



# Assessment Memo

To: Kevin Greenville  
Finance Director  
Village of Estero  
9401 Corkscrew Palms Circle  
Estero, FL 33928

From: Jeff Rackley  
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Date: April 8, 2026

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**Reference: Village of Estero, Sunny Grove Park Assessment Memo**

## Background

The Sunny Grove Park area, consisting of 37.2 acres with a member owned Mobile Home/RV Park with club house and other amenity structures, is currently served by a central water system but utilizes an on-site package wastewater treatment plant. As part of a broader infrastructure plan, the community must transition from this decentralized system to the central sewer. In order to connect this area to central sewer a pump station and force main will be needed to connect to the existing eight-inch force main located at the corner of Corkscrew Road and US 41.

## Objective

The Village engaged Stantec to conduct a study to allocate the cost of connecting to the central sewer system to each benefiting parcel within the Sunny Grove Park area and determine the appropriate assessment amount to be collected from each property. The improvements are expected to include all construction costs including the demolition of the existing package treatment plant, rehabilitation of the existing pump station, removal and fill of percolation pond, and asphalt and sidewalk replacement in addition to design fees, easement acquisition and all Lee County Utilities connection fees ("Improvements"). If implemented, the assessment will fund costs related to the improvements, together with financing costs, contingencies, assessment program costs and the annual cost of collection of the assessments.

## Special Benefits

The Improvements are reasonably expected to provide special benefits to the lots and parcels comprising the Sunny Grove Park area which include, but are not limited to; 1) the enhancement of public health by removing the risks of potential environmental contamination often associated with older or on-site treatment systems, 2) elimination of the burden of maintenance and liability for individual systems, and 3) ensure a more reliable and sanitary waste disposal method for residents. These improvements can also increase the marketability and value of properties. A reliable sewer

**Reference:** Village of Estero, Sunny Grove Park Assessment Report

connection is a key selling point that can make properties more attractive to prospective buyers and can be a prerequisite for future development and redevelopment, providing a greater return on investment for property owners.

**Assessable Costs**

Stantec relies on certain information provided by the Village as the basis for our analysis. This included the total construction cost estimates, general financing terms, and estimated financing costs. The Village estimates the total construction cost of the proposed improvements to total \$3,176,757.

The Village plans to contribute an approximate 25% match in the amount of \$727,939 as well as applying state grant funds in the amount of \$265,000 towards construction costs. These funding amounts are subtracted from the total to be funded by the assessment program.

The total cost, net of the funding described above, equals \$2,183,818 as shown in Table 1.

*Table 1 – Net Construction Costs*

Construction Cost w/ 5% Contingency	\$	3,176,757
Less: Village Match	\$	(727,939)
Less: State Grant Funds	\$	(265,000)
<b>Net Construction Costs</b>	<b>\$</b>	<b>2,183,818</b>

There are additional assessable costs that are included in the assessment program to fund the establishment of a debt service reserve fund, capitalized interest, cost of issuance, the assessment study, surveying, financing and other contingency costs. The Total Assessed Costs to be funded by the assessment program equals **\$2,696,072**, as shown in Table 2 below.

*Table 2 – Total Assessed Cost*

Net Construction Costs	\$	2,183,818
Debt Service Reserve Fund	\$	269,607
Capitalized Interest	\$	53,921
Cost of Issuance	\$	53,921
Assessment Development, Survey, Financing, etc.	\$	134,804
<b>Total Assessed Cost</b>	<b>\$</b>	<b>2,696,072</b>

### Assessment Methodology

The Sunny Grove Park area is comprised of a Mobile Home/RV Park with 155 members each owning their own mobile home dwelling units (Dwelling Unit) as well as 1/155<sup>th</sup> interest in the property. Each Dwelling Unit is reasonably expected to generate a similar demand for services and will receive similar benefit from the Village’s provision of the sewer improvements. Therefore, the assessment units are based on the number of Dwelling Units contained on the parcel. The Sunny Grove Park area contains a total of 155 Dwelling Units.

Accordingly, the principal amount allocated to each Dwelling Unit is approximately \$17,394 per Dwelling Unit (\$2,696,072 / 155 Dwelling Units).

The Village plans on debt funding the Total Assessed Cost with a ten (10) year loan at an assumed interest rate of 5.00%. The annual collection and administration costs associated with the assessment program are included at 7.00% of the Estimated Total Annual Cost for a total annual cost of **\$357,556**, as shown in Table 3 below.

*Table 3 – Estimated Total Annual Cost*

Total Assessed Cost	\$ 2,696,072
Term (years)	10
Interest rate	5.00%
<b>Estimated Annual Principal &amp; Interest Payment</b>	<b>\$ 332,527</b>
Annual Collection/Admin. Costs (7%) <sup>1</sup>	\$ 25,029
<b>Estimated Total Annual Cost</b>	<b>\$ 357,556</b>

<sup>1</sup> Annual collection costs include 4% for early payment discount, 1% for tax collector costs, and 2% for annual assessment administration

The Total Annual Cost divided by the total Assessment Units in the Sunny Grove Park area equals an Annual Assessment of **\$2,307** per Dwelling Unit for ten (10) annual installments as shown in Table 4 below.

*Table 4 – Annual Assessment per Dwelling Unit*

Estimated Total Annual Cost	\$ 357,556
Total Dwelling Units	155
<b>Annual Assessment per Dwelling Unit<sup>2</sup></b>	<b>\$ 2,307</b>

<sup>2</sup> Rounded up to nearest whole dollar

**Reference:** Village of Estero, Sunny Grove Park Assessment Report

The methodology described herein is scalable and readily adjustable to address changing variables associated with interest rate, payment term, project cost increases (if any) resulting from inflation or other factors, or cost decreases (if any) resulting from actual construction costs being lower than estimated or additional funding being made available for the project from currently unanticipated sources.

The Village is undertaking the improvements based on the premise that the owners in Sunny Grove Park will bear a certain portion of the cost. The calculations herein are based on reasonable construction and financing cost estimates provided by Village staff and its consultants. In the event the actual cost of the project is lower than the estimated amounts contemplated herein, any such cost savings may be applied to reduce the amount the Village would have otherwise contributed to the project from funds other than the assessments (if any), for other costs associated with the project or improvements to the right of way, or to reduce the amount of the assessment imposed against each property.

### **Initial Prepayment**

An initial prepayment option allows property owners within the Sunny Grove Park area to satisfy their full share of the Net Construction Cost of the Improvements through a one-time upfront payment rather than through the annual installment assessments. Because a parcel that prepays does not participate in the debt financing, the prepayment amount excludes all financing-related costs such as interest, capitalized interest, debt service reserve, cost of issuance, and annual collection or administration charges.

The prepayment amount for each parcel is calculated by allocating the Net Construction Cost of the Improvements to each parcel on the basis of its assigned Dwelling Units. The Net Construction Cost is determined by subtracting the Village's cost-share contribution and state grant funds from the total construction cost of the project.

The initial prepayment for each parcel is calculated as:

$$\text{Initial Prepayment} = (\text{Net Construction Cost} \div \text{Total Residential Dwelling Units}) \times \text{Parcel Residential Dwelling Units}$$

**Reference:** Village of Estero, Sunny Grove Park Assessment Report

Under this method, the prepayment cost per Dwelling Units is derived by dividing the Net Construction Cost of \$2,183,818 by the total of 155 Dwelling Units within the Sunny Grove Park area to arrive at \$14,089 per Dwelling Unit. Each parcel's prepayment amount equals the number of Dwelling Units assigned to that parcel multiplied by the net construction cost per Dwelling Unit.

Property owners who elect to prepay will not be subject to any annual installment assessments, interest charges, administrative costs, or collection fees associated with the ten-year financing period. The Village may require that any prepayment be made prior to certification of the annual assessment roll to the County Tax Collector. Property owners will be notified of applicable deadlines and instructions should they choose to exercise the prepayment option.

### **Implementation Timeline**

A proposed implementation timeline including the necessary and required steps for adoption of the proposed assessments for FY 2026 is provided below.

2025: (September–December)

- Resolution of Intent: The local governing body adopts a Resolution of Intent to use the uniform method for collection in the following year. Notice of the public hearing for the resolution must be published.
- Agreement: The local government and the County Tax Collector must execute an interlocal agreement outlining collection services and reimbursement.

2026: (January–May)

- Notification: By January 10, the Resolution of Intent is sent to the Property Appraiser, Tax Collector, and the Florida Department of Revenue.
- Assessment Creation: The local government creates the new assessment roll and coordinates with the Property Appraiser.
- Prepayment Period.

2026: (June–September)

- Data Exchange: By June 1, the Property Appraiser provides property information, such as names and addresses, to the local government.
- Property Owner Notice: Before the assessment roll hearing, the local government must mail notices to property owners at least 20 days in advance.
- Public Hearing: A public hearing is held between January 1 and September 15 for the adoption of the assessment roll.

**Reference:** Village of Estero, Sunny Grove Park Assessment Report

## **Conclusion**

The methodology described herein represents a fair and reasonable approach to apportioning the benefits and costs of the contemplated capital improvements among the specially benefited parcels of real property. The method is also relatively uncomplicated, easily understood and cost effective with respect to initial implementation and annual administration expenses, resulting in lower annual assessments for the properties benefitted by the improvements.

## Scenario 1 - Village of Estero - Sunny Grove Park Assessment

### Construction Cost

Construction Cost w/ 5% Contingency	\$	3,176,757
Less: Village Match	\$	(727,939)
Less: State Grant Funds	\$	(265,000)
<b>Net Construction Costs</b>	<b>\$</b>	<b>2,183,818</b>
<b>Initial Pre-Payment</b>	<b>\$</b>	<b>14,089</b>

### Additional Assessable Costs

Net Construction Costs	\$	2,183,818
Debt Service Reserve Fund	\$	269,607
Capitalized Interest	\$	53,921
Cost of Issuance	\$	53,921
Assessment Development, Survey, Financing, etc.	\$	134,804
<b>Total Assessed Cost</b>	<b>\$</b>	<b>2,696,072</b>

10.00%
2.00%
2.00%
5.00%

### Estimated Total Annual Cost

Total Assessed Cost	\$	2,696,072
Term (years)		10
Interest rate		5.00%
<b>Estimated Annual Principal &amp; Interest Payment</b>	<b>\$</b>	<b>332,527</b>
Annual Collection/Admin. Costs (7%) <sup>1</sup>	\$	25,029
<b>Estimated Total Annual Cost</b>	<b>\$</b>	<b>357,556</b>

<sup>1</sup> Annual collection costs include 4% for early payment discount, 1% for tax collector costs, and 2% for annual assessment administration

### Annual Assessment

Estimated Total Annual Cost	\$	357,556
Total Dwelling Units		155
<b>Annual Assessment per Dwelling Unit</b> <sup>2</sup>	<b>\$</b>	<b>2,307</b>

<sup>2</sup> Rounded up to nearest whole dollar