

Part 3: Public Expenditures

Section 3.A: Introduction

This Chapter summarizes and describes the fiscal practices and policies employed by Santa Rosa County in the administration of Navarre Beach. The primary purpose of the analysis is to explain how public infrastructure on Navarre Beach is funded.

Section 3.B: Administration

Subsection 3.B.1: Introduction

Navarre Beach is governed by the Santa Rosa County Board of County Commissioners (BOCC). The day-to-day administration of the area is assigned to the Navarre Beach Administrator who reports to the County Administrator and the BCC. The Administrator is responsible for the operation and maintenance of the County facilities at Navarre Beach and supervises the activities of the County personnel assigned to the Beach, including water and sewer system operations, maintenance and improvements.

Subsection 3.B.2: General Fund

The General Fund is the primary fund used for the provision of general government services county-wide. The General Fund is tax supported and is the initial repository for proceeds from various sources, including ad valorem taxes, sales taxes, revenue sharing, etc. General Fund supported activities at Navarre Beach are not separately identified in the annual budget as such expenditures and are a very minor portion of the budget. Further, general Fund expenditures for physical facilities at Navarre Beach are infrequent and total only a few thousand dollars in any given year.

The General Fund expenditures applicable to Navarre Beach are those associated with the Sheriff's Department and with repair to County maintained roads, traffic control signs

and the like. Traffic signs and minor road repairs are budgeted on a district basis and the amount of time and money spent at the Beach is not separately identified in the budget. However, such expenditures are minor as the primary roadway (SR 399) at the Beach is a state maintained road and the county is responsible for only a few miles of improved roads. As previously mentioned, the County sheriff provides police protection to the Beach as a routine part of his department's activities.

It is noted that the Navarre Beach Bridge is a toll supported facility and proceeds from the toll revenues are used by the state to operate and maintain the bridge and "causeway". It is also noted that the state roadway serving Navarre Beach (SR399) is in relatively good condition and requires relatively little maintenance.

Subsection 3.B.3: Navarre Beach Fund

The Navarre Beach fund is a County operated enterprise fund managed by the BOCC through the administration. Currently, all significant Santa Rosa County expenditures including debt maintenance are accommodated by this fund. The Navarre Beach fund is part of the total County budget and, as such, is developed and approved concurrently with the annual budget developed pursuant to applicable laws governing local government budgeting and finance.

Generally, enterprise funds are self-supported by revenues derived from profit centers that provide services in return for compensation. In Florida, these include many water and sewer systems, solid waste, airports, rental facilities and toll roads and bridges. Santa Rosa County operates several such enterprise funds, including the Navarre Beach Fund. The Fund has two basic components: A revenue component and an expenditure component.

Subsection 3.B.3.1: Revenues

Generally, the Navarre Beach Fund derives the majority of its revenues from two sources: 1) user fees imposed on water and sewer customers; and 2) rents and

royalties from County owned property leased to private interests for various purposes. As indicated in Table 3-A, the County's revenue stream and sources appear predictable and reliable. Since Santa Rosa County assumed all responsibility for Navarre Beach (April 27, 1991), the fund has experienced nominal deficits and has for the most part adequately accommodated the expense needs associated with the Beach.

Subsection 3.B.3.2: Expenditures

Table 3-A also shows the historical spending pattern employed by the County to address the needs of the Beach. As is indicated in the Table, spending practices have been relatively consistent with only a few anomalies characteristic of normal enterprise fund activity (i.e., special projects, plans and programs).

As can be expected, the primary expense items are those associated with the water and sewer systems. Since the purpose of this analysis is to identify the appropriateness of current spending practices and identify any alterations in such practices to better protect the environment, the focus of this analysis is on the provision of water and sewer service.

Subsection 3.B.3.3: Potable Water

As is noted in the previous section, there are more than 1,842 existing dwelling units at Navarre Beach and there is a current potential for at least 1,011 more pursuant to valid lease agreements and the currently adopted FLUM. Since these units will not be removed and the rights of the leaseholders are to be preserved, failure to operate and maintain the potable water system would lead to the proliferation of individual wells or smaller community or neighborhood systems. These individual wells or smaller systems likely would create adverse impacts to the groundwater resources in the area, including expanding the opportunity for salt-water intrusion. Without a relatively large central system, potable water would be provided from the aquifer under the barrier island. However, with the County system, potable water will be obtained from the aquifer at

locations 20 to 25 miles inland from the Gulf.

A potable water supply project is underway. The \$7,000,000 project involves establishing new withdrawal wells north of the Eglin reservation and providing ground water to participating utilities through a regional distribution system. This new water supply system will provide enhanced protection to sensitive environmental resources as it will eliminate the need for supply wells at Navarre Beach.

The elimination of water supply wells at the Beach minimizes the opportunity for salt-water intrusion into the aquifer and minimizes the opportunity for contamination from numerous well-heads in a sensitive area. In addition, there is reduced demand and need for physical improvements such as treatment facilities, parking, maintenance activities on wells, etc.

Santa Rosa County can enhance environmental protection by continuing to operate and maintain its potable water system consistent with State and Federal laws and regulations governing such systems. There are no recommended changes to the current public spending practices associated with the provision of potable water at Navarre Beach.

TABLE 3-A: 10 YEAR HISTORY OF NAVARRE BEACH FUND
ALL AMOUNTS ARE FROM ANNUAL AUDIT

DESCRIPTION	Thru 2/28											
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues												
Charges for Services	579,198	560,932	619,384	619,472	619,626	603,186	293,425	563,421	662,785	812,109	889,059	384,392
Connection (Tap) Fees	6,400	17,100	63,000	45,000	98,100	345,300	390,600	137,550	807,800	1,700,400	100,220	26,300
Leases	590,122	554,221	644,470	610,247	606,419	594,807	461,449	704,836	710,999	830,814	937,633	285,330
Miscellaneous	6,893	24,513	13,734	30,806	6,820	11,711	2,818	16,200	12,142	7,706	8,161	6,077
Total Revenues	1,182,613	1,156,766	1,340,588	1,305,525	1,330,965	1,555,004	1,148,292	1,422,007	2,193,726	3,351,029	1,935,073	702,099
Total Operating Expenses	(1,008,735)	(942,373)	(1,041,553)	(845,742)	(830,237)	(866,236)	(635,235)	(715,682)	(826,502)	(907,081)	(1,262,803)	(512,353)
Total Non-Operating Revenue (Expenses)	(304,579)	(1,153,027)	(276,302)	(219,706)	(138,997)	(207,925)	(356,684)	(114,072)	25,055	10,376	441,311	61,010
Income Before Transfers	(130,701)	(938,634)	22,733	240,077	361,731	480,843	156,373	592,253	1,392,279	2,454,324	1,113,581	250,756
Transfers In (Out)	0	0	0	0	245,886	(149,897)	(54,312)	0	0	0	0	0
Net Income	(130,701)	(938,634)	22,733	240,077	607,617	330,946	102,061	592,253	1,392,279	2,454,324	1,113,581	250,756
Retained Earnings												
Beginning of Year	(1,713,900)	(1,844,601)	(2,783,235)	(2,760,502)	(2,520,425)	(1,912,808)	(1,581,862)	(1,479,801)	(887,548)	504,731	2,959,055	4,072,636
End of Year	(1,844,601)	(2,783,235)	(2,760,502)	(2,520,425)	(1,912,808)	(1,581,862)	(1,479,801)	(887,548)	504,731	2,959,055	4,072,636	4,323,392

Accumulated Tap Fees 3,737,770 (thru 2/28/2001)
 Tap Fees used on Waterline (1,000,000)
 Tap Fees Available 2,737,770

Subsection 3.B.3.4: Sanitary Sewer

As indicated above, the existing development at Navarre Beach will continue to demand sanitary sewer service or some other method for sewerage disposal such as on-site septic systems or package treatment plants. The proliferation of on-site disposal systems or small package plants would inevitably lead to serious and significant environmental degradation. Should the County fail to operate and maintain its sewer system, wetlands on the island will be adversely impacted, the sugar white sands will become discolored and contaminated, the waters of Santa Rosa Sound will be more exposed to the deleterious effects of septic leakage and untreated sewerage and an imbalance in soils nutrients will lead to changes in the flora and fauna extant at the Beach.

It is recommended that the County continue to develop alternatives for disposal of effluent from the Navarre Beach waste water treatment plant. As is indicated in chapter 4, the discharge of treated effluent can adversely impact the waters of Santa Rosa Sound and such has caused the area of the Sound near the discharge outfall to be classified as class III waters.

As previously mentioned, Santa Rosa County is currently developing an alternative to the discharge of treated effluent. It is expected that the effluent will be piped to the mainland for disposal.

As can be determined from Table 3-A, the historical spending for operating and maintaining the sewer system has been relatively constant and predictable. There have been few unusual fluctuations in expenditures reflecting a deliberate and methodical approach to the needs of the system and the customers on the system. Note: Those expense items with significant fluctuations relate to special studies and the use of outside consultants to review Beach administration and prepare plans and projects for use by the County. In other words, there is no reason to consider changes to the

expenditure philosophies employed by Santa Rosa County, as the primary and secondary needs of the area, including the protection of sensitive resources are being met. A change in approach is not likely to lead to any improvement or enhancement of the environmental protection measures in use at the Beach. Rather, it is clear that protection of sensitive natural resources can best be enhanced by continuing to operate and maintain the County's potable water and sanitary sewer systems.

Subsection 3.B.3.5: Capital Improvements

Improvements needed to accommodate new growth and development are paid for with proceeds from the Navarre Beach Fund or by developers seeking approval of proposed new construction or development at the Beach. Regardless of whether the Fund or a developer provides a capital improvement, the improvement is ultimately paid for by primary users of the system being improved.

All new development is required to construct and warrant any new water and/or sewer lines or other improvements needed to serve the new development to standards satisfactory to Santa Rosa County. There is no subsidy to new development. The same is true for other improvements such as roads, parking, open space, dune walkovers, and the like.

Subsection 3.B.3.6: Financing Capital Improvements

Improvements to treatment facilities and other "major" components of the water and sewer systems are usually financed with some form of imbedded debt. currently, the Navarre Beach Fund is supporting a single \$ 3,050,000 bond issue that was issued in 1998. The revenue generated from water and sewer tap fees and other charges for services is utilized to service this debt.

Subsection 3.B.3.7: Summary

- The vast majority of land on Santa Rosa Island is in Federal ownership and in

uses designed to conserve the property and the resources associated with the property.

- There are no "subsidies" to new development at Navarre Beach. New development must provide all required improvements to infrastructure made necessary by such development.
- The majority of all public expenditures at Navarre Beach are from an enterprise fund that is supported by user fees. Among other things, the fund provides for water and sewer connection and "tap" fees that accumulate for future improvements to major components of the water or sewer system.
- Navarre Beach Water System is presently interconnected with Midway Water System by a sub aqueous HDPE pipeline under Santa Rosa Sound and has a contractual agreement to purchase 400,000 gpd of water. There are two wells remaining on Navarre Beach that are used for emergency backup only.
- Exploring alternatives to the current effluent disposal practice is recommended and the administration is pursuing such. Again, sufficient financing capacity is available.
- Operation and maintenance of public facilities is being provided in an economical and efficient manner. No significant changes are recommended.
- Failure to maintain and improve the potable water and sanitary sewer systems would inevitably lead to serious environmental degradation.