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OFFICE OF ECONOMIC AND DEMOGRAPHIC RESEARCH



CHRIS SPROWLS
*Speaker of the House of
Representatives*

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Eric H. Miller, Policy Chief
Florida House of Representatives
State Affairs Committee
Local Administration & Veterans Affairs Subcommittee
209 House Office Building
402 South Monroe Street
Tallahassee, FL 32399-1300

Mr. Miller:

At the Subcommittee's request, the Office of Economic and Demographic Research (EDR) evaluated the *Village of Loxahatchee: Revised Municipal Incorporation Feasibility Study – November 11, 2021*, with regard to the requirements and standards expressed in Chapter 165, F.S. EDR also considered whether the Study's methodologies, findings, projections, and recommendations accurately reflect the feasibility of municipal incorporation.

After analyzing the data and information submitted in this Feasibility Study (hereinafter, "the Study") and other available data, EDR believes that the proposed municipality of Loxahatchee (hereinafter, "Loxahatchee") violates one of the six statutory standards of incorporation (i.e., Standard 4: minimum 2-mile distance from an existing municipality). Additionally, EDR has identified concerns or deficiencies with respect to several of the Study's 11 required elements, particularly Element 8 regarding evidence of fiscal capacity and Element 9 regarding data and analysis to support the conclusions that incorporation is necessary and financially feasible.

This response consists of two parts. Part One is EDR's evaluation with respect to the elements of a feasibility study expressed in Section 165.041(1)(b), F.S. Part Two is EDR's evaluation with respect to the standards for municipal incorporation expressed in Section 165.061(1), F.S.

Part One: EDR's Evaluation of the Feasibility Study

Pursuant to Section 165.041(1)(b), F.S., a feasibility study, which is prepared to inform the Florida Legislature on the feasibility of a proposed municipal incorporation, shall contain 11 elements. This section addresses each of these elements.

Element 1

The location of territory subject to boundary change and a map of the area which identifies the proposed change. *Section 165.041(1)(b)1., F.S.*

Staff Analysis: The Revised Study (p.2) states: "Currently, the Village of Loxahatchee is an unincorporated community located in western Palm Beach County, with a 2021 population of 42,987, and is approximately 42.13 square miles of contiguous land." Additionally, the Study's Appendix includes a legal description of the proposed boundaries, a boundary map, and several additional parcel maps.

The review of the proposed municipality’s legal description and maps for both accuracy and legal sufficiency is outside EDR’s purview. In its September 22, 2021 letter to the Study’s proponents following submission of the original Study dated September 3, 2021, the Local Administration & Veterans Affairs Subcommittee (hereinafter, “the Subcommittee’s letter”) did not comment on this particular element. Therefore, it is assumed that this element has been satisfied.

Element 2

The major reasons for proposing the boundary change. Section 165.041(1)(b)2., F.S.

Staff Analysis: The Revised Study (pp.9-11) lists the following primary reasons that led community leaders to explore the viability of Loxahatchee’s incorporation.

1. The Village wants to protect the community’s character, which requires a more focused local government than Palm Beach County government can provide. The community is currently represented by only one county commissioner.
2. Unprecedented growth is having negative impacts on traffic, public safety, and the community’s rural lifestyle.
3. The City of Palm Beach Gardens is trying to annex commercially-zoned properties in the northern portion of the proposed area of incorporation that would directly abut residential properties and have adverse impacts upon those residents.
4. The potential annexation of certain areas within the proposed area of incorporation by surrounding communities would not be consistent with the Village’s community lifestyle.

An assessment of the validity and reasonableness of the provided discussion is more appropriate for policymakers.

Element 3

The following characteristics of the area: (a) a list of the current land use designations applied to the subject area in the county comprehensive plan; (b) a list of the current county zoning designations applied to the subject area; (c) a general statement of present land use designations of the area; and (d) a description of development being proposed for the territory, if any, and a statement of when actual development is expected to begin, if known. Section 165.041(1)(b)3., F.S.

Staff Analysis: The Revised Study (pp.11-16) provides discussions and maps of current and future land use designations, county zoning designations, land use characteristics, and a description of proposed development. ***The Subcommittee’s letter (pp.1-2) stated that this element was deficient because the image qualify of the Study’s land use and zoning maps made it unclear which designations apply to areas on each map. In its October 3, 2021 response (pp.1-4), the Study’s proponents (hereinafter, “the proponents’ response to the Subcommittee”) provided updated current and future land use and current zoning maps, which are now included in the Revised Study. Whether or not these discussions and updated maps are sufficient is outside EDR’s purview.***

Element 4

A list of all public agencies, such as local governments, school districts, and special districts, whose current boundary falls within the boundary of the territory proposed for the change or reorganization. Section 165.041(1)(b)4., F.S.

Staff Analysis: The Revised Study (pp.16-17) provides a list of public agencies and private sector utility companies that currently provide services within the proposed area of incorporation. ***It appears that this element has now been satisfied.***

Element 5

A list of current services being provided within the proposed incorporation area, including, but not limited to, water, sewer, solid waste, transportation, public works, law enforcement, fire and rescue, zoning, street lighting, parks and recreation, and library and cultural facilities, and the estimated costs for each current service. Section 165.041(1)(b)5., F.S.

Staff Analysis: The Revised Study (p.18) states that Loxahatchee currently receives most of its public services from Palm Beach County and the Indian Trail Improvement District. These services are funded by a combination of ad valorem taxes for services provided by the County and non-ad valorem assessments and fees for services provided by the District. Residents currently receive governmental services (i.e., fire protection and EMS, development services, code enforcement, environmental services, economic development, emergency management, animal control, library, human services, and waste management) from Palm Beach County Government. The Sheriff's Department provides law enforcement and 911 services. The Indian Trail Improvement District, an independent special district, was originally created by the Florida Legislature in 1957 to provide water (canal) management. Over the years, the powers have been expanded to include road maintenance and parks and recreation services. Additionally, other government services are being provided by the Palm Beach County School Board, the Palm Beach County Health Care District, the Children's Services Council, the South Florida Water Management District, and the Florida Inland Navigational District. ***The Subcommittee's letter (p.2) stated that this element was deficient because the estimated costs for each service were not included. The proponents' response to the Subcommittee (pp.5-6) provided estimated service costs, which are now included as Table 3 (p.17) in the Revised Study. With the addition of this cost information, it appears that this element has now been satisfied.***

Element 6

A list of services to be provided within the proposed incorporation area, and the estimated cost of such proposed services. Section 165.041(1)(b)6., F.S.

Staff Analysis: The Revised Study (pp.18-19) states that Loxahatchee will be a full-service municipality responsible for providing all legislative, administrative, and program-specific activities found in local governments in Florida. Additionally, the Revised Study refers the reader to Section 4 (pp.20-44) for the proposed services and estimated costs. ***Since Section 4 is entitled Five-Year Operational Plan for the Village of Loxahatchee, the requirements of this element overlap with those of Element 8. Consequently, EDR's response to the issues of which services will be provided and their estimated costs will be addressed in the response to Element 8.***

Element 7

The names and addresses of three officers or persons submitting the proposal. Section 165.041(1)(b)7., F.S.

Staff Analysis: The Revised Study (p.19) provides the names and addresses of the three individuals submitting the incorporation proposal. ***EDR did not attempt to contact these individuals for the purpose of verifying this information.***

Element 8

Evidence of fiscal capacity and an organizational plan as it relates to the area seeking incorporation that, at a minimum, includes: (a) existing tax bases, including ad valorem taxable value, utility taxes, sales and use taxes, franchise taxes, license and permit fees, charges for services, fines and forfeitures, and other revenue sources, as appropriate; and (b) a 5-year operational plan that, at a minimum, includes proposed staffing, building acquisition and construction, debt issuance, and budgets. Section 165.041(1)(b)8., F.S.

Staff Analysis: Section 4 of the Revised Study (pp.20-44) entitled Five-Year Operational Plan for the Village of Loxahatchee includes discussions of proposed revenues (pp.22-31) and proposed expenditures (pp.32-44). Table 11 (p.31) lists the projected revenues from 18 total sources that will be utilized by Loxahatchee during the first five years of municipal operations. Table 13 (pp.38-44) lists the projected expenditures, identifying the costs associated with salary and benefits for municipal employees and the provision of municipal services.

EDR has the following comments regarding REVENUES.

- 1. Although the Revised Study includes Table 2: Proposed Timeline for Budget Purposes (p.20), it would have been useful if the Study's authors had included a complete incorporation/revenue timeline, which would specify actual or anticipated dates (i.e., month & year) of activities critical to Loxahatchee's formation and organization. Such a timeline would better assist local citizens and state reviewers in understanding this proposal. Based on prior incorporation proposals reviewed by EDR staff, such activities could include, at a minimum, dates of initial incorporation study submission, revised incorporation study submission (if any), community meetings addressing incorporation proposal, approval of final study by local delegation, submission of final study to the Florida Legislature, approval of local bill, incorporation referendum, formation of legal entity, first meeting and election of municipal officers, receipt of initial state revenue-sharing proceeds, and receipt of initial ad valorem tax revenues. The Subcommittee's letter (p.2) noted an apparent deficiency of the Study's timeline with respect to the levy of ad valorem taxes and the receipt of state revenue sharing. The proponents' response to the Subcommittee (p.7) acknowledged that all references to FY 2022-2023 should be FY 2023-2024, which are reflected in the Revised Study.***
- 2. In the five-year revenue projections table (Table 11, p.31), the presentation of revenues does not use a conventional presentation format such as the Uniform Accounting System's Chart of Accounts. A local government uses this format when submitting its Annual Financial Report (AFR) to the State. The use of such a format provides a more accurate presentation of revenues by type, particularly the tax revenues. For example, the AFR-Taxes category should include the separately listed revenue sources: Ad Valorem Tax, Communications Services Tax, Discretionary Sales Surtaxes, Local Option Gas Tax, and Utility Service Tax. In Table 11, the Discretionary Sales Tax revenues are referred to as the 1/6 Cent Sales Tax and incorrectly categorized this as a State Shared Revenue rather than a Tax. The use of this confusing name was also mentioned in the Subcommittee's letter (p.2). The use of the AFR-Permits, Fees, and Special Assessments category should include the separately listed revenue sources: Franchise Fees and Permits & Fees. The use of the AFR-Miscellaneous Revenues category should include the separately listed revenue sources: Investment Income and Miscellaneous Income.***
- 3. In the Original Study dated September 3, 2021 submitted for legislative and agency review, the five-year revenue projections (Table 9, pp.28-29) included two revenue sources identified as Non-***

Ad Valorem Taxes and Debt Revenue. Together, these revenues totaled \$4.28 million in the first budget year. The corresponding table in the Revised Study (Table 11, p.31) no longer includes these revenues, and total revenues have been reduced by the corresponding amounts. EDR staff did not find any explanation of why these revenue sources were eliminated in the Revised Study.

- 4. The five-year revenue projections table (Table 11, p.31) includes the Constitutional Gas Tax as a State Shared Revenue. In the first budget year, this revenue source represents 3.1% of total revenues. Of note, the Constitutional Fuel Tax is not a revenue source authorized for municipal governments. It is a county revenue source, and counties are not statutorily required to share the proceeds with their respective municipal governments. Consequently, EDR staff believes the annual revenues from this tax, ranging from approximately \$551,000 to \$583,000, should be excluded from the revenue projections unless evidence is provided that Palm Beach County intends to share this source.***
- 5. The Revised Study (pp.23-26) provides a discussion of the projected Ad Valorem Tax revenues based on recent estimates of taxable values within the area of incorporation. For EDR's assessment, see Element 9, second comment for an overview. Since the Florida Department of Revenue (DOR) is one of the named agencies asked to evaluate this Study, its comments on the validity of Loxahatchee's projected ad valorem taxable values and tax revenues will also be of great import. This is a critical determination since the Ad Valorem Tax is Loxahatchee's largest revenue source, constituting approximately 40% of first year revenues.***
- 6. The Revised Study (p.27) states that no attempt was made to model the various formulas used by DOR for determining state revenue sharing. Some prior municipal incorporation feasibility studies reviewed by EDR have included a state revenue-sharing analysis prepared by DOR; however, this study does not include such an analysis. Since DOR is one of the named agencies asked to evaluate this Study, it is the agency best suited to comment on the validity of the projected state-shared revenues (i.e., the Local Government Half-cent Sales Tax Program (LHC) revenues and Municipal Revenue Sharing Program (MRS) revenues). This will be an important determination since these state revenue-sharing programs constitute approximately 21% of first year revenues. Based on values reported by DOR, EDR calculated compound annual growth rates (CAGRs) of 3.54% for LHC–Ordinary Distributions to Municipalities within the County and 4.76% for MRS–Distributions to Municipalities within the County between 2010 and 2021. Therefore, the Study's 1.45% annual growth rate for these state-shared revenues appears to be conservative. [Note: EDR's CAGR calculation for LHC-Ordinary Distributions is based on revenues of \$65,375,585 in 2021 and \$44,588,229 in 2010. EDR's CAGR calculation for MRS distributions is based on revenues of \$29,880,706 in 2021 and \$17,918,634 in 2010.]***
- 7. Since the authors made no attempt to model the various state revenue-sharing formulas, the Revised Study (pp.27-28) utilizes a population allocation model for a number of revenue sources, including the state-shared revenues. It is based on the premise that since Loxahatchee is located in unincorporated Palm Beach County, the per capita share of the county's revenues can be used to estimate the proposed municipality's revenue by multiplying the county's per capita share by Loxahatchee's estimated population. With respect to the projected state-shared revenues in Table 11 (p.31), this methodology may be flawed. First, county governments receive County Revenue Sharing Program monies while municipal governments receive Municipal Revenue Sharing Program monies. These separate revenue-sharing programs have different revenue sources that fund the respective programs, and each program has its own allocation formula. Consequently,***

Loxahatchee's projection of state-shared revenue is inappropriately based on the county's receipt of County Revenue Sharing monies, which municipal governments do not receive. Second, the Local Government Half-cent Sales Tax Program has different allocation formulas for county governments and municipal governments. The state revenue-sharing analysis prepared by DOR should be able to address the validity of the Study's state-shared revenue projections.

- 8. This same methodology discussion (pp.27-28) includes a couple of factual errors. First, it lists Palm Beach County's 2020 unincorporated population as 1,466,494. Actually, this is the countywide population. The county's 2020 unincorporated population is 639,000. Second, the Study states "Again, as a policy decision by the Village of Loxahatchee's legislative body, they can impose an additional 1/6 cent sales tax. For this study, it is assuming that the Village of Loxahatchee will impose this additional sales tax." The proponents' response to the Subcommittee (p.8) clarified that the "1/6 Cent Sales Tax" refers to the county's levy of the Local Government Infrastructure Surtax and correctly stated that the surtax proceeds are distributed 50% of the school district, 30% to the county government, and 20% to the municipal governments pursuant to an interlocal agreement. Unfortunately, the Revised Study's language gives the reader the false impression that Loxahatchee could authorize a local option sales tax. Pursuant to Section 212.055(2)(a)1., F.S., the levy of the Local Government Infrastructure Surtax "shall be pursuant to ordinance enacted by a majority of the members of the county governing authority and approved by a majority of the electors of the county voting in a referendum on the surtax." The state revenue-sharing analysis prepared by DOR typically includes an analysis of local option sales tax distributions. Based on the recent LFY 2021-22 local discretionary sales surtax estimates calculated by DOR and published in EDR's 2021 Local Government Financial Information Handbook, it appears that the Study may have understated Loxahatchee's revenues. Three Palm Beach County municipalities each having a total population that is approximately 3,000 to 4,000 less than Loxahatchee are expected to receive significantly more surtax proceeds. Loxahatchee's first-year revenue is projected to be \$922,927 compared to FY 2020-21 estimates of \$3,168,425, \$3,083,553, and \$3,157,003 for Greenacres, Lake Worth Beach, and Royal Palm Beach, respectively. The DOR analysis should be able to further address the validity of the Study's local option sales tax projections.***
- 9. The state revenue-sharing analysis prepared by DOR typically includes an analysis of local option fuel tax distributions. Consequently, the DOR analysis should be able to address the validity of the Study's first-year local option fuel tax projection of \$1,536,575. The Revised Study (p.28) includes a figure of \$52,420,000 as the Local Option Gas Tax base from the County's FY 2021 budget but does not specifically identify which local option fuel taxes (i.e., Ninth-cent Fuel Tax, 1-6 Cents Local Option Fuel Tax, and/or 1-5 Cents Local Option Fuel Tax) are included in this base for its per capita share allocation model. Based on the recent LFY 2021-22 revenue estimates calculated by DOR and published in EDR's 2021 Local Government Financial Information Handbook, it appears that the Study's base reflects all three fuel taxes since the county government's combined estimated distribution totals \$50.3 million. If this is the case, it may be problematic for the following reasons. First, pursuant to s. 336.021(1)(b), F.S., the county's governing body may provide, by joint agreement with one or more municipalities located within the county, for the authorized transportation purposes and the distribution of the Ninth-cent Fuel Tax proceeds within both the incorporated and unincorporated areas of the county. Of note, the county is not required to share the tax proceeds with its respective municipalities. Second, pursuant to s. 336.025(4)(b), F.S., any newly incorporated municipality, eligible for participation in the distribution of monies under the Local Government Half-cent Sales Tax and Municipal Revenue Sharing Programs and located in a***

county levying the 1 to 6 cents or 1 to 5 cents fuel tax, is entitled to receive a distribution of the tax revenues in the first full fiscal year following incorporation. The distribution is equal to the county's per lane mile expenditure in the previous year times the number of lane miles within the municipality's jurisdiction or scope of responsibility, in which case the county's share would be reduced proportionately; or as determined by the local act incorporating the municipality. [Note: Palm Beach County currently levies both the 1-6 Cents and 1-5 Cents taxes at the maximum rates with distributions pursuant to interlocal agreements.] With regard to these particular taxes, it is unclear if the draft charter provides the necessary clarification. Section 10(11) states: "LOCAL OPTION GAS TAX REVENUES. - Notwithstanding the requirements of Chapter 336.025. Florida Statutes to the contrary, the Village shall be entitled to receive local option gas tax revenues beginning October 1, 2022. The amount of said revenues distributed to the Village shall be in accordance with general law, Palm Beach County ordinance or interlocal agreement negotiated with the Board of County Commissioners of Palm Beach County." According to the timeline (p.17), Loxahatchee's incorporation will become final on or about December 31, 2022, making it infeasible for Loxahatchee to begin receiving local option fuel tax revenues on October 1, 2022. Furthermore, it is unclear which local option fuel taxes Loxahatchee receives, and how those tax proceeds will be distributed.

- 10. Pursuant to s. 166.231(1), F.S., municipalities and charter counties may levy by ordinance the Public Service Tax (PST), also known as the Utility Service Tax, on the purchase of electricity, metered natural gas, liquefied petroleum gas, manufactured gas, and water service. The tax is levied only upon purchases within the municipality or within the charter county's unincorporated area. In an attempt to verify the Study's PST revenue projection, EDR used an alternative methodology. Loxahatchee's proportional share of Palm Beach County's unincorporated population was calculated and multiplied by the county's reported FY 2019-20 PST revenues from its AFR, which are collected within the county's unincorporated area.*

Loxahatchee's % of Palm Beach County's 2020 Unincorporated Pop.: (42,987/639,000) = 6.73%.

Palm Beach County's FY 2019-20 PST Revenues via its AFR:

*Electricity: \$43,184,286
Gas: \$1,805,486
Total: \$44,989,772*

Loxahatchee's Estimated FY 2019-20 PST Revenues:

*Electricity: \$43,184,286 * 6.73% = \$2,905,106
Gas: \$1,805,486 * 6.73% = \$121,459
Total: \$3,026,565*

Since Loxahatchee's figures reflect hypothetical FY 2019-20 revenues, the total revenue figure could be grown into the Revised Study's first-year of operations (i.e., FY 2023-24) using a CAGR calculated from the county's historical PST collections. Based on EDR calculations, the CAGR in the county's PST revenue collections during 2015-2020 was 2.41%. [Note: Palm Beach County's reported PST revenues were \$39,936,057 in 2014-15 and \$44,989,772 in 2019-20.] Consequently, Loxahatchee's FY 2023-24 PST revenue forecast would be \$3,329,270 using this alternative methodology, which is substantially greater than the Study's first-year PST revenues of \$1,309,986. Furthermore, EDR assumes an annual growth rate of 2.41% compared to the Study's annual growth rate of 1.45%. Therefore, the Study's PST revenues may be significantly understated.

11. The Revised Study (p.31) outlines the expected municipal revenues originating from the Communications Services Tax (CST). Section 10(10) of the draft charter states: “LOCAL REVENUE SOURCES. – The village shall be entitled to receive all local revenue sources available pursuant to general law, including but not limited to local communications services tax imposed under Chapter 202.19, Florida Statutes. The local communications services tax rate imposed by Palm Beach County will continue within the village boundaries during the period commencing with the date of incorporation through January 1, 2024. Revenues from the tax shall be shared by Palm Beach County with the village in proportion to the projected village population estimate of the Palm Beach County Planning Division compared with the unincorporated population of Palm Beach County before the incorporation of the village.” The Study provides first-year (i.e., FY 2023-24) CST revenue of \$510,393 and assumes an annual revenue growth rate of 1.45%.

Using the most recent FY 2021-22 CST estimates for Palm Beach County Government prepared by DOR and the official 2020 population estimate for unincorporated Palm Beach County, an alternative methodology to calculate a CST revenue estimate for Loxahatchee, as suggested by the charter’s provisions, is illustrated below.

FY 2021-22 Palm Beach County CST Estimate (based on current 5.72% tax rate): \$18,354,759.

Loxahatchee’s % of Palm Beach County’s 2020 Unincorporated Pop.: (42,987/639,000) = 6.73%.

Loxahatchee’s CST FY 2021-22 Revenue Estimate: 6.73% * \$18,354,759 = \$1,234,767

Since Loxahatchee’s figures reflect hypothetical FY 2021-22 revenues, the total revenue figure could be grown into the Study’s first-year of operations (i.e., FY 2023-24) using a CAGR calculated from the county’s historical CST distributions. Based on EDR calculations, the CAGR in the county’s CST revenues during 2015-2020 was -6.11%. [Note: Palm Beach County’s reported CST revenues were \$25,468,348 in 2014-15 and \$18,582,065 in 2019-20.] Consequently, Loxahatchee’s FY 2023-24 CST revenue forecast would be \$1,088,484 using this alternative methodology, which is significantly greater than the Study’s revenue of \$510,393. However, EDR assumes an annual growth rate of -6.11% compared to the Study’s annual positive growth rate of 1.45%. Although the Study’s CST revenues may be significantly understated, the positive growth rate assumption may be inappropriate.

12. The Revised Study (p.31) outlines the expected municipal revenues originating from the Franchise Fee (FF), and the stated revenues appear to be limited to those fees only imposed on electricity. In an attempt to verify the Study’s FF revenue projection, EDR used an alternative methodology. Loxahatchee’s proportional share of Palm Beach County’s unincorporated population was calculated and multiplied by the county’s reported FY 2019-20 FF revenues from its AFR. As previously demonstrated, Loxahatchee’s proportional share of the county’s unincorporated population is 6.73%.

Palm Beach County’s FY 2019-20 FF Revenues via its AFR:

Electricity:	\$34,469,370
Telecommunications:	\$1,939,053
Solid Waste:	\$1,904,940
Total:	\$38,313,363

Loxahatchee's Estimated FY 2019-20 FF Revenues:

Electricity:	\$34,469,370 * 6.73% =	\$2,318,834
Telecommunications:	\$1,939,053 * 6.73% =	\$130,445
Solid Waste:	\$1,904,940 * 6.73% =	\$128,150
Total:		\$2,577,428

Since Loxahatchee's figures reflect hypothetical FY 2019-20 revenues, the total revenue figure could be grown into the Study's first-year of operations (i.e., FY 2023-24) using a CAGR calculated from the county's historical FF collections. Based on EDR calculations, the CAGR in the county's FF revenue collections during 2015-2020 was -0.14%. [Note: Palm Beach County's reported FF revenues were \$38,575,751 in 2014-15 and \$38,313,363 in 2019-20.] Consequently, Loxahatchee's FY 2023-24 PST revenue forecast would be \$2,563,393 using this alternative methodology, which is substantially greater than the Study's first-year FF revenues of \$1,033,128. However, EDR assumes an annual growth rate of -0.14% compared to the Study's annual positive growth rate of 1.45%. Although the Study's FF revenues may be significantly understated, the positive growth rate assumption may be inappropriate.

- 13. The Revised Study (p.31) outlines the expected municipal revenues originating from Building Permits (BP). In an attempt to verify the Study's BP revenue projection, EDR used the same alternative methodology previously discussed.**

Palm Beach County's FY 2019-20 BP Revenues via its AFR: \$28,106,436

Loxahatchee's Estimated FY 2019-20 BP Revenues: \$28,106,436 * 6.73% = \$1,890,785

Since Loxahatchee's figures reflect hypothetical FY 2019-20 revenues, the total revenue figure could be grown into the Study's first-year of operations (i.e., FY 2023-24) using a CAGR calculated from the county's historical BP collections. Based on EDR calculations, the CAGR in the county's BP revenue collections during 2015-2020 was 9.89%. [Note: Palm Beach County's reported BP revenues were \$17,535,915 in 2014-15 and \$28,106,436 in 2019-20.] Consequently, Loxahatchee's FY 2023-24 PST revenue forecast would be \$2,757,680 using this alternative methodology, which is substantially greater than the Study's first-year BP revenues of \$703,508. Furthermore, EDR assumes an annual growth rate of 9.89% compared to the Study's annual growth rate of 1.45%. Therefore, the Study's BP revenues and annual growth rate may be understated.

- 14. The Revised Study (p.29) states that "... it is assumed that the Village of Loxahatchee will charge for various services, including planning and zoning fees, athletic programs and summer camps, and lot mowing and clearing. However, since the actual rate and what is to be charged are policy decisions, revenues from this source is estimated to be \$300,000. This value was based on a Sister-City analysis conducted for this study (please refer to Appendix A for a discussion of the Sister-City benchmark process)." Furthermore, Appendix A (pp.48-49) states that "Data were gathered from 18 comparable cities in Florida based upon population, median household income, and per capita income. Of these 18 comparable cities, the list was narrowed to the following 5 communities: Altamonte Springs, Greenacres, North Miami Beach, Royal Palm Beach, and Winter Garden. These cities were selected based on the fact that they were the closest in terms of population to the Village of Loxahatchee within the State." EDR prepared two separate comparisons for benchmark analysis, which are included as attachments to this evaluation. The first is a comparison of Loxahatchee's projected first-year revenues and expenditures to those of other similarly-**

populated municipalities. The second is a comparison of Loxahatchee's projected first-year revenues and expenditures to those of municipalities incorporated since 2000.

EDR has the following comments regarding EXPENDITURES.

- 1. The Revised Study (pp.18-19) states: "The Village of Loxahatchee will be a full-service municipality responsible for providing all legislative, administrative, and program specific activities typically found in local governments in Florida." Additionally, the Revised Study (p.32) states: "As noted in the proposed Charter, the Village of Loxahatchee will be a full-service municipality." EDR has concern that these statements are inaccurate and misleading. Although not statutorily-defined, one definition of a full-service city is one that is capable of funding and providing a complete array of in-house public services to residents without contracting out with third-party agencies. The Revised Study (pp.32-33) notes that the following municipal-type services will be contracted: legal services, police, fire and EMS. Furthermore, Section 10(12) of the draft charter states: "CONTRACTUAL SERVICES AND FACILITIES. – Contractual services for law enforcement, fire rescue, emergency management, public works, parks and recreation, planning and zoning, building inspection, development review, animal control, library services, village manager or management firm, village attorney and solid waste collection may be supplied by a contract between the village and the Board of County Commissioners of Palm Beach County, special districts, municipalities, or private enterprise until such time as the council establishes such independent services."**
- 2. In the Revised Study's five-year expenditure projections (Table 13, pp.38-44), the presentation of expenditures does not use a conventional presentation format, such as in the Uniform Accounting System's Chart of Accounts, which a local government follows when submitting its AFR to the State. In the Chart of Accounts, expenditures are categorized by the following functional areas: General Government Services, Public Safety, Physical Environment, Transportation, Economic Environment, Human Services, Culture / Recreation, and Other Uses and Non-Operating.**
- 3. Given the methodologies described in the Revised Study (pp.35-37) for determining personnel, operating, and capital outlay expenses, it is difficult to assess the validity of the expenditure projections. It would have been helpful to know which positions are currently occupied by Indian Trail Improvement District personnel, whose positions might likely become municipal positions upon incorporation, and which positions are newly established. Furthermore, only a single lump sum figure per position is provided, so it is difficult to assess salary versus other personnel costs.**
- 4. In the Revised Study, the five-year expenditure projections (Table 13, pp.38-44) list a total of 78 funded employee positions, excluding the elected mayor and commissioners. Using financial data reported by municipal governments pursuant to s. 166.241, F.S., EDR reviewed the number of regular or permanent positions projected in their respective FY 2020-21 final adopted budgets. Comparing Loxahatchee's figure of 78 to the figures reported by the ten other similarly-populated municipalities, EDR found that only Cutler Bay would have a lower number of budgeted positions than Loxahatchee (i.e., 52 compared to 78). All other comparison cities reported more budgeted positions, in some cases significantly more, than Loxahatchee, ranging from the low of 135 in Greenacres to the high of 464 in Plant City. EDR acknowledges that all the comparison cities, with the exception of Cutler Bay, incorporated prior to 2000 and have therefore been in existence for longer periods of time. However, it does raise the question if Loxahatchee's 78 budgeted positions will be enough to support its "government-lite" structure.**

Element 9

Data and analysis to support the conclusions that incorporation is necessary and financially feasible, including population projections and population density calculations, and an explanation concerning methodologies used for such analysis. Section 165.041(1)(b)9., F.S.

Staff Analysis: The Revised Study (pp.45-46) provides a discussion of the data and analysis to support its conclusion that incorporation is necessary and financially feasible, including the methodologies used for such analysis.

EDR has the following comments.

- 1. The Revised Study (p.5) states: "While the existing data show that the Village of Loxahatchee exceeds the minimum population requirements, future data shows that this trend is likely to continue. Projections from ESRI's Business Analyst Online database projects a 1.52% growth rate (statewide 1.33%, national 0.72%) from 2021-2026. which results in a 2026 projected population of 46,353 for the Village of Loxahatchee." EDR's analysis of unincorporated Palm Beach County's population estimates during the period of 2010 – 2020 resulted in a CAGR of 0.84%. Assuming Loxahatchee's future 2021-2026 population growth rate matches the CAGR of the county's unincorporated population, the city's population in 2026 would be 44,834, which is 1,519 less than the Study's 2026 projection. Additionally, EDR reviewed the supporting materials for the Demographic Estimating Conference's March 2021 population projections for Palm Beach County. Loxahatchee's 2021 population of 42,897 represented approximately 2.90% of the county's 2021 countywide population projection of 1,483,241. Assuming that same proportional share of the county's 2026 countywide population projection of 1,559,250, Loxahatchee's 2026 population would be 45,190, which is 1,163 less than the Study's projection. Based on these alternative methodologies, the Study's projected population growth rate of 1.52% between 2021 and 2026 might be too optimistic.*
- 2. A review of Ad Valorem Tax figures in the five-year revenue projections (p.31) shows that these taxes are projected to increase 4.0% annually. Since the Ad Valorem Tax is the largest of Loxahatchee's projected revenues, the validity of these figures is important. The Revised Study (p.26) states: "The average county growth rate from 2017 to 2020 is based on the total assessed value of \$208,805,696,217 in 2017 and \$246,164,733,165 in 2020. This represents a 5.97% average increase in county taxable value. To provide more conservative estimates despite this county increase in value, a 4% annual growth rate will be used for this study (which includes the value of new construction)." EDR calculated CAGRs for Palm Beach County's taxable values and sum total of taxable values for the county's municipalities for the ten-year period of 2010 – 2020. These calculations resulted in CAGRs of 5.19% and 5.36%, respectively. Additionally, EDR calculated a CAGR for Palm Beach County's taxable values projected in the August 2, 2021 Florida Ad Valorem Estimating Conference and found that, in the six-year period between 2021 and 2027, the CAGR was calculated to be 4.61%. Consequently, the Study's assumption of 4.0% annual ad valorem revenue growth seems reasonably conservative.*
- 3. The Revised Study's five-year revenue projections (Table 11, p.31) indicate Loxahatchee's revenues will increase approximately 2.55% annually. The Study's five-year expenditure projections (Table 13, pp.38-44) indicate the proposed city's expenditures will increase approximately 1.96% annually. EDR analyzed the sum total of reported revenues and expenditures for all Palm Beach County municipalities between FY 2009-10 and 2018-19 and calculated CAGRs of 3.98% and 3.52%,*

respectively. This may suggest that the Study's revenue and expenditure growth rate assumptions are too low.

- 4. In the Original Study dated September 3, 2021, the five-year expenditure projections (Table 11, pp.34-40) included three additional expenditure categories (i.e., Stormwater, Canal Maintenance, and Debt Service). Together, these expenditures totaled \$4.92 million in the first budget year. The corresponding table in the Revised Study (Table 13, pp.38-44) no longer includes these expenditures, and total expenditures have been reduced by these amounts. Although the Revised Study (p.34) includes a new discussion of the services that will be provided to Loxahatchee by the Indian Trail Improvement District and the expenses that were eliminated from the original five-year expenditure projections, EDR staff did not find any corresponding explanation of the revenues (i.e., Non-Ad Valorem Assessments and Debt Revenue) that were also eliminated from the original five-year revenue projections. Furthermore, in the original draft charter (i.e., Section 11(4)), the Indian Trail Improvement District was to become a dependent special district of Loxahatchee upon incorporation. However, the revised draft charter confirms the District's continuing independent special district status. Further clarification is needed.***
- 5. Annual rates of revenue and expenditure growth can vary significantly from one municipality to another due to a variety of factors. Therefore, it may be instructive to compare Loxahatchee's expected revenues and expenditures to the most recently reported revenues and expenditures of an identified cohort group of similarly-populated municipalities as well as the most recently incorporated municipalities. Please refer to the discussion in the Additional Supplemental Material section, as well as the attached spreadsheets.***

Element 10

Evaluation of the alternatives available to the area to address its policy concerns. Section 165.041(1)(b)10., F.S.

Staff Analysis: The Revised Study (p.46) discusses three alternatives to municipal incorporation to address its policy concerns. These three alternatives are: 1) maintain the status quo and remain under the auspices of the Indian Trail Improvement District and Palm Beach County government; 2) allow annexation by or merger with an existing municipality; and 3) work with the county to create a neighborhood overlay. The Study states that maintaining the status quo is considered undesirable since the special district would not have the same legal rights as a municipal government. Incorporation proponents believe that annexation by or merger with an existing municipality is not a suitable option because proponents wish to exercise greater control over land use decisions. Finally, proponents believe the county overlay option would be difficult to implement and would be opposed by the county government. ***An assessment of the validity and reasonableness of the discussed alternatives is more appropriate for policymakers.***

Element 11

Evidence that the proposed municipality meets the requirements for incorporation pursuant to s. 165.061. Section 165.041(1)(b)11., F.S.

Staff Analysis: Section 165.061(1), F.S., enumerates six standards that must be met in the area proposed for incorporation. EDR's analysis of whether Loxahatchee has satisfied each of these six standards is addressed below in Part Two of this letter.

Part Two: EDR’s Evaluation of the Study with Respect to the Standards of Incorporation

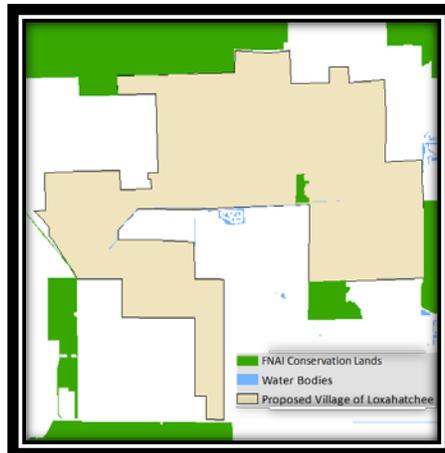
Pursuant to Section 165.061(1), F.S., six standards must be met in the area proposed for incorporation. This section addresses each of these six standards.

Standard 1

It must be compact and contiguous and amenable to separate municipal government. Section 165.061(1)(a), F.S.

Staff Analysis: This section of Florida law does not provide statutory definitions of compact or contiguous. However, the Merriam-Webster dictionary defines *compact*, in part, to mean *occupying a small volume by reason of efficient use of space*. Furthermore, *contiguous* is defined, in part, to mean *touching or connected throughout in an unbroken sequence*.

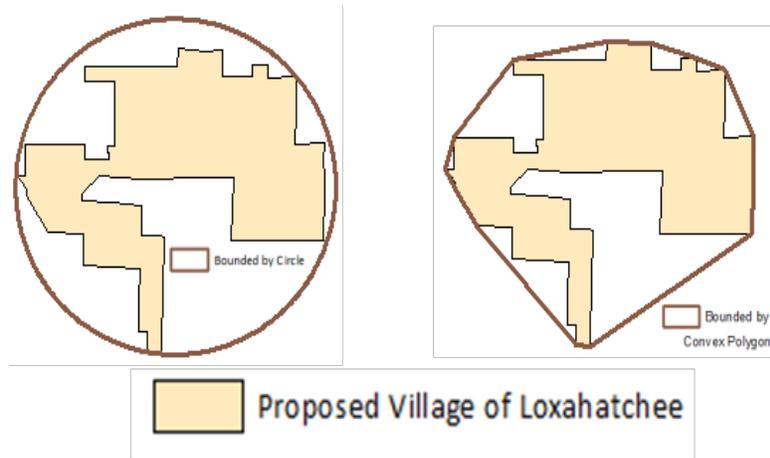
The Revised Study (pp.4,9,13-15) includes maps of the proposed Village of Loxahatchee. Additionally, Section 4 of the draft charter provides the corporate boundaries. For the purpose of analysis, EDR created a map of Loxahatchee based on boundary files supplied by the Study’s authors. EDR’s map representation of Loxahatchee reflects a total area of approximately 26,905 acres (26,847 land acres), which is similar to the Study (p. 5). This map was also used in EDR’s analysis of Standards 2-4 to follow.



In the context of state legislative district boundaries, quantitative geometric measures of compactness have been used. In fact, there is commonly used redistricting software that includes tools designed to measure compactness. These procedures include the Reock method and the Area/Convex Hull method. The Reock method (i.e., circle-dispersion measurement) measures the ratio between the area of the district and the area of the smallest circle that can fit around the district. The Area/Convex Hull method measures the ratio between the area of the district and the area of the smallest convex polygon that can enclose the district. The range of the measures is from 0 to 1, with a score of 1 representing the highest level of compactness.

The following maps reflect the application of these measures of compactness to Loxahatchee, which illustrate: 1) the smallest circle that can fit around the proposed municipal boundaries, in order to calculate the Reock score; and 2) the smallest convex polygon that can fit around the proposed municipal boundaries, in order to calculate the Area/Convex Hull score. For Loxahatchee’s proposed boundary, the Reock score is 0.46, while the Area/Convex Hull score is 0.60. As previously mentioned, the closer the score is to 1, the higher the level of compactness.

Proposed Jurisdiction with Reock and Area/Convex Hull Representations



The Study (p. 3) states: “... the Village of Loxahatchee is compact and contiguous, making it amenable to separate municipal government.” Loxahatchee has an Area/Convex Hull Score greater than only two of Palm Beach County’s 39 municipalities: Belle Glade and Glen Ridge. All of the other Palm Beach County municipalities have scores greater than that of Loxahatchee, with four municipalities posting the highest possible score of 1.0 (i.e., Cloud Lake, Jupiter Inlet Colony, Mangonia Park, and South Palm Beach). These four municipalities reflect some of the smallest geographic areas within the county, ranging from only 0.06 to 0.75 square miles.

When considering the issue of compactness, it may be useful to review the purposes of municipal formation. Section 165.021(1), F.S., states that municipal formation should “allow orderly patterns of urban growth and land use.” In the context of municipal incorporation, compactness increases the likelihood of the efficient delivery of municipal services. In reviewing Loxahatchee’s boundary map, the area does not have any enclaves. EDR’s analysis suggests that Loxahatchee’s boundary appears to be contiguous. However, based on its scores, Loxahatchee’s compactness is subject to debate.

Standard 2

It must have a total population, as determined in the latest official state census, special census, or estimate of population, in the area proposed to be incorporated of at least 1,500 persons in counties with a population of 75,000 or less, and of at least 5,000 persons in counties with a population of more than 75,000. Section 165.061(1)(b), F.S.

Staff Analysis: The most recent official population estimate (i.e., April 1, 2020) for Palm Beach County is 1,466,494. The county’s 2020 Census population count is 1,492,191. Consequently, any new incorporation within the county would be required to have a minimum population of 5,000. The Revised Study (p.5) estimates the proposed 2021 municipal population at 42,987. The Study’s population estimate was developed using Environmental Systems Research Institute or ESRI’s Business Analyst Online software. EDR’s population estimate used the Census Bureau’s smallest reporting unit of data (i.e., blocks); however, the use of census blocks did not perfectly align with the proposed area of incorporation. Using this methodology, EDR’s population estimate was 42,478 as of April 1, 2020. ***Based on both the Study’s estimate and EDR’s approximation, Loxahatchee has a population well above the minimum population of 5,000 required in a county with a total population of more than 75,000. Therefore, Loxahatchee satisfies the minimum total population standard.***

Standard 3

It must have an average population density of at least 1.5 persons per acre or have extraordinary conditions requiring the establishment of a municipal corporation with less existing density. *Section 165.061(1)(c), F.S.*

Staff Analysis: The Revised Study (p.5) states: “Based on measurements calculated using ESRI’s Business Analyst Online and ArcMap GIS software, the Village of Loxahatchee is approximately 42.13 square miles.” Since one square mile equals 640 acres, the proposed area of incorporation would be 26,963.2 acres. Consequently, Loxahatchee’s 2021 population density measure would be 1.59 persons per acre. EDR estimated Loxahatchee’s land area to be approximately 41.95 square miles or 26,847 acres, which yielded a population density measure of 1.58 persons per acre. If the Acreage Pines Natural Area, which is property listed in the Florida Natural Areas Inventory, is omitted, the population density remains unchanged. ***Based on both the Study’s estimate and EDR’s approximation, the minimum population density requirement of at least 1.5 persons per acre would be met. Consequently, it appears that this standard has been satisfied.***

Standard 4

It must have a minimum distance of any part of the area proposed for incorporation from the boundaries of an existing municipality within the county of at least 2 miles or have an extraordinary natural boundary which requires separate municipal government. *Section 165.061(1)(d), F.S.*

Staff Analysis: The Revised Study (p.6) states “Given the recent incorporation of Westlake and Loxahatchee Groves, coupled with the annexation of other adjacent areas by Palm Beach Gardens, Royal Palm Beach, and West Palm Beach, it is impossible to meet the minimum distance requirement due to the extensive population growth in Palm Beach County over the past decade.” ***Using a Municipal Boundaries map prepared by Palm Beach County government (see link below), it appears that the boundaries of six Palm Beach County municipalities (i.e., Loxahatchee Groves, Palm Beach Gardens, Royal Palm Beach, Wellington, Westlake, and West Palm Beach) are located within two miles of the proposed boundaries of Loxahatchee. Since there is no extraordinary natural boundary that would require separate municipal government, it is clear that Loxahatchee does not satisfy the minimum distance standard.***

<https://discover.pbcgov.org/engineering/atlas/Legend%20Pages/014cities%20pg%20xiii.pdf>

Standard 5

It must have a proposed municipal charter which: (1) prescribes the form of government and clearly defines the responsibility for legislative and executive functions, and (2) does not prohibit the legislative body of the municipality from exercising its powers to levy any tax authorized by the Constitution or general law. *Section 165.061(1)(e), F.S.*

Staff Analysis: A draft charter was included in the Study (Appendix B) received by EDR. ***The review of the proposed municipal charter for legal sufficiency is outside EDR’s purview, and the determination that this standard has been properly satisfied is better suited to the legal staffs of the Department of Economic Opportunity, Department of Revenue, and the House Local Administration & Veterans Affairs Subcommittee.***

Standard 6

In accordance with s. 10, Art. I of the State Constitution, the plan for incorporation must honor existing solid-waste contracts in the affected geographic area subject to incorporation. However, the plan for incorporation may provide for existing contracts for solid-waste-collection services to be honored only for 5 years or the remainder of the contract term, whichever is less, and may require that a copy of the pertinent portion of the contract or other written evidence of the duration of the contract, excluding any automatic renewals or evergreen provisions, be provided to the municipality within a reasonable time after a written request to do so. *Section 165.061(1)(f), F.S.*

Staff Analysis: The Revised Study (p.32) states: "If the voters in the Village of Loxahatchee vote for incorporation, consistent with current practices, the existing solid-waste contracts will be honored for, at minimum, five years." Additionally, there is corresponding language in Section 10(12) of the draft charter. ***Since the Study affirmatively states that the municipality will honor existing solid-waste contracts in the affected geographic area as required by law and corresponding language is also included in the proposed municipal charter, it appears that this standard has been satisfied.***

Conclusion

EDR has identified concerns or deficiencies with several of the required elements of the Revised Study, particularly Element #8 regarding evidence of fiscal capacity and Element #9 regarding data and analysis to support the conclusions that incorporation is necessary and financially feasible. EDR has some concerns that positive budget outcomes are difficult to assess due to the lack of documentation as to how some revenues and expenses were determined and assumptions about future growth. Furthermore, EDR reasons that Loxahatchee violates one of the six standards for municipal incorporation. In spite of these potential deficiencies, it should be noted that the Florida Legislature could exercise its option to waive the standard(s) in order for this incorporation proposal to proceed forward.

Additional Supplementary Material

In addition to its review of the Feasibility Study, EDR prepared separate tables that compare Loxahatchee's estimated FY 2023-24 revenues and expenditures (i.e., first fiscal year of municipal operations as indicated in the five-year operational plan) to those of ten similarly-populated Florida municipalities and recently incorporated Florida municipalities. The comparison cities' fiscal data are for the 2019-20 fiscal year and reflect the latest available data submitted by these municipal governments via their Annual Financial Reports to the Florida Department of Financial Services.

Although the reported revenues and expenditures of these municipalities reflect different fiscal years, this comparison may be instructive in illustrating how Loxahatchee's proposed first fiscal year revenues and expenditures compare to existing cities having similar populations or to cities that have recently incorporated. On a per capita basis, Loxahatchee's total revenues and expenditures are significantly lower than most of the other comparison cities having similar populations. Furthermore, Loxahatchee's total revenues and expenditures on a per capita basis are less than all of the municipalities incorporated since 2000. These findings might be expected given Loxahatchee's initial limited scope of operations. However, these findings could also be an indication of the Study's failure to accurately forecast revenues and expenditures. Assuming incorporation occurs, how long Loxahatchee's per capita revenues and expenditures remain that low will ultimately depend on the actions taken by future governing bodies.

Please let us know if you have any questions regarding this review.

Sincerely,

A handwritten signature in cursive script that reads "Amy J. Baker".

Amy J. Baker
Coordinator

cc: Elizabeth Ryon, Staff Director, Senate Committee on Community Affairs

Attachments

Proposed Municipal Incorporation of Loxahatchee

Comparison of the Proposed Municipality's Projected Revenues and Expenditures to Other Similarly-Populated Municipalities

Municipality	Other Similarly-Populated Municipalities (Sorted by Population: High to Low)										
	North Lauderdale	Cutler Bay	Altamonte Springs	Fort Pierce	Clermont	Loxahatchee (Proposed)	Ormond Beach	Oviedo	Hallandale Beach	Greenacres	Plant City
Respective County	Broward	Miami-Dade	Seminole	St. Lucie	Lake	Palm Beach	Volusia	Seminole	Broward	Palm Beach	Hillsborough
2021 Population Estimate						42,987					
2020 Population Estimate	45,549	45,480	45,304	44,476	44,301	-	41,782	40,145	39,945	39,945	39,846
2019 Population Estimate	45,207	45,411	45,293	43,653	40,750	-	41,289	40,021	39,834	39,813	39,478
Year of Incorporation	1963	2005	1920	1901	1916	2022	1880	1925	1927	1926	1885
Total Revenues by Category											
Taxes	\$ 16,270,643	\$ 11,358,130	\$ 21,155,860	\$ 31,165,363	\$ 20,933,301	\$ 11,368,485	\$ 22,822,852	\$ 22,901,136	\$ 49,126,788	\$ 21,208,279	\$ 22,419,547
Permits, Fees, and Special Assessments	\$ 12,162,058	\$ 2,701,314	\$ 5,994,195	\$ 4,575,647	\$ 11,318,409	\$ 1,742,636	\$ 6,988,900	\$ 4,513,781	\$ 16,812,226	\$ 2,523,352	\$ 7,123,339
Intergovernmental Revenue	\$ 7,875,036	\$ 7,560,919	\$ 14,044,579	\$ 8,624,583	\$ 6,150,598	\$ 3,767,278	\$ 8,317,886	\$ 7,362,045	\$ 13,550,601	\$ 5,418,045	\$ 11,884,884
Charges for Services	\$ 19,715,584	\$ 1,337,514	\$ 31,899,441	\$ 115,400,125	\$ 25,607,503	\$ 300,000	\$ 33,163,749	\$ 26,100,270	\$ 50,700,402	\$ 4,717,764	\$ 34,432,118
Judgments, Fines, and Forfeits	\$ 573,312	\$ 149,315	\$ 176,596	\$ 454,024	\$ 230,388	\$ 10,000	\$ 77,528	\$ 163,682	\$ 580,812	\$ 49,946	\$ 124,414
Miscellaneous Revenues	\$ 3,676,279	\$ 456,500	\$ 14,971,684	\$ 39,544,787	\$ 11,165,119	\$ 70,000	\$ 19,188,653	\$ 11,906,335	\$ 38,320,414	\$ 6,054,117	\$ 13,515,323
Other Sources	\$ 4,893,393	\$ 1,415,377	\$ 4,912,117	\$ 39,773,837	\$ 7,458,912	\$ -	\$ 8,625,747	\$ 9,081,957	\$ 26,350,010	\$ 710,000	\$ 8,743,738
Total - All Revenue Accounts	\$ 65,166,305	\$ 24,979,069	\$ 93,154,472	\$ 239,538,366	\$ 82,864,230	\$ 17,258,399	\$ 99,185,315	\$ 82,029,206	\$ 195,441,253	\$ 40,681,503	\$ 98,243,363
Per Capita Revenues by Category											
Taxes	\$ 357	\$ 250	\$ 467	\$ 701	\$ 514	\$ 264	\$ 546	\$ 570	\$ 1,230	\$ 531	\$ 563
Permits, Fees, and Special Assessments	\$ 267	\$ 59	\$ 132	\$ 103	\$ 278	\$ 41	\$ 167	\$ 112	\$ 421	\$ 63	\$ 179
Intergovernmental Revenue	\$ 173	\$ 166	\$ 310	\$ 194	\$ 151	\$ 88	\$ 199	\$ 183	\$ 339	\$ 136	\$ 298
Charges for Services	\$ 433	\$ 29	\$ 704	\$ 2,595	\$ 628	\$ 7	\$ 794	\$ 650	\$ 1,269	\$ 118	\$ 864
Judgments, Fines, and Forfeits	\$ 13	\$ 3	\$ 4	\$ 10	\$ 6	\$ 0	\$ 2	\$ 4	\$ 15	\$ 1	\$ 3
Miscellaneous Revenues	\$ 81	\$ 10	\$ 330	\$ 889	\$ 274	\$ 2	\$ 459	\$ 297	\$ 959	\$ 152	\$ 339
Other Sources	\$ 107	\$ 31	\$ 108	\$ 894	\$ 183	\$ -	\$ 206	\$ 226	\$ 660	\$ 18	\$ 219
Total - All Revenue Accounts	\$ 1,431	\$ 549	\$ 2,056	\$ 5,386	\$ 2,033	\$ 401	\$ 2,374	\$ 2,043	\$ 4,893	\$ 1,018	\$ 2,466
Total Expenditures by Category											
General Government Services	\$ 6,303,695	\$ 14,427,199	\$ 20,566,993	\$ 41,623,822	\$ 15,752,929	\$ 5,612,236	\$ 12,273,433	\$ 7,584,303	\$ 46,356,448	\$ 6,337,822	\$ 13,135,878
Public Safety	\$ 21,029,223	\$ 10,333,732	\$ 13,539,239	\$ 19,635,398	\$ 21,733,428	\$ 7,277,488	\$ 17,430,578	\$ 17,704,191	\$ 47,201,026	\$ 19,738,414	\$ 22,001,893
Physical Environment	\$ 14,515,555	\$ -	\$ 26,924,156	\$ 103,430,802	\$ 18,418,855	\$ 1,067,210	\$ 27,509,250	\$ 15,719,240	\$ 31,492,146	\$ 2,433,804	\$ 26,211,690
Transportation	\$ 2,559,335	\$ -	\$ 5,646,345	\$ 3,078,572	\$ 1,810,522	\$ 1,723,489	\$ 6,533,410	\$ 9,839,837	\$ 2,318,218	\$ 2,623,613	\$ 4,204,605
Economic Environment	\$ 217,942	\$ -	\$ -	\$ 1,835,233	\$ 3,451,967	\$ -	\$ 461,989	\$ 92,797	\$ 7,656,944	\$ -	\$ 2,833,631
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,127	\$ 5,372,250	\$ 1,315,085	\$ -	\$ -
Culture / Recreation	\$ 4,507,725	\$ 3,136,908	\$ 5,715,634	\$ 13,617,400	\$ 5,983,600	\$ 786,983	\$ 9,564,271	\$ 6,142,757	\$ 10,666,464	\$ 2,767,466	\$ 9,673,733
Other Uses and Non-Operating	\$ 4,893,393	\$ 1,415,377	\$ 4,424,374	\$ 36,203,391	\$ 6,539,878	\$ -	\$ 16,325,356	\$ 12,394,611	\$ 4,124,719	\$ 710,000	\$ 7,590,186
Total - All Expenditure Accounts	\$ 54,026,868	\$ 29,313,216	\$ 76,816,741	\$ 219,424,618	\$ 73,691,179	\$ 16,467,406	\$ 90,215,414	\$ 74,849,986	\$ 151,131,050	\$ 34,611,119	\$ 85,651,616
Per Capita Expenditures by Category											
General Government Services	\$ 138	\$ 317	\$ 454	\$ 936	\$ 387	\$ 131	\$ 294	\$ 189	\$ 1,161	\$ 159	\$ 330
Public Safety	\$ 462	\$ 227	\$ 299	\$ 441	\$ 533	\$ 169	\$ 417	\$ 441	\$ 1,182	\$ 494	\$ 552
Physical Environment	\$ 319	\$ -	\$ 594	\$ 2,326	\$ 452	\$ 25	\$ 658	\$ 392	\$ 788	\$ 61	\$ 658
Transportation	\$ 56	\$ -	\$ 125	\$ 69	\$ 44	\$ 40	\$ 156	\$ 245	\$ 58	\$ 66	\$ 106
Economic Environment	\$ 5	\$ -	\$ -	\$ 41	\$ 85	\$ -	\$ 11	\$ 2	\$ 192	\$ -	\$ 71
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 134	\$ 33	\$ -	\$ -
Culture / Recreation	\$ 99	\$ 69	\$ 126	\$ 306	\$ 147	\$ 18	\$ 229	\$ 153	\$ 267	\$ 69	\$ 243
Other Uses and Non-Operating	\$ 107	\$ 31	\$ 98	\$ 814	\$ 160	\$ -	\$ 391	\$ 309	\$ 103	\$ 18	\$ 190
Total - All Expenditure Accounts	\$ 1,186	\$ 645	\$ 1,696	\$ 4,934	\$ 1,808	\$ 383	\$ 2,159	\$ 1,864	\$ 3,783	\$ 866	\$ 2,150

Proposed Municipal Incorporation of Loxahatchee

Comparison of the Proposed Municipality's Projected Revenues and Expenditures to Other Similarly-Populated Municipalities

Notes:

- 1) The revenues and expenditures of the comparison municipalities (except Clermont) are obtained from Annual Financial Reports (AFR) for the local fiscal year ended 2020 (most recent fiscal year data currently available) submitted to the Florida Department of Financial Services. The calculations of per capita revenues and expenditures are made using each respective municipality's 2020 population estimate since it corresponds to the AFR fiscal year data. As of the date of this analysis, data from Clermont's FY 2019-20 AFR are not yet available. Consequently, EDR uses the FY 2018-19 AFR data, and the per capita calculations are made using Clermont's 2019 population estimate.
- 2) This analysis uses Loxahatchee's proposed first full fiscal year (i.e., LFY 2023-24) revenues and expenditures, which are summarized in the Feasibility Study. The calculations of per capita revenues and expenditures are made using an estimated 2021 population of 42,987.
- 3) Loxahatchee's Taxes revenue amount of \$11,368,485 is the sum total of the Study's Ad Valorem Tax, Communication Services Tax, Discretionary Sales Surtax, Local Option Gas Tax, and Utility Service Tax figures. The Permits, Fees, and Special Assessments revenue amount of \$1,742,636 is the sum total of the Study's Franchise Fee and Permits & Fees figures. The Intergovernmental Revenues amount of \$3,767,278 is the sum total of the Study's State Shared Revenue and 1/2 Cent Sales Tax figures. The Charges for Service revenue amount is \$300,000, and the Judgments, Fines, and Forfeits amount is \$10,000. The Miscellaneous Revenues amount of \$70,000 is the sum total of the Study's Investment Income and Miscellaneous Income. These revenue figures are reported in the Revised Study's five-year revenue projections (p.31). This analysis excludes the Study's Constitutional Gas Tax revenue amount from consideration because it is a county revenue source rather than a municipal revenue source.
- 4) Loxahatchee's General Government Services expenditure amount of \$5,612,236 is the sum total of the Administration, Finance, Planning, Operating Expenses, and Capital-Operating figures. The Public Safety expenditure amount of \$7,277,488 is the sum total of the Code Enforcement, Building, and Police figures. The Physical Environment expenditure amount of \$1,067,210 is the sum total of the Public Works Director, Fleet, and Capital Projects figures. The Transportation expenditure amount of \$1,723,489 is the Roads figure. The Culture/Recreation expenditure amount of \$786,983 is the Parks and Recreation figure. These expenditure figures are reported in the Revised Study's five-year expenditure projections (pp.38-44).

Proposed Municipal Incorporation of Loxahatchee

Comparison of the Proposed Municipality's Proposed Revenues and Expenditures to Those Municipalities Incorporated Since 2000

Municipality	Miami Lakes	Southwest Ranches	Palmetto Bay	Doral	Miami Gardens	Cutler Bay	West Park	Grant-Valkaria	Loxahatchee Groves	Estero	Westlake	Indiantown	Loxahatchee (Proposed)
Respective County	Miami-Dade	Broward	Miami-Dade	Miami-Dade	Miami-Dade	Miami-Dade	Broward	Brevard	Palm Beach	Lee	Palm Beach	Martin	Palm Beach
2021 Population Estimate	-	-	-	-	-	-	-	-	-	-	-	-	42,987
2020 Population Estimate	32,299	7,786	24,870	71,314	114,363	45,480	15,228	4,492	3,426	33,120	951	6,822	-
2019 Population Estimate	31,523	7,704	24,341	70,420	114,284	45,411	15,197	4,346	3,404	32,412	380	6,728	-
2018 Population Estimate	31,118	7,706	24,144	68,244	113,628	45,373	14,985	4,260	3,384	31,806	29	6,707	-
2017 Population Estimate	30,586	7,614	24,138	64,167	113,201	45,222	14,912	4,142	3,321	30,945	5	-	-
2016 Population Estimate	30,456	7,572	23,962	59,304	111,998	44,901	14,768	4,073	3,271	30,565	-	-	-
Year of Incorporation	2000	2000	2002	2003	2003	2005	2005	2006	2006	2014	2016	2017	2022
Total Revenues by Category													
Taxes	\$ 12,693,403	\$ 7,986,170	\$ 11,449,058	\$ 49,072,366	\$ 55,473,816	\$ 11,358,130	\$ 6,632,168	\$ 788,750	\$ 2,038,923	\$ 6,841,412	\$ 708,610	\$ 4,332,979	\$ 11,368,485
Permits, Fees, and Special Assessments	\$ 4,190,782	\$ 6,116,161	\$ 3,056,907	\$ 13,614,249	\$ 15,738,725	\$ 2,701,314	\$ 5,757,021	\$ 766,761	\$ 2,174,515	\$ 4,871,367	\$ 2,383,751	\$ 292,556	\$ 1,742,636
Intergovernmental Revenue	\$ 6,435,404	\$ 1,271,749	\$ 4,838,689	\$ 9,875,704	\$ 21,848,848	\$ 7,560,919	\$ 2,147,722	\$ 427,680	\$ 383,335	\$ 4,244,825	\$ 864	\$ 6,623,057	\$ 3,767,278
Charges for Services	\$ 1,146,692	\$ 112,230	\$ 566,875	\$ 2,560,146	\$ 5,590,591	\$ 1,337,514	\$ 793,123	\$ 613,267	\$ 882,854	\$ 230,803	\$ 202,206	\$ 146,459	\$ 300,000
Judgments, Fines, and Forfeits	\$ 195,265	\$ 306,019	\$ 253,139	\$ 1,733,918	\$ 5,907,215	\$ 149,315	\$ 425,756	\$ 15	\$ 36,911	\$ -	\$ -	\$ -	\$ 10,000
Miscellaneous Revenues	\$ 376,145	\$ 258,452	\$ 591,305	\$ 5,067,921	\$ 3,662,110	\$ 456,500	\$ 93,857	\$ 45,052	\$ 187,689	\$ 1,504,891	\$ 1,369,276	\$ 258,960	\$ 70,000
Other Sources	\$ 3,887,915	\$ 2,925,097	\$ -	\$ 1,456,006	\$ 96,037,450	\$ 1,415,377	\$ 211,193	\$ 252,564	\$ -	\$ 11,178,860	\$ -	\$ -	\$ -
Total - All Revenue Accounts	\$ 28,925,606	\$ 18,975,878	\$ 20,755,973	\$ 83,380,310	\$ 204,258,755	\$ 24,979,069	\$ 16,060,840	\$ 2,894,089	\$ 5,704,227	\$ 28,872,158	\$ 4,664,707	\$ 11,654,011	\$ 17,258,399
Per Capita Revenues by Category													
Taxes	\$ 393	\$ 1,026	\$ 460	\$ 688	\$ 485	\$ 250	\$ 436	\$ 176	\$ 599	\$ 207	\$ 745	\$ 635	\$ 264
Permits, Fees, and Special Assessments	\$ 130	\$ 786	\$ 123	\$ 191	\$ 138	\$ 59	\$ 378	\$ 171	\$ 639	\$ 147	\$ 2,507	\$ 43	\$ 41
Intergovernmental Revenue	\$ 199	\$ 163	\$ 195	\$ 138	\$ 191	\$ 166	\$ 141	\$ 95	\$ 113	\$ 128	\$ 1	\$ 971	\$ 88
Charges for Services	\$ 36	\$ 14	\$ 23	\$ 36	\$ 49	\$ 29	\$ 52	\$ 137	\$ 259	\$ 7	\$ 213	\$ 21	\$ 7
Judgments, Fines, and Forfeits	\$ 6	\$ 39	\$ 10	\$ 24	\$ 52	\$ 3	\$ 28	\$ 0	\$ 11	\$ -	\$ -	\$ -	\$ 0
Miscellaneous Revenues	\$ 12	\$ 33	\$ 24	\$ 71	\$ 32	\$ 10	\$ 6	\$ 10	\$ 55	\$ 45	\$ 1,440	\$ 38	\$ 2
Other Sources	\$ 120	\$ 376	\$ -	\$ 20	\$ 840	\$ 31	\$ 14	\$ 56	\$ -	\$ 338	\$ -	\$ -	\$ -
Total - All Revenue Accounts	\$ 896	\$ 2,437	\$ 835	\$ 1,169	\$ 1,786	\$ 549	\$ 1,055	\$ 644	\$ 1,676	\$ 872	\$ 4,905	\$ 1,708	\$ 401
Total Expenditures by Category													
General Government Services	\$ 6,436,206	\$ 3,646,932	\$ 4,748,367	\$ 20,298,218	\$ 84,114,730	\$ 14,427,199	\$ 2,204,155	\$ 521,769	\$ 1,504,901	\$ 5,431,230	\$ 3,303,318	\$ 4,040,368	\$ 5,612,236
Public Safety	\$ 10,746,835	\$ 8,027,196	\$ 10,876,295	\$ 30,679,329	\$ 44,924,539	\$ 10,333,732	\$ 9,216,670	\$ 24,509	\$ 710,240	\$ 1,305,996	\$ 650,451	\$ 132,753	\$ 7,277,488
Physical Environment	\$ 2,237,826	\$ 1,425,460	\$ 839,208	\$ 2,561,962	\$ 2,961,894	\$ -	\$ 204,260	\$ 570,354	\$ 2,285,005	\$ 191,691	\$ 84,171	\$ 22,099	\$ 1,067,210
Transportation	\$ 4,921,433	\$ 1,310,239	\$ 5,156,286	\$ 12,382,018	\$ 9,567,156	\$ -	\$ 2,317,114	\$ 476,936	\$ 320,102	\$ 10,491,354	\$ -	\$ 872,439	\$ 1,723,489
Economic Environment	\$ -	\$ -	\$ 3,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,550	\$ -	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ 713,606	\$ -	\$ -	\$ -	\$ -	\$ 37,932	\$ -	\$ -	\$ -
Culture / Recreation	\$ 3,226,250	\$ 468,354	\$ 2,033,148	\$ 12,422,407	\$ 13,532,454	\$ 3,136,908	\$ 1,186,423	\$ 38,888	\$ -	\$ 73,695	\$ -	\$ 423,909	\$ 786,983
Other Uses and Non-Operating	\$ 2,590,622	\$ 2,899,236	\$ -	\$ 940,000	\$ 30,232,450	\$ 1,415,377	\$ 211,193	\$ 252,564	\$ -	\$ 11,178,860	\$ -	\$ 173,707	\$ -
Total - All Expenditure Accounts	\$ 30,159,172	\$ 17,777,417	\$ 23,656,692	\$ 79,283,934	\$ 186,046,829	\$ 29,313,216	\$ 15,339,815	\$ 1,885,020	\$ 4,820,248	\$ 28,710,758	\$ 4,048,490	\$ 5,665,275	\$ 16,467,406
Per Capita Expenditures by Category													
General Government Services	\$ 199	\$ 468	\$ 191	\$ 285	\$ 736	\$ 317	\$ 145	\$ 116	\$ 442	\$ 164	\$ 3,474	\$ 592	\$ 131
Public Safety	\$ 333	\$ 1,031	\$ 437	\$ 430	\$ 393	\$ 227	\$ 605	\$ 5	\$ 209	\$ 39	\$ 684	\$ 19	\$ 169
Physical Environment	\$ 69	\$ 183	\$ 34	\$ 36	\$ 26	\$ -	\$ 13	\$ 127	\$ 671	\$ 6	\$ 89	\$ 3	\$ 25
Transportation	\$ 152	\$ 168	\$ 207	\$ 174	\$ 84	\$ -	\$ 152	\$ 106	\$ 94	\$ 317	\$ -	\$ 128	\$ 40
Economic Environment	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ -	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Culture / Recreation	\$ 100	\$ 60	\$ 82	\$ 174	\$ 118	\$ 69	\$ 78	\$ 9	\$ -	\$ 2	\$ -	\$ 62	\$ 18
Other Uses and Non-Operating	\$ 80	\$ 372	\$ -	\$ 13	\$ 264	\$ 31	\$ 14	\$ 56	\$ -	\$ 338	\$ -	\$ 25	\$ -
Total - All Expenditure Accounts	\$ 934	\$ 2,283	\$ 951	\$ 1,112	\$ 1,627	\$ 645	\$ 1,007	\$ 420	\$ 1,416	\$ 867	\$ 4,257	\$ 830	\$ 383

Proposed Municipal Incorporation of Loxahatchee

Comparison of the Proposed Municipality's Proposed Revenues and Expenditures to Those Municipalities Incorporated Since 2000

Notes:

- 1) The revenues and expenditures of the comparison municipalities (except Loxahatchee Groves) are obtained from Annual Financial Reports (AFR) for FY 2019-20 (i.e., most recent fiscal year data currently available) submitted to the Florida Department of Financial Services. The calculations of per capita revenues and expenditures are made using each respective municipality's 2020 population estimate since it corresponds to the AFR fiscal year data. As of the date of this analysis, data from Loxahatchee Groves' FY 2019-20 AFR are not yet available. Consequently, EDR uses the FY 2018-19 AFR data, and the per capita calculations are made using Loxahatchee Groves' 2019 population estimate.
- 2) This analysis uses the Loxahatchee's first full fiscal year (i.e., LFY 2023-24) revenues and expenditures, which are summarized in its feasibility study. The calculations of Loxahatchee's per capita revenues and expenditures are made using its 2021 estimated population of 42,987.