The Florida Senate

Interim Project Report 2003-115 *January 2003*

Committee on Comprehensive Planning, Local and Military Affairs Senator James E. "Jim" King, Jr., President

DOES CURRENT LAW ADEQUATELY ADDRESS DELIVERY OF LOCAL GOVERNMENT SERVICE ISSUES AND OTHER CONFLICTS THAT ARISE DURING ANNEXATION?

SUMMARY

Florida's annexation statute, ch. 171, F.S., has remained largely unchanged for 30 years. During this period, many municipalities have expanded their boundaries to reach an expanding population in urbanizing counties. This rapid expansion in some cases has created conflict between cities and counties.

Municipalities, counties, and special districts are required to recommend any statutory changes related to annexation or the delivery of local government services in areas planned for annexation to the Legislature by February 1, 2003. Staff discussed these issues with the above parties and this report reflects their input, as well as staff research and recommendations.

Because of the above reporting requirement and the input already received from the affected parties regarding annexation issues, this may be an opportune time to consider significant changes in Florida's annexation procedures. At a minimum, staff recommends the following:

· Require an interlocal agreement between a county and municipality on financial impacts and service delivery prior to any annexation. If the county and municipality cannot reach agreement, the process outlined in s. 171.093, F.S., for resolution of annexation conflicts between special districts and municipalities should apply.

· With regard to land use changes, require county comprehensive plan and land use regulations to remain in place for three years following annexation absent an agreement between the county and municipality on any land use change for the annexed area.

· Require cities to agree on annexation of enclaves by a date certain.

· Provide a legislative intent statement that ensures the enforceability of interlocal annexation agreements.

This report and its recommendations are intended to encourage an initial discussion of the State's broad goals for annexation and a list of options for the committee. A subsequent discussion could involve greater detail and focus on specific amendments to the annexation process contained in ch. 171, F.S.

BACKGROUND

Part of the growth management legislation passed in 2002 included a requirement in s. 163.3177(6)(h)9., F.S., that representatives of special districts, counties, and municipalities provide recommended statutory changes regarding delivery of local services in future annexation areas to the Legislature by February 1, 2003. This committee's interim project on annexation is designed to augment those reports and address service delivery issues as well as other conflicts resulting from annexation.

In general terms, the broad goals of annexation include coping with continued growth, improving service delivery, allowing for some degree of predictability, and improving city and county relationships.[1] Proponents of annexation argue more particularly that allowing cities to expand their boundaries accomplishes the following: encourages orderly growth patterns, insures efficient provision and quality of public services, broadens the tax base and promotes financial integrity of the city, promotes equity in the finance and delivery of local services, and reduction of governmental conflicts and duplication of services. Opponents counter that residents lose some governmental control promoted by a smaller population and suburban residents also subsidize the cost of

[1] *Annexation in Florida: Issues and Options*, Florida Advisory Council on Intergovernmental Relations, Jan. 1984, 63-64.

services for more urban areas.[2]

During the thirty-year history of Florida's annexation statute, many municipalities have increased their boundaries substantially. The Orlando City Council, in just the last ten years, has approved almost 200 annexations that expanded the city's boundaries by nearly 30 percent.[3] The cost for this expansion is reportedly more than $200 million.[4] Notwithstanding the costs associated with annexation, cities often aggressively annex property to prevent any decreases in their tax base that could affect service provision and diminish their political role as surrounding municipalities expand and the number of residents in unincorporated areas grows.[5]

The "Municipal Annexation or Contraction Act", ch. 171, F.S., codifies the State's annexation procedures and was enacted in 1974 to ensure sound urban development, establish uniform methods for the adjustment of municipal boundaries, provide for efficient service delivery in areas that become urban, and limit annexation to areas where municipal services can be provided.[6] At the time ch. 171, F.S., was created, the prevailing policy focused on the strength of county governments and regional planning agencies. Consequently, Florida's annexation statutes concentrate on the expansion and contraction of municipal boundaries.[7]

At the same time that annexation statutes were enacted, the Legislature authorized Florida's counties to provide municipal services within unincorporated areas through the use of municipal services taxing units (MSTU).[8] The ability of both the counties and cities to provide basic services has led to competition between the two for providing services to the residents of urbanizing unincorporated areas.

Ten years after its enactment, the Legislature amended the annexation process to require that municipalities amend their comprehensive plans when annexing lands. Also, in 1984, the Florida Advisory Council on Intergovernmental Relations reviewed the issue of annexation and suggested some significant changes to the process.[9] Under the council's recommendations, reserve areas would be established as agreed to by the counties and municipalities in the form of a reserve agreement to be negotiated within a certain period. Voluntary and involuntary annexation would be restricted to these reserve areas. Only property designated as urban or that clearly would become urban could be included in these reserve areas. Any unincorporated areas served by a municipal utility at the time the reserve agreements were drafted would be included in that municipalities' annexation reserve area. It was also suggested that these reserve area boundaries would be periodically reviewed to prevent frequent amendments. Finally, the council recommended establishing a resolution process if negotiations were to fail.

In 1992, statutory revisions relating to annexation included the addition to comprehensive plan requirements that local governments coordinate service delivery and the construction of capital facilities for the protection of regionally significant resources. However, this requirement was repealed in 1996, though cities and counties can still include this information in their comprehensive plan.

Current annexation policy in Florida has given rise to a number of issues: difficulty in planning to meet future service needs, confusion over logical service areas and maintenance of infrastructure, duplication of essential services, and zoning efforts thwarted by landowners shopping for the best development climate. While existing annexation procedures may adequately address the concerns of landowners within a proposed annex area, the residents of remaining unincorporated areas or residents of the municipality proposing the annexation may also be significantly affected by the potential loss of revenue or inefficiencies in service delivery.

Annexation Procedures—

Chapter 171, F.S., is intended to provide for efficient service delivery and to limit annexation to urban

[2] *See id.*

[3] Dan Tracy, *Orlando: Growing to Pieces*, ORLANDO SENTINEL, June 23, 2002. See also Jason Garcia, *State Objects to Groveland Plans*, ORLANDO SENTINEL, Nov. 20, 2002 (describing the City of Groveland's submission of proposed annexation to the Department of Community Affairs that would expand the city's boundaries by almost 120 percent).

[4] *See id.*

[5] *See supra* note 1 at 72-79.

[6] S. 171.021, F.S.

[7] Lance deHaven-Smith, Ph.D., *FCCMA Policy Statement on Annexation*, Oct. 12, 2002, at 16-17, http://www.fccma.org/pdf/FCCMA_Paper_Final_Draft.pdf.

[8] See *supra* note 7 above at 15.

[9] *See supra* note 1 at vii-ix.

service areas. Florida's annexation policy attempts to accomplish these goals through restrictions aimed at preventing irregular municipal boundaries. Four parties to any annexation include the state, the municipality that is annexing the property, those property owners who remain in the unincorporated area along with the local government that represents them, and finally those property owners in the area that is the subject of the annexation. Current annexation procedures provide the most process for landowners in the proposed annex area.

An area proposed for annexation must be unincorporated, contiguous, and reasonably compact.[10] For a proposed annexation area to be contiguous under ch. 171, F.S., a substantial portion of the annexed area's boundary must be coterminus with the municipality's boundary.[11] "Compactness," for purposes of annexation, is defined as the concentration of property in a single area and does not allow for any action that results in an enclave, pocket, or fingers in serpentine patterns.[12]

A newly annexed area comes under the city's jurisdiction on the effective date of the annexation. Following annexation, a municipality must apply the county's land use plan and zoning regulations until a comprehensive plan amendment is adopted that includes the annexed area in the municipalities' Future Land Use Map. It is possible for the city to adopt the comprehensive plan amendment simultaneously with the approval of the annexation. However, there is no requirement that a city amend its comprehensive plan prior to annexation.[13] In the interim, a city must apply county regulations or wait to apply its own rules.

As far as revenues are concerned, the effective date of the annexation determines who receives funds. The county share of revenue sharing and the half-cent sales tax will be reduced, effective July 1 if a parcel is annexed prior to April 1. Should the annexation occur before a city levies millage, the annexed property is subject to the city millage, but excluded from the MSTU. If a county has not levied its non-ad valorem assessments before annexation, the county loses those assessments. This structure for revenues does not allow for any transition period for local governments financially impacted by a recent annexation.

Article VIII, section (2)(c) of the State Constitution provides authority for the Legislature to establish annexation procedures for all counties except Miami-Dade. Annexation can occur using several methods: special act, charter, interlocal agreement, voluntary annexation, or involuntary annexation. First, annexation may be accomplished by a special act of the Legislature pursuant to Article VIII, section (2)(c) of the State Constitution. Annexation through a special act must meet the notice and referendum requirements of Article III, section 10 of the State Constitution applicable to all special acts.

Cities may annex enclaves by interlocal agreement with the county under the provisions of s. 171.046, F.S. An enclave is defined in s. 171.031(13), F.S., as any unincorporated improved or developed area lying within a single municipality or surrounded by a single municipality and a manmade or natural obstacle that permits traffic to enter the unincorporated area only through the municipality. Enclaves can also be annexed by municipal ordinance when there are fewer than 25 registered voters living in the enclave and at least 60 percent of those voters approve the annexation in a referendum. In a similar process, s. 163.3171, F.S., allows for a joint planning agreement between a municipality and county to allow annexation of unincorporated areas adjacent to a municipality.

Section 171.044, F.S., provides the procedures for a voluntary annexation which occurs when 100 percent of the landowners in an area proposed to be annexed petition a municipality. In addition to the annexing municipality enacting an ordinance allowing for the annexation to occur, there are certain notice requirements that must be met. This section does not apply where a municipal or county charter provides the exclusive method for voluntary annexation.[14] Also, the voluntary annexation procedures in this section are considered supplemental to any other procedure contained in general or special law.[15]

Sections 171.0413 and 171.042, F.S., establish an electoral procedure for involuntary annexation that allows for separate approval of a proposed annexation in the existing city, at the city's option, and in the area to be annexed. A majority of the property owners must

[10] Ss. 171.0413-.043, F.S.
[11] S. 171.031(11), F.S.
[12] S. 171.031(12), F.S.
[13] 1000 Friends of Fla., Inc. v. Florida Dep't of Community Affairs, No. 4D01-2320 (Fla. 4th DCA Aug. 28, 2002).
[14] S. 171.044(4), F.S.
[15] *See id.*

consent when more than 70 percent of the property in a proposed annex area is owned by persons that are not registered electors. Also, the governing body of the annexing municipality must prepare a report on the provision of urban services to the area being annexed as well as adopt an ordinance allowing for the annexation and meet certain notice requirements. The urban services report does not have to provide a lot of detail.

A municipality may annex within an independent special district pursuant to s. 171.093, F.S. The municipality, after electing to assume the district's responsibilities and adopting a resolution, may enter into an interlocal agreement to address responsibility for service provision, real estate assets, equipment and personnel. Absent an interlocal agreement, the district continues as the service provider in the annexed area for a period of 4 years and receives an amount from the city equal to the ad valorem taxes or assessments that would have been collected on the property. Following the 4 years and any mutually agreed upon extension, the municipality and district must reach agreement on the equitable distribution of property and indebtedness or the matter will proceed in circuit court.

It is notable that there may be a new option for determining the fiscal impact a proposed annexation will have on local government revenues and services. At the direction of the Legislature, a consultant was given the task of creating a model that will perform a uniform fiscal impact analysis to assist local governments to evaluate the cost of infrastructure to support development. This fiscal impact analysis model, developed by Fishkind & Associates, Inc., has been field tested and may be available for use by local governments in the near future.[16] Several of the pilot communities have expressed an interest in using the model to determine whether it is financially viable to annex a particular area.

METHODOLOGY

Staff consulted with a number of interested parties including the League of Cities (League), the Florida Association of Counties, the Association of Special Districts, and the Florida City and County Management Association (FCCMA). The League conducted a web survey regarding annexation procedures, problems, and proposed amendments to ch. 171, F.S., and received 115 responses. The Association of Counties developed a similar survey and 25 counties responded to its questionnaire. The FCCMA prepared a position paper along with Lance deHaven-Smith, Ph.D., that discusses annexation policy in Florida and proposed statutory changes.[17]

FINDINGS

The increase in municipal annexation and the restrictive nature of Florida's annexation procedures have resulted in disagreements between cities and counties. These conflicts include an increase in the number of enclaves and failure to annex those enclaves, loss of revenue and diminution in value of capital facilities for counties, and avoidance of more restrictive land use plans or county regulations. Also, some cities have objected to the creation of "urban preservation districts", arguing their existence makes voluntary annexation more difficult. Further, local governments attempting to negotiate interlocal agreements regarding a proposed annexation are concerned about the enforceability of such an agreement.

Enclaves—

Notwithstanding the statutory prohibition on creating enclaves, there are numerous enclaves in many counties. Unincorporated areas with a high tax base are often sought after by several municipalities. This practice is commonly known as "cherry picking." Those remaining unincorporated areas with a low tax base inadequate to pay for services remain enclaves and there are few, if any, incentives to annex these areas. Orlando alone has created an estimated 41 enclaves during the last 50 years.[18] Although cities frequently discuss annexation of enclaves, many of these areas are not offered the same incentives as a proposed annex area with a higher tax base.

Loss of Revenue—

Municipalities may offer incentives to landowners agreeing to have their property annexed. These incentives represent a loss of revenue to the county and may include tax breaks (e.g., property tax reductions, impact fee credits and waivers) and covering the cost of some improvements (e.g. better roads, sewer- and water-line extensions). The benefit to the

[16] *See* http://fishkind.com/dep/home.html.

[17] Lance deHaven-Smith, Ph.D., *FCCMA Policy Statement on Annexation*, Oct. 12, 2002, http://www.fccma.org/pdf/FCCMA_Paper_Final_Draft.pdf..

[18] Dan Tracy, *City's Plans Don't Include Tangelo Park*, ORLANDO SENTINEL, Sept. 22, 2002.

municipalities includes additional tax revenues to prevent a decline in services and maintaining political clout as surrounding areas increase in population.

An example of a proposed annexation that utilized tax refunds as an enticement involves the City of Lake Mary and Seminole County. In a recent proposed annexation, Lake Mary reportedly offered the developer of a 175-acre office park near Interstate 4 a tax break on the property for 10 years in return for its annexation.[19] Presently, the property earns Seminole County, which has a lower tax rate, $130,000 annually in property taxes. Lake Mary, the city proposing the annexation, would earn $177,000 annually in property taxes, but initially will return up to 80 percent of the tax to the developer up to a cap of $4.75 million. In addition, although the city and county share fire protection responsibilities, the county must continue to respond to some fire emergencies after annexation because the city has insufficient staff and equipment.[20] Discussions are continuing between the city and county regarding service delivery issues.[21]

The concept of an interjurisdictional transfer could assist the counties with some of the negative financial impacts and encourage cooperation between the city and county during annexation. An interlocal agreement between the city and county should contemplate a delay in the tax base transfer. For instance, a transfer of the tax base, phased in over two years, for an annexed area would allow counties to prepare for a loss of revenue that could potentially affect services and cities would be discouraged from annexing solely for additional revenues.

Service Delivery and Reduction in Value for Capital Facilities—
Another disadvantage of aggressive annexation by municipalities concerns the costs associated with overlapping facilities. For instance, a county may invest in service infrastructure including county-owned facilities only to see the property owners serviced by that facility, along with its tax base, annexed by a municipality. Further, service provision such as fire and police protection is made more difficult by confusing, shifting municipal boundaries.

The City of Orlando recently annexed a 200-acre warehouse complex in south Orange County. Enticements for the annexation reportedly include a $200,000 traffic light, 10 years of stormwater drainage service at no cost, and a three-year tax refund worth approximately $150,000.[22] Orange County's fire station is located just outside the entrance to the warehouse complex. As a result of the city's annexation, the annexed area will be serviced by a fire station 3.5 miles away. This annexation and the surrounding land that will likely be annexed in the future may reduce the county fire department's budget by $182,000.[23]

Land Use Plans and County Regulations—
Density increases have been used as another incentive for annexation. Land owners in a proposed annex area often may be allowed a higher density by the annexing city than allowed for under county regulations.[24] Presently, there is no requirement that a city amend its future land use map or comprehensive plan prior to annexing an area.[25] Cities and counties may decide on future annexation areas in the form of a joint planning agreement, but the city is not required to incorporate this information into its comprehensive plan prior to annexation.[26] However, comprehensive plan amendments may be adopted concurrently with the ordinance approving the annexation.

Urban Preservation Districts—
Charter counties have the ability to preempt some annexations through the designation of "urban preservation districts". The creation of an urban preservation district protects the status of the property within the district as unincorporated. For example, the Orange County charter provides for "preservation areas" and stipulates annexation can only occur with a majority vote of residents in the area.[27] Some municipalities object to these districts as a tool for placing tighter restrictions on voluntary annexation.

Enforcement of Interlocal Agreements—

[19] Mike Berry, *Lake Mary May Pluck From County Tax Rolls*, ORLANDO SENTINEL, Oct. 8, 2002.
[20] *See id.*
[21] Mike Berry, *Lake Mary Leaders Put Off Annexing Town Park Land*, ORLANDO SENTINEL, Nov. 22, 2002.
[22] Tracy, *supra* note 18.
[23] *See id.*
[24] Associated Press, *Citizens Sue to Reverse St. Joe Land Annexation*, Oct. 30, 2002 (stating Panama City's proposed annexation of 2,200 acres in Bay County would allow a much higher density than permitted under county regulations).
[25] *See supra* note 13.
[26] *See id.*
[27] Orange County Charter, s. 505 (1994). *See also* James Miller, *County Tries to Save Land*, ORLANDO SENTINEL, Sept. 18, 2002.

Local governments could negotiate interlocal agreements that address service delivery and revenue issues for a proposed annexation. However, concerns over enforceability may discourage such agreements. For example, should two local governments reach agreement on allocation of responsibility for service delivery and a transition for tax revenues associated with a proposed annexation, there are no statutory provisions that address the enforceability of such an agreement.

Further, local governments may be wary of establishing annexation boundary lines in part due to a recent decision by the Fifth District Court of Appeal. The Court held that annexation is a legislative power that cannot be contracted away.[28] This case involved the cities of Ormond Beach and Daytona Beach. These municipalities had established a boundary or service line and agreed not to provide potable water or sanitary service within each other's service area. Subsequently, these cities agreed not to annex property on the other side of their service line.

On appeal, the Court affirmed the dissolution of an injunction enjoining the annexation of a parcel and concluded that an agreement "to refrain from annexation is unenforceable." The Court went on to further state that s. 163.3161, F.S.,[29] did not change the nature of the power to annex. The Legislature is presumed to know the judicial constructions present when enacting legislation and did not expressly contravene the principle that annexation is a legislative act.

Other States—
The State of Maryland adopted sweeping legislation in 1997 labeled as "smart growth" to support and revitalize existing communities, preserve critical farmland and natural resources, and save taxpayers the unnecessary cost of building infrastructure required for sprawl.[30] As far as annexation is concerned, Maryland requires the municipality proposing the annexation to outline the following information for public review and discussion at a noticed public hearing: any proposed land use change for the area to be annexed, identify any land that could be used for public facilities that may be required for services to the proposed annex area, a schedule for extending municipal services to the area, and the means for financing extension of services to the proposed annex area.[31]

Maryland also has restrictions on the zoning of annexed land. For five years after the land has been annexed, a municipality may not place the annexed land into another zoning classification that allows a land use "substantially different" from the county's or regional planning agency's master plan.[32] However, a different land use than what is allowed by the county's master plan may be achieved if the county expressly approves the change in land use.[33]

Minnesota has grappled with a rapidly expanding population outside of its urban service areas. Between 1985 an and 1994, cities annexed 65,752 acres within this state.[34] In a 1995 report to the Legislature, Minnesota Planning offered cooperative planning and tax-base sharing as possible approaches to avoid annexation problems.[35] The concept of sharing revenue created by new development among local governments could lead to a decrease in competition and enhance the ability of these local governments to meet service and infrastructure needs.

Proposed Solutions—
The counties, cities and special districts have been discussing recommendations for statutory changes to the State's annexation procedures. The goal of these proposed changes is to eliminate duplication of services, provide for more efficient service delivery, ensure logical municipal boundary expansion, and promote good growth management policy. Representatives of the cities, counties, and special districts will present their recommendations to the Legislature at a later date. The following represents some of the options under consideration by these entities:

Florida City and County Management Association's Proposed Solutions—
The FCCMA recently adopted a policy statement on annexation.[36] The policy statement proposes a number

[28] City of Ormond Beach v. City of Daytona Beach, 794 So. 2d 660 (Fla. 5th DCA 2001).
[29] "Local Government Comprehensive Planning and Land Development Regulation Act."
[30] *See* http://www.smartgrowth.state.md.us/
[31] MD. CODE ANN., Article 23A, Corporations-Municipal, s. 19 (2002).
[32] MD. CODE ANN., Article 23A, Corporations-Municipal, s. 9 (2002).
[33] *See id.*
[34] *Annexation Criteria: Report to the [Minnesota] Legislature* (April 1995).
[35] *See id.* at 10-11.
[36] See *supra* note 17.

of changes, as summarized below, to Florida's annexation procedures. With regard to enclaves, FCCMA proposes eliminating all "internal enclaves" by 2005 and "external enclaves" by 2007. "Internal enclaves" would consist of any unincorporated property, regardless of size or whether it has improvements, that is surrounded by a single municipality. An "external enclave" could not exceed 100 acres, may be vacant or have improvements, and is surrounded by two more contiguous cities.

Prior to the annexation of internal and external enclaves, the FCCMA proposes that counties quantify any decrease in value for county-owned capital facilities resulting from the proposed annexations. Where a diminution in value for the counties facilities can be shown, the annexing cities would be required to negotiate a service-delivery agreement or compensate the county for the loss.

Further, the FCCMA proposes creating a separate process for annexations that total less than 100 acres. To prevent annexation of smaller parcels in avoidance of the threshold, any contiguous, unincorporated lands annexed within a two-year period would be considered a single annexation. The annexation of less than 100 acres would require notification of the county, the public and other cities contiguous to the annexed area. In addition, the city must adopt a service-delivery plan for the area to be annexed as well as hold two public hearings at least 10 days apart. The FCCMA proposes following existing law regarding landowner and voter approval for these annexations.

For annexations in excess of 100 acres, the FCCMA recommends adding two steps to the current process. First, the financial impacts of a contemplated annexation would be identified and studied. Second, the affected governments would be required to negotiate an agreement for assignment of costs and service delivery. Should the county and city fail to reach an agreement for a proposed annexation, the FCCMA would rely on the government dispute resolution provided for in ch. 164, F.S. However, the FCCMA suggests limiting the binding arbitration required by ch. 164, F.S., to only the issue of assigning costs, not whether the annexation will proceed.

The FCCMA proposes the financial implications of an annexation be phased in over several years and that local governments be compensated for any related decrease in value of capital facilities. Further, the FCCMA suggests that absent an agreement between the county and municipality, the county land use plan and zoning regulations remain in place for three years following annexation regardless of the size of the parcel(s) to be annexed.

Also, FCCMA proposes amending s. 171.051, F.S., to allow contraction or de-annexation by interlocal agreement with the county. The organization also suggests authorizing any county or combination of cities to agree on a joint service-delivery and boundary plan in any geographic area under their collective jurisdiction. These joint service plans would allow for annexations and contractions and would be effective upon approval by a majority vote with all county electors. Assuming a joint planning agreement won voter approval, the state revenue-sharing formula would be adjusted to redirect a share of those monies to the cities and counties that participated in the joint agreement.

As an incentive to engage in the joint planning process, the FCCMA proposes offering financial support in the form of grants to cities and counties for the following: joint planning, conflict resolution, binding arbitration, and economic impact analysis. Counties would be given greater flexibility over certain revenues for successful completion of joint planning activities.

The FCCMA recommendations also call for the Legislative Committee on Intergovernmental Relations to evaluate annexation, contraction, enclaves, joint planning, and conflict resolution processes related to annexation and issue a report at least every 5 years. Finally, the FCCMA calls for three different studies including the measurement of long-term costs to counties associated with annexation of lands with high development potential, examination of the frequency, nature, location, and aggregate amount of land involved in annexations over the 100-acre threshold in the process described above, and an assessment of "external enclaves" and whether these enclaves or some part of the group should be targeted for mandatory annexation.

Counties' Proposed Solutions—

The Florida Association of Counties has indicated it would support a number of changes to Florida's annexation procedures. In broad terms, these annexation reforms include the elimination of existing enclaves, as well as language prohibiting the creation of new enclaves. The association also recommends requiring cities to assess the financial impacts of a proposed annexation and providing a process to

reimburse counties for adverse financial impacts resulting from the annexation.

Cities' Proposed Solutions—
The Florida League of Cities recommends enhancing the abilities of municipalities to eliminate enclaves regardless of their size or use. Also, the League supports reasonable procedures to expedite the annexation of areas contiguous to municipal boundaries.

Having reviewed the above options with representatives of the cities and counties, there is a general consensus on the annexation of enclaves although they have not agreed on specific details. However, discussions between the cities, counties, and special districts are continuing. In the interim, staff has reviewed the initial proposed statutory revisions provided by the Florida Association of Counties and the League of Cities, as well as the policy statement of the FCCMA in order to make the following recommendations.

RECOMMENDATIONS

While there are numerous suggestions for revising Florida's annexation procedures in ch. 171, F.S., staff has selected several options that would improve intergovernmental coordination and reduce conflicts that arise during annexation.

Staff recommends the committee consider amending Florida's annexation procedure to require an interlocal agreement between the county and municipality addressing financial impacts and service delivery issues prior to annexation. This would lessen any loss of revenue or diminution in the value of capital facilities for counties as the result of annexation and also ensure efficient service provision while preventing the duplication of services. If the county and municipality are unable to reach agreement, the process outlined in s. 171.093, F.S., for resolution of annexation conflicts when special districts and municipalities fail to negotiate an interlocal agreement should apply.

As far as land use changes are concerned, the comprehensive plan for the county should remain in effect for three years following annexation unless a change in land use (i.e., density) for the annexed area is agreed to by the municipality and county.

Staff recommends the elimination of enclaves by a date certain. Finally, the statutes should be amended to allow for enforcement of interlocal agreements on annexation.