicians have more residents to try to please. The existing homeowners groups will likewise want to protect their turf.

In addition to a larger tax base, greater service areas, and more citizens, another significant factor in annexation considerations is the issue of land use control. At one point in Boca Raton's history the boundary extended much farther westward, beyond the Florida Turnpike. The City deannexed much of the land, making the city almost one-half of its current size. Gradually, development pressures brought back some properties to the 1986 boundaries. However, our 20/20 hindsight reveals that the city would have had land use patterns on its western border significantly different and much more to its liking if it had retained development control of those lands. The city staff daily grapples with transportation issues and congestion, much of which results from high density development approved by the county west of the city limits. A key factor in the previously described residential annexation was that the developer was requesting a density significantly lower than what was permitted under the county's land use plan. The development patterns in the neighborhood suggested that low density was the most feasible from a marketing standpoint, but Boca Raton could only be certain that the densities would meet city expectations if the land was within its jurisdiction.

From the County Perspective

When a city annexes land, the county gains. The property owner increases the tax payment, but the county generally gets the same amount in taxation as before. The advantage to the county is that it no longer has to provide the capital intensive services of police, EMS, and fire protection. Until recently Palm Beach County even had a say-so if a city wanted to award a more intense land use.

Too often we hear of the "Los Angelization" of South Florida. The image hurts, but in many locales the pattern of land development shows that the term is not inappropriate. The Florida Statutes are written such that only developed land or land to be developed for urban purposes can be annexed, eliminating a city's ability to annex vacant land to provide land use control. Additionally, every annexation case involves complexities and diversities of urban patterns specific to the location, while the law is written for the general circumstance. Thus there are inherent flaws and limitations to annexation as an effective growth management tool. If falling asleep in a county and waking up in a city is a shock, consider going to bed in South Florida and waking up in Los Angeles.

Yet as the Boca Raton experience shows, annexation provides benefits -- to the property owners, the city, and the county. Annexation is and will remain a valuable tool of growth management.

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1. Snowbirds: a South Florida expression identifying individuals with primary residences outside of Florida, who, like birds shunning the cold, fly south in winter to their Florida second home.