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*Speaker of the House of
Representatives*

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State Affairs Committee
Local, Federal & Veterans Affairs Subcommittee
209 House Office Building
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Mr. Miller:

At the Subcommittee's request, the Office of Economic and Demographic Research (EDR) evaluated the revised submission *Town of Preservation Incorporation Feasibility Study – October 1, 2018*, with regard to the requirements and standards expressed in Chapter 165, F.S. EDR also considered whether the revised Study's methodologies, findings, projections, and recommendations accurately reflect the feasibility of municipal incorporation.

After analyzing the data and information submitted in this revised Feasibility Study (hereinafter, "the Study") and other available data, EDR reasons that the proposed municipality of Preservation (hereinafter, "Preservation") appears to violate two of the six statutory standards of incorporation (i.e., Standard #1: the area must be compact and contiguous, and Standard #3: the area must have an average population density of at least 1.5 persons per acre). 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 Study (p. 6, lines 195-200) states: "The area to be known as the Town of Preservation, Florida, is in unincorporated east Orange County and includes all of the Sunflower Trail/Seaward Plantation and Corner Lake Rural Settlements; portions of the Lake Pickett and Bithlo Rural Settlements;

low-density, single-family residential communities east of the University of Central Florida and the Central Florida Research Park; rural and conservation lands to their east; and commercial properties along State Road 50 (East Colonial Drive).” The proposed Municipal Charter (Article I, Section 1.06) includes a description of the territorial boundaries. The Study includes separate boundary and land use maps (pp. 8, 13, 41). ***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 18, 2018 letter to the Study’s submitters, the Local, Federal and Veterans Affairs Subcommittee (hereinafter, “the Subcommittee”) noted that the description in the August 2018 Study “reads like a summary of calls from a metes and bounds survey but does not include the degree settings or length of survey runs along the specified lines that would accurately locate the territory.” While the Subcommittee staff noted that a formal survey is not required, the staff suggested that a copy could be provided if prepared for the Study.***

Element #2

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

Staff Analysis: The Study (pp. 10-11, lines 260-328) lists the following primary reasons that led community leaders to explore the viability of Preservation’s incorporation.

1. A decreased quality of life for local area residents due to rapid population growth since 2000 that has resulted in “gridlocked roads, diminished rural community characteristics, declining access to existing county services, and increased citizen demand for community services ...”.
2. The proposed area of incorporation’s rural and urban populations increased without the necessary infrastructure to support such growth.
3. A considerable portion of the tax revenue generated from within the proposed area of incorporation has been used to support law enforcement, parks and recreation, transportation, and other services elsewhere in Orange County.
4. The Orange County Board of County Commissioners’ 2016 approval of high-density development in rural land east of the Econlockhatchee River without extending the urban service area to accommodate such future growth.

An assessment of the validity and reasonableness of the discussed reasons is more appropriate for policymakers and depends on the reader’s support or opposition to municipal incorporation.

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 Study (pp. 12-18, lines 329-459) provides discussions of current land use designations, current county zoning designations, current land use characteristics, major conservation areas within the proposed area of incorporation, and a description of proposed developments. ***Whether or not these discussions 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: At the suggestion of the Subcommittee staff, the Study (p. 19, lines 460-486) provides a revised list of public agencies and private sector 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 Study (p. 20, line 488) states: “Most services within the proposed incorporation currently are provided by Orange County.” The residents of the Preservation incorporation area currently receive governmental services (i.e., fire and rescue, library and cultural facilities, parks and recreation, planning and zoning, public works, street lighting, and transportation) from Orange County Government. The Orange County Sheriff’s Department provides law enforcement, and the Orange County Utilities Administration or private provider provides water and sewer services. Additionally, other government services are being provided by the various court systems, St. Johns River Water Management District, and the Orange County School District. Solid waste and disposal services are provided by a private provider under contract with Orange County.

In its review of the initial Study, the Subcommittee staff noted that total annual costs for services currently being provided to residents were not included. This revised Study (p. 21, lines 502-512) provides the estimated annual costs of local government services. ***With the addition of the total annual 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: In its review of the initial Study, the Subcommittee staff identified three deficiencies and suggested further actions to resolve them. First, the submitters were asked to provide information from Orange County verifying all services provided to the incorporation area would continue at the present levels without additional funding. Second, the submitters were asked to provide information confirming the County’s intent to continue operating the Municipal Service Taxing Unit (MSTU), established for unincorporated Orange County, within the area of incorporation and for the incorporated Town to comply with the requirements of s. 125.01(1)(q), F.S. Third, the submitters were asked to advise if the County has considered the impact of Preservation’s incorporation on state revenue-sharing distributions to the county and the other municipalities within the county.

In their follow-up response to the Subcommittee staff, the submitters addressed how each deficiency was addressed in the revised Study. With respect to the first deficiency, the submitters stated that they are awaiting the County’s response to the issue of service levels and funding. The Study (p. 26, lines 648-658) states that Orange County did verify that fire protection services will be provided at the current Fire

Rescue MSTU millage rate. Furthermore, the proposed municipal charter in Article X, Section 10.06, states: "To ensure that there is no discontinuity in the provision, level, or quality of municipal service delivery to the proposed town, and until such time as the town may enter into interlocal agreements with Orange County regarding the provision of municipal services, all municipal services currently provided by Orange County shall continue at the service levels existing at the time of municipal incorporation." With respect to the second deficiency, the Study (p. 26, lines 648-668) states that property owners within the proposed incorporation area are currently assessed 2.2437 mills for fire and rescue services and 1.8043 mills for law enforcement services. The Study describes the intent to reduce the current 1.8043 mills imposed by the county to 0.6434 mills imposed by the Town (p. 22, lines 524-527) and comply with the requirements of s. 125.01(1)(q), F.S. With respect to the third deficiency, the submitters stated their understanding that the county has not yet considered the impact of the proposed incorporation on state revenue-sharing with the county and other municipalities within the county. ***This Study (p. 30, lines 749-751) does provide the estimated costs of local government services in its five-year operational plan. However, as previously discussed, the submitters are still awaiting county responses to address two of the three deficiencies noted by the Subcommittee staff. Consequently, this element has not yet been fully satisfied.***

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 Study (p. 27, lines 670-672) 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: The Study includes the five-year revenue/expense forecast (p. 30, lines 749-751), development of the revenue analysis (p. 28, lines 673-710; pp. 34-36, lines 873-964), and development of the expenditure analysis (pp. 22-26, lines 513-669; pp. 36-37, lines 965-995). Proponents are seeking legislative approval of an incorporation bill during the 2019 session.

The Study discusses eight anticipated revenue sources that will be utilized by Preservation in the first-year of municipal operations (i.e., local FY 2019-20) and in the following four years thereafter: five tax sources (i.e., Ad Valorem Tax, Communications Services Tax, and three separate Public Services Taxes on electricity, metered gas, and propane); one fee source (i.e., Franchise Fee on electricity); and two intergovernmental revenues (i.e., Local Government Half-cent Sales Tax and Municipal Revenue Sharing). The Study also discusses anticipated expenditures reflecting costs associated with salary and benefits for hired staff, contracted services, and contingency reserve.

EDR has the following comments regarding this element.

- 1. To better assist local citizens and state reviewers in understanding this proposal, it would have been useful if the Study's authors had included an incorporation/revenue timeline, which would specify actual or anticipated dates (i.e., month & year) of activities important to Preservation's formation. 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, 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. Without a timeline, it is unclear if first-year revenues and expenses should be prorated to reflect a fractional year of operation. Because it appears that an incorporation referendum would occur in the Fall of 2019, EDR believes these first-year figures should be prorated.**
- 2. In the five-year operational plan (p. 30, lines 749-751), the presentation of revenues 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 Annual Financial Report (AFR) to the State. For example, the Taxes category only includes Ad Valorem Taxes. However, the Communications Services Tax and Public Service Taxes should be included in this category as well. Additionally, the Local Option Gas Tax is listed under a separate State Shared Revenue category rather than under Taxes. Furthermore, the annual revenues for Local Option Gas Tax are zero, which is puzzling considering the proposed municipal charter. Article X, Section 10.08 Gas Tax Revenue states: "... the town shall be entitled to receive local option gas tax revenues upon ratification of the referendum results establishing Preservation as an incorporated municipality in accordance with the interlocal agreements with Orange County." If Preservation's intent is to receive its share of local option gas tax proceeds and use the funds to contract with the county to provide public works, then the corresponding revenue and expense should be reflected in the plan.**
- 3. The Study mentions the inclusion of several revenues that are not reflected in the five-year operational plan. For example, the Study (p. 28, lines 707-709) states: "The Five-Year Operational Plan includes General Fund revenues obtained from charges for services, building permits, and other miscellaneous fees." However, none of these revenue sources are included. Additionally, the Study (p. 35, lines 924-925) states: "Therefore, to determine feasibility, franchise fees, utility taxes, and business tax receipts are included as a revenue source." Although the Local Business Tax is listed as a line-item in the Revenues section (p. 30, lines 749-751), the annual revenue figures are omitted.**
- 4. The Study does not explain how revenue figures were derived, which makes it difficult for local citizens and state reviewers to assess the reasonableness of these figures. For example, FY 2019-20 Ad Valorem Taxes are listed as \$608,509 with no explanation. Mathematically, ad valorem taxes levied are derived as follows:**

$$\text{Taxes Levied} = \text{Taxable Value} * (\text{Millage Rate}/1000).$$

Consequently, the Study's reported taxable value figure of \$945,749,911 (p. 34, line 863) multiplied by the proposed millage rate (p. 28, line 692) of 0.6434 mills / 1,000 equals \$608,495, which is roughly the same as the Study's figure. Similarly, the Study provides little explanation of how the first-year revenue-sharing, utility tax, communications services tax, and franchise fee

figures were derived other than the very general statement that estimates were proportional to the Town's population relative to the county's population (p. 28; lines 698-699, 701-702, 705-706).

- 5. The Study (p. 30, lines 749-751) outlines the expected municipal revenues originating from two state revenue-sharing programs: Local Government Half-cent Sales Tax and Municipal Revenue Sharing. As listed in the five-year operational plan, the first-year (i.e., FY 2019-20) figures for these programs are \$2,807,208 and \$500,971, respectively. The Study's Appendix D includes a state revenue-sharing analysis prepared by the Florida Department of Revenue (DOR). Based on the Study's estimated municipal population of 17,466 and total taxable value of \$945,749,911, the DOR calculated Preservation's hypothetical FY 2018-19 estimated Local Government Half-cent Sales Tax and Municipal Revenue Sharing distributions as \$2,807,227 and \$492,684, respectively. Since the DOR administers these state revenue-sharing programs, EDR suggests that a better methodology to use in the Study would have been to grow the DOR's FY 2018-19 estimates (base year) into the forecast period using reasonable growth assumptions.**
- 6. In its response to the Subcommittee's deficiencies letter, the submitters, in answer to a question about how the 3-mill equivalency test will be met (p. 8, E.1. Response), state: "While the feasibility study described the taxing effort placed on residents, a significant point of clarification is that the combination of ad valorem tax, and utility taxes for electric, metered gas, and propane tax gases, were estimated using the City of Maitland, which is comparable to the proposed town in population size, to estimate the \$2,844,509 taxing effort." Although the City of Maitland in Seminole County is comparable, in terms of population size to Preservation, EDR reasons that it would have been better to use Orange County's reported Public Service Tax (PST) revenues to forecast Preservation's PST revenues in its five-year operational plan.**

This methodology would calculate Preservation's proportional share of Orange County's unincorporated population and multiply that percentage by Orange County's reported FY 2016-17 PST revenues from its AFR, which reflect revenues collected within the county's unincorporated areas.

Preservation's % of Orange County's 2018 Unincorp. Pop.: $(17,466/855,307) = 2.04\%$.

Orange County's FY 2016-17 PST Revenues:

Electricity: \$62,249,046
Metered Gas: \$1,130,280
Propane: \$934,409.

Preservation's Estimated FY 2016-17 PST Revenues:

Electricity: $\$62,249,046 * 2.04\% = \$1,269,881$
Metered Gas: $\$1,130,280 * 2.04\% = \$23,058$
Propane: $\$934,409 * 2.04\% = \$19,062$

Since these figures reflect hypothetical FY 2016-17 revenues, each revenue figure could be grown into the plan's first-year (i.e., FY 2019-20) using growth rate assumptions based on the county's historical PST collections for each utility type. Based on EDR calculations, the 2013-2017 Compound Annual Growth Rates (CAGRs) for electricity, metered gas, and propane are 2.8%, 7.9%, and 0.4%, respectively.

Preservation's FY 2019-20 PST Revenue Forecast:

Electricity: \$1,379,566
Metered Gas: \$28,966
Propane: \$19,292

EDR's methodology results in total revenue of \$1,427,824 for electric, metered gas, and propane PST revenues, which is \$808,176 less than the plan's combined first-year PST revenues of \$2,236,000. Furthermore, EDR's review of Orange County's FY 2018-19 Budget and the historical PST revenue collections show that Orange County also collects PST on water service and fuel oil; however, neither of these revenues are included in Preservation's five-year operational plan.

Applying the same EDR methodology to the county's most recent PST revenues from water service and fuel oil, results in the following:

Preservation's FY 2019-20 PST Revenue Forecast:

Water Service: \$224,564
Fuel Oil: \$5

Combining EDR's water service and fuel oil estimates with its estimates for electric, metered gas, and propane results in a revised total PST revenue of \$1,652,393, which is \$583,607 less than the plan's combined first-year PST revenues. EDR believes the use of the City of Maitland data, rather than Orange County data, as well as the Preservation's exclusion of PST revenues from water service and fuel oil is problematic. Consequently, the Study's PST revenue figure appears to be significantly overstated and calls into question Preservation's ability to satisfy the 3-mill equivalency test to qualify for state revenue-sharing.

- 7. The Study (p. 30, lines 749-751) outlines the expected municipal revenues originating from the Communications Services Tax (CST). The Study indicates that Orange County currently receives CST revenues from the State, and the county retains these revenues. Furthermore, Article X, Section 10.09 of the proposed municipal charter states: "Beginning fiscal year 2020 Orange County shall distribute to the town, from taxes, franchise fees, and ad valorem taxes, which include the communication services taxes, revenues collected within the municipal boundaries of the town." The Study provides a first-year (i.e., FY 2019-20) CST figure of \$1,100,000. The Study (p. 28, lines 705-706) states: "The formula for determining revenue distribution is based on the Town's projected population of 17,466 residents." There is no more detailed explanation of how the CST figure was developed; therefore, it is difficult to assess its reasonableness.**

Using the most recent FY 2018-19 CST estimates for Orange County Government prepared by DOR and the official 2018 Florida population estimate for unincorporated Orange County, one possible methodology to calculate a CST revenue estimate for Preservation is illustrated below.

FY 2018-19 Orange County CST Estimate (based on current 4.98% tax rate): \$19,220,363.

2018 Unincorporated Population of Orange County: 855,307.

Unincorporated Per Capita CST Estimate: (\$19,220,363 / 855,307) = \$22.47.

Preservation's CST Estimate (i.e., Per Capita CST * Pop.): \$22.47 * 17,466 = \$392,461.

EDR's CST estimate of \$392,461 is significantly less than the Study's estimate of \$1,100,000. Consequently, the Study's CST revenue figure appears to be significantly overstated.

- 8. The Study (p. 30, lines 749-751) outlines the expected municipal revenues originating from the Franchise Fee on Electricity. The Study provides a first-year (i.e., FY 2019-20) electric franchise fee figure of \$2,000,000, and as previously cited in #3, it is one of several revenue sources used to establish financial feasibility. In several instances, it is suggested that county-imposed franchise fees will be received by Preservation. For example, the Study (p. 28, lines 703-706) states: "Communications services taxes and franchise taxes – Section 10.09 of its proposed Charter charges the Town with receiving revenues collected within its municipal boundaries from Orange County, including franchise fees and communication services taxes. The formula for determining revenue distribution is based on the Town's projected population of 17,466 residents." Furthermore, the Study (p.35, lines 903-906) states: "Electric franchise fee – Electric franchise fees are revenues collected from a utility for the right to use rights-of-way within the proposed town for facilities such as poles and wires. To maintain nearly stable rates for fees passed down to customers in the proposed Town, the electric franchise fee was projected to increase just 0.08% annually."**

However, a review of Orange County's FY 2019 and FY 2018 adopted budgets do not mention a county-imposed electric franchise fee.

<http://www.orangecountyfl.net/Portals/0/resource%20library/open%20government/FY2019AdoptedBudgetSmall.pdf>

http://www.orangecountyfl.net/Portals/0/resource%20library/open%20government/FY2018_Adopted_Budget.pdf

Additionally, a review of historical franchise fee revenues reported by county governments fail to show any electric franchise fee revenue collections by Orange County during the period of FY 1992-93 through 2015-16.

<http://edr.state.fl.us/Content/local-government/data/data-a-to-z/franfeeco.xls>

Given the apparent lack of a county-imposed electric franchise fee, the inclusion of these figures in the five-year operational plan is problematic. Considering the magnitude of this revenue source relative to total revenues (i.e., nearly 22% in the first-year), this issue deserves reexamination.

- 9. In the five-year operational plan (p. 30, lines 749-751), 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. Expenditures are categorized as either Administration, Contract Services, or Other Expenses rather than by the functional areas in the Chart of Accounts: General Government Services, Public Safety, Physical Environment, Transportation, Economic Environment, Human Services, Culture / Recreation, and Other Uses and Non-Operating.**
- 10. The Study (p. 37, lines 976-981) states: "Expenses were developed using data from prevailing wage rates, triangulations of current service costs, and triangulations of current lease rates for**

similar spaces. To develop reasonable projections for these expenses, several Florida cities were chosen for analysis including the City of Maitland (a neighbor of the proposed community) and the Village of Estero, located in Lee County. Other cities from around the State of Florida also were used to help derive expenses for the new municipality.” Although there is some discussion of proposed expenditures (pp. 29-30, lines 711-751), it is fairly limited and lacks detail. Furthermore, the cities, other than Maitland and Estero, that were chosen for the Study’s comparative analysis have not been identified. Given this limited information, it is difficult to assess the reasonableness of these figures.

- 11. *The Study (p. 37, lines 988-995) states: “Finally, provision was included in the expense projection for a contingency reserve. This can be managed by the governing council to help deal with emergency-level funding needs or as matching funds for infrastructure improvement grants. Infrastructure improvement funds will augment the maintenance and improvement services provided by Orange County via an interlocal agreement covering Public Works and Parks and Recreation. This is an area that the community strongly believes should be a high priority for the new municipality. Rapid growth over the last decade put extreme strain on the existing infrastructure. Under the control of the new, locally-focused Town Council, real prioritized progress can be made in this important aspect of the community.” In the five-year operational plan (p. 30, lines 749-751), the contingency reserve amounts in FY 2019-20 through FY 2023-24 are \$82,022; \$199,410; \$156,461; \$40,638; and \$0, respectively. The reserve amounts are simply the difference between revenues minus administrative and contracted service expenses, rather than some fixed percentage of operating expenditures. Furthermore, at such low funding levels, it is unrealistic to assume that such reserves could be used to cover emergency needs or serve as matching funds for infrastructure improvement grants.***

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 Study (pp. 31-37, lines 752-995) 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 regarding this element.

- 1. *The Study (pp. 31-34, lines 768-861) provides a lengthy discussion of population growth within Orange County and the proposed incorporation area. However, the five-year operational plan (p. 30, lines 749-751) does not include annual population estimates. The Study (p. 33, lines 849-861) states: “The Town of Preservation’s population was determined based on the number and type of residential units.” The Study utilized two separate persons per residence measures (depending on the area) and the number of residential units to calculate the Town’s population of 17,466. Furthermore, the Study (p. 34, lines 860-861) states: “It is anticipated that population growth will be more restrained once the area becomes incorporated. Therefore, a 2.0% growth rate is anticipated during the planning period.” This assumption is consistent with recent growth patterns in the area. EDR analyzed recent annual population estimates of unincorporated Orange County and found that the county’s unincorporated population increased, on average, 2.0% annually during the eight-year period between 2010 and 2018.***

2. ***A review of Ad Valorem Tax figures in the five-year operational plan (p. 30, lines 749-751) shows that these taxes are projected to increase 5.06% per year from FY 2019-20 through FY 2023-24. However, the Study does not provide any documentation to substantiate this assumption. EDR checked recent annual taxable values for unincorporated Orange County and found that, in the five-year, post-Great Recession timeframe between 2012 and 2017, the CAGR was 8.2%. Furthermore, EDR analyzed Orange County taxable values projected in the July 31, 2018 Florida Ad Valorem Estimating Conference (see link below) and found that, in the five-year period between 2019 and 2024, the CAGR of the county's taxable values is estimated to be 5.7%. Consequently, the Study's assumption of 5.06% annual ad valorem revenue growth seems reasonable.***

http://edr.state.fl.us/Content/conferences/advalorem/adval_results.pdf

3. ***The Study (p. 34, lines 887-889) states: "In line with recent trends, Municipal Revenue Sharing was projected to increase 3.06% annually and the ½ Cent Sales Tax was projected to increase 2.06% annually." EDR analyzed the annual Local Government Half-cent Sales Tax (LHC) ordinary distributions and Municipal Revenue Sharing (MRS) distributions to all Orange County municipalities and found that, in the six-year, post-Great Recession timeframe between 2012 and 2018, the CAGR of municipal LHC and MRS distributions were 3.5% and 3.0%, respectively. Consequently, the Study's growth rate assumptions seem reasonable.***
4. ***The Study (pp. 34-35, lines 890-894) states: "Based on recent trends in Orange County, the Electric utility tax was projected to increase 2.06% annually and the Utility tax for metered gas was projected to increase 1.2% annually. The latter is a miniscule portion of the budget. The Utility tax for propane was projected to increase 8% annually, as more new homes and businesses are built that use propane for space and water heating, and for cooking." EDR analyzed Orange County's reported PST revenues for electricity, metered gas, and propane for FYs 2012-13 through 2016-17 and found that the CAGRs for PST revenues from electricity, metered gas, and propane were 2.8%, 7.9%, and 0.4%, respectively. Consequently, the Study's growth rate assumptions for electricity and metered gas seem reasonable, albeit conservative; however, the assumption for propane seems too optimistic.***
5. ***The Study (p. 35, lines 897-898) states: "The Five-Year Operational Plan assumes that revenue collected from the communication services tax will continue a decades-long trend and decline 3% annually." EDR analyzed Communications Services Tax (CST) annual taxable sales within Orange County's unincorporated area and found that, in the five-year, post-Great Recession timeframe between 2012 and 2017, the CAGR was -6.1%. Consequently, the Study's growth rate assumption appears to be too optimistic.***
6. ***The Study (p. 37, lines 973-975) states: "All expenses were projected to increase 2% annually with inflation, which is the long-term average inflation rate and the target used by the US Federal Reserve." However, there is no source documentation. Furthermore, the total operating expenditures in the five-year operational plan actually demonstrate lower annual percentage changes: 1.46%, 1.50%, 1.54%, and 1.57%, respectively. EDR analyzed statewide municipal government expenditures between FY 2003-04 and 2016-17 and calculated a CAGR of 3.2%. This may suggest that the Study's assumption of 2% annual expenditure growth is too low and applied incorrectly.***

- 7. 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 Preservation's expected revenues and expenditures to the most recently reported revenues and expenditures of an identified cohort group of similarly-populated municipalities or newly 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 Study (pp. 37-39, lines 996-1038) provides an evaluation of four alternatives to municipal incorporation to address its policy concerns. These four alternatives are: 1) maintain the status quo and remain in unincorporated Orange County; 2) merge with like-minded areas of rural eastern Seminole County to form a new county; 3) create a Municipal Service Taxing Unit (MSTU); and 4) create a special district. Maintaining the status quo was considered undesirable to proponents since it is believed to continue the lack of political representation; the exporting of local tax revenues to support other areas of the county; the continued urban sprawl and traffic gridlock; and the usurping and degradation of conservation areas. The formation of a new county was deemed to be a lengthy and time-consuming process and was not considered feasible. Since self-governance is a primary citizen concern, the creation of a MSTU or a special district were not considered viable and eliminated from further consideration. ***EDR notes that an assessment of the validity and reasonableness of any alternatives to municipal incorporation are more appropriate to policymakers and depends on the reader's support or opposition.***

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 Preservation 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.

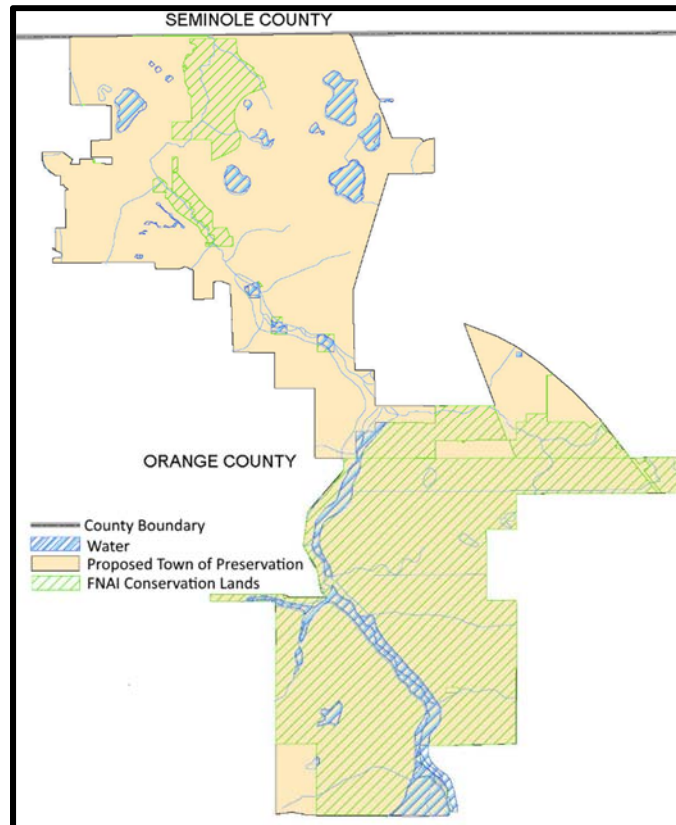
Standard #1

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 Study (p. 8, lines 255-258) and Appendix C – Municipal Charter (p. 3) includes maps of the proposed Town of Preservation. For the purpose of analysis, EDR created a map that approximates the proposed

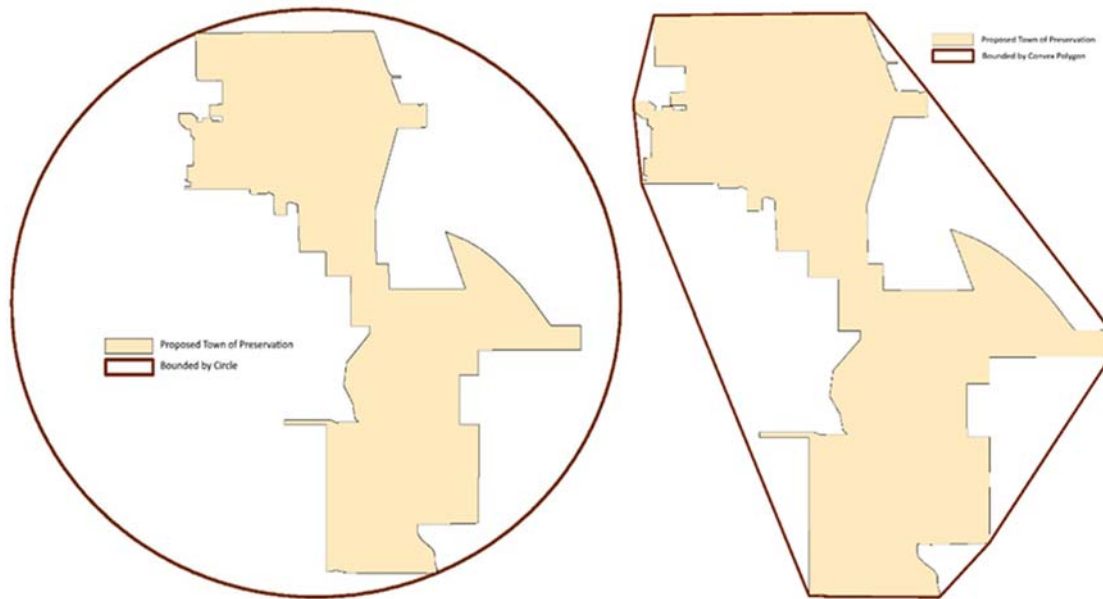
boundaries of Preservation based on Geographic Information System (GIS) files supplied by the Study's submitters. EDR's map representation of Preservation reflects a total area of 20,970 acres, which is slightly more than in the Study's 20,237.62 acres (p. 44, line 1124). This may be due to the inclusion of some additional roads. After removing water, the land area ranges between 19,420 (i.e., U.S. Geological Survey) and 20,653 (i.e., U.S. Census Bureau) acres depending upon which data source is used. This map was also utilized 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 by the courts to assess compactness. In fact, there is commonly used redistricting software that includes tools designed to measure compactness, and the Florida House of Representatives has used two such measurements. First, the House has utilized the Reock method (i.e., circle-dispersion measurement), which measures the ratio between the area of the district and the area of the smallest circle that can fit around the district. Second, the House has used the Area/Convex Hull method, which 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 both 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 two measures of compactness to Preservation, 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 Preservation's proposed boundary, the Reock score is 0.27, while the Area/Convex Hull score is 0.55. 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. 40, lines 1046-1047) states: “The proposed Town of Preservation, Florida is as compact as existing Orange County municipalities ...” EDR compared Preservation to the other 13 Orange County municipalities by calculating Area/Convex Hull scores, which are typically higher than the Reock score. As the table below illustrates, only three of the county’s 13 municipalities (i.e., Apopka, Orlando, and Windermere) had lower Area/Convex Hull scores than Preservation, which indicates that most municipalities in the county are more compact than Preservation.

Area/Convex Hull Scores of Orange County Municipalities

Municipality	Area/Convex Hull Score
Apopka	0.53
Bay Lake	0.81
Belle Isle	0.79
Eatonville	0.78
Edgewood	0.62
Lake Buena Vista	0.77
Maitland	0.80
Oakland	0.68
Ocoee	0.66
Orlando	0.51
Windermere	0.45
Winter Garden	0.64
Winter Park	0.69

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 Preservation's boundary map, the area does not have any enclaves. EDR's analysis suggests that Preservation's boundary appears to be contiguous but lacks compactness.

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, 2018) for Orange County is 1,349,597. Consequently, any new incorporation within the county would be required to have a minimum population of 5,000. The Study (p. 43, line 1118) estimates the proposed municipal population at 17,466. The Study's population estimate was based on applying two separate persons per unit methodologies (i.e., 2.0 and 2.3) to the number and type of residential units (p. 33-34, lines 849-859). EDR's population estimate of the proposed incorporated area was based on 2010 Decennial Census data and the Florida Department of Revenue's GIS parcel maps. EDR's population estimate utilized the Census Bureau's smallest reporting unit of data (i.e., blocks); however, this did not perfectly align with the proposed area of incorporation and would most likely yield an estimate that covers a slightly larger area than the proposed town. EDR's population estimate was 21,963. However, there would have been population growth in the area since 2010, so this estimate may be relatively reasonable for the current period. ***Based on both the Study's estimate and EDR's approximation, Preservation 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, the proposed municipality 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 Study (p. 44, lines 1124-1125) states: "The proposed town has a total area of 20,237.62 acres, which yields an average population density of 0.863 persons per acre ..." Furthermore, the Study (p. 44, lines 1127-1129) states: "This density is below the minimum density requirement of 1.5 persons per acre. However, the proposed Town of Preservation, Florida has extraordinary conditions that merit waiving this requirement."

As previously discussed, EDR's estimated land area ranged between 19,420 and 20,653 acres. Applying this land area to EDR's population estimate yields a density of 1.1 persons per acre, which is below the density requirement threshold of 1.5 persons per acre. However, as the Study (p. 44, lines 1127-1150) notes, if uninhabited conservation areas are omitted from the calculation, population density increases enough to exceed the 1.5 persons per acre threshold. To estimate the land area minus conservation areas, EDR utilized GIS files from the Florida Natural Area Inventory (FNAI). ***Based on EDR's population estimate and estimate of land area minus conservation areas, the density requirement would be met. However, since current law does not address limiting the population density calculation to habitable acres, the proposed municipality does not satisfy the minimum population density standard.***

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 Study (p. 45, lines 1162-1163) states "... the nearest existing municipality is the City of Orlando, which is 2.8 miles away at its nearest point along State Road 528." ***EDR's analysis utilized the most recent Census TIGER Line files for 2018 and the approximated boundary map discussed above. This analysis indicated that Preservation is 2.03 miles from the City of Orlando - the closest incorporated city in Orange County. In neighboring Seminole County, the City of Oviedo is closer - 1.03 miles to the north of Preservation. Since current law only addresses the distance to an existing municipality within the county, the proposed municipality satisfies the minimum distance standard.***

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: The proposed municipal charter was included with the Study materials 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, Federal & 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 Study (p. 46, lines 1182-1186) states: "The proposed Town of Preservation, Florida will honor existing solid-waste contracts for five years or the remainder of the contract term, whichever is less. The Town may benefit from economy of scale by continuing to be served by Orange County solid-waste contracts. Alternatively, the Town's smaller size, minimal trash generation, recycling ethos and proximity to Seminole and Brevard Counties may allow a more cost-effective solution for its residents." However, there is no comparable language in the proposed municipal charter. ***Although the Study affirmatively states that the municipality will honor existing solid-waste contracts in the affected geographic area as required by law, the proposed municipal charter does not contain comparable language. Therefore, this standard may not be completely satisfied.***

Conclusion

EDR has identified concerns or deficiencies with several of the required elements of the 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 concerns

that positive budget outcomes are difficult to assess due to the lack of documentation as to how some revenues and expenses were determined, unidentified methodologies used to calculate revenues and expenditures in the five-year operational plan, and assumptions about future growth.

Furthermore, EDR reasons that Preservation violates two of the six standards for municipal incorporation. In the event that state agencies also reviewing Preservation's proposal conclude by some finding that one or more of the standards for municipal incorporation have not been satisfied, 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 Preservation's estimated FY 2019-20 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 2016-17 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 Preservation'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, Preservation's total revenues and expenditures are significantly lower than those of all other comparison cities having similar populations. Furthermore, Preservation's total revenues and expenditures on a per capita basis are less than most of the municipalities incorporated since 2000. These findings might be expected given Preservation'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 Preservation'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,



Amy J. Baker
Coordinator

cc: Tom Yeatman, Staff Director, Senate Committee on Community Affairs

Attachments

Preservation Incorporation Feasibility Study

Comparison of Preservation's Projected Revenues and Expenditures to Those of Other Similarly-Populated Municipalities

Municipality	Other Similarly-Populated Municipalities (Sorted by Population: High to Low)										
	Seminole	Maitland	Pinecrest	Belle Glade	Safety Harbor	Preservation (Proposed)	Tavares	Marco Island	Lake Mary	Stuart	Groveland
Respective County	Pinellas	Orange	Miami-Dade	Palm Beach	Pinellas	Orange	Lake	Collier	Seminole	Martin	Lake
2018 Population Estimate	18,865	18,612	18,490	17,589	17,470	17,466	17,353	17,094	16,746	16,425	16,407
2017 Population Estimate	18,450	17,401	18,467	17,290	17,343	-	16,317	17,036	16,538	16,183	15,205
2016 Population Estimate	18,440	17,598	18,382	17,274	17,269	-	15,996	16,930	16,119	16,148	13,605
Year of Incorporation	1970	1885	1995	1928	1917	2019	1925	1997	1973	1914	1923
Total Revenues by Category											
Taxes	\$ 6,481,639	\$ 15,367,706	\$ 13,371,879	\$ 4,176,005	\$ 9,302,886	\$ 3,944,509	\$ 9,251,166	\$ 21,859,392	\$ 12,898,050	\$ 12,743,356	\$ 5,918,759
Permits, Fees, and Special Assessments	\$ 2,786,291	\$ 3,662,093	\$ 3,440,164	\$ 2,490,398	\$ 2,204,910	\$ 2,000,000	\$ 6,642,248	\$ 2,333,305	\$ 5,725,513	\$ 4,233,116	\$ 4,216,710
Intergovernmental Revenue	\$ 2,976,682	\$ 3,732,048	\$ 3,514,509	\$ 9,317,702	\$ 3,221,387	\$ 3,308,179	\$ 3,860,077	\$ 4,060,064	\$ 1,602,472	\$ 4,303,494	\$ 3,196,929
Charges for Services	\$ 7,995,790	\$ 12,976,079	\$ 3,234,205	\$ 3,765,932	\$ 13,766,855	\$ -	\$ 15,803,709	\$ 37,149,271	\$ 8,479,228	\$ 17,366,112	\$ 7,476,659
Judgments, Fines, and Forfeits	\$ 83,499	\$ 720,144	\$ 1,168,024	\$ 35,543	\$ 84,544	\$ -	\$ 27,901	\$ 105,368	\$ 88,593	\$ 151,951	\$ 190,911
Miscellaneous Revenues	\$ 5,514,771	\$ 8,123,417	\$ 316,714	\$ 2,976,903	\$ 3,620,731	\$ -	\$ 3,295,340	\$ 9,591,827	\$ 7,949,219	\$ 1,431,887	\$ 223,441
Other Sources	\$ 3,234,981	\$ 1,003,615	\$ 3,844,106	\$ 1,344,792	\$ 1,610,096	\$ -	\$ 5,152,377	\$ 7,780,357	\$ 2,526,470	\$ 5,822,776	\$ 4,580,546
Total - All Revenue Accounts	\$ 29,073,653	\$ 45,585,102	\$ 28,889,601	\$ 24,107,275	\$ 33,811,409	\$ 9,252,688	\$ 44,032,818	\$ 82,879,584	\$ 39,269,545	\$ 46,052,692	\$ 25,803,955
Per Capita Revenues by Category											
Taxes	\$ 351	\$ 883	\$ 724	\$ 242	\$ 536	\$ 226	\$ 567	\$ 1,283	\$ 780	\$ 787	\$ 389
Permits, Fees, and Special Assessments	\$ 151	\$ 210	\$ 186	\$ 144	\$ 127	\$ 115	\$ 407	\$ 137	\$ 346	\$ 262	\$ 277
Intergovernmental Revenue	\$ 161	\$ 214	\$ 190	\$ 539	\$ 186	\$ 189	\$ 237	\$ 238	\$ 97	\$ 266	\$ 210
Charges for Services	\$ 433	\$ 746	\$ 175	\$ 218	\$ 794	\$ -	\$ 969	\$ 2,181	\$ 513	\$ 1,073	\$ 492
Judgments, Fines, and Forfeits	\$ 5	\$ 41	\$ 63	\$ 2	\$ 5	\$ -	\$ 2	\$ 6	\$ 5	\$ 9	\$ 13
Miscellaneous Revenues	\$ 299	\$ 467	\$ 17	\$ 172	\$ 209	\$ -	\$ 202	\$ 563	\$ 481	\$ 88	\$ 15
Other Sources	\$ 175	\$ 58	\$ 208	\$ 78	\$ 93	\$ -	\$ 316	\$ 457	\$ 153	\$ 360	\$ 301
Total - All Revenue Accounts	\$ 1,576	\$ 2,620	\$ 1,564	\$ 1,394	\$ 1,950	\$ 530	\$ 2,699	\$ 4,865	\$ 2,375	\$ 2,846	\$ 1,697
Total Expenditures by Category											
General Government Services	\$ 5,934,010	\$ 9,033,729	\$ 6,730,091	\$ 4,660,549	\$ 5,799,865	\$ 1,097,126	\$ 5,638,916	\$ 9,306,404	\$ 7,849,348	\$ 6,583,621	\$ 1,786,494
Public Safety	\$ 11,737,241	\$ 14,517,122	\$ 11,741,258	\$ 3,856,912	\$ 5,838,995	\$ 7,543,540	\$ 6,529,349	\$ 17,071,048	\$ 12,081,613	\$ 12,591,930	\$ 6,405,640
Physical Environment	\$ 1,126,819	\$ 9,289,041	\$ 1,240,159	\$ 2,871,115	\$ 10,250,590	\$ -	\$ 13,117,996	\$ 37,240,612	\$ 5,140,292	\$ 16,202,103	\$ 5,712,101
Transportation	\$ 1,025,263	\$ 3,109,969	\$ 1,251,040	\$ 6,113,295	\$ 1,325,305	\$ -	\$ 3,135,599	\$ 4,893,181	\$ 1,793,472	\$ 2,739,011	\$ 681,722
Economic Environment	\$ -	\$ -	\$ -	\$ 173,715	\$ -	\$ -	\$ 321,964	\$ -	\$ -	\$ 751,596	\$ 221,744
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,571	\$ -	\$ -
Culture / Recreation	\$ 3,249,574	\$ 4,291,244	\$ 9,019,854	\$ 1,881,168	\$ 6,236,335	\$ 530,000	\$ 3,822,303	\$ 3,964,033	\$ 2,879,893	\$ 1,508,761	\$ 871,876
Other Uses and Non-Operating	\$ 3,234,981	\$ 1,418,715	\$ 3,844,106	\$ 769,577	\$ 2,918,569	\$ 82,022	\$ 5,152,377	\$ 7,780,357	\$ 2,518,107	\$ 4,842,570	\$ 455,091
Total - All Expenditure Accounts	\$ 26,307,888	\$ 41,659,820	\$ 33,826,508	\$ 20,326,331	\$ 32,369,659	\$ 9,252,688	\$ 37,718,504	\$ 80,255,635	\$ 32,543,296	\$ 45,219,592	\$ 16,134,668
Per Capita Expenditures by Category											
General Government Services	\$ 322	\$ 519	\$ 364	\$ 270	\$ 334	\$ 63	\$ 346	\$ 546	\$ 475	\$ 407	\$ 117
Public Safety	\$ 636	\$ 834	\$ 636	\$ 223	\$ 337	\$ 432	\$ 400	\$ 1,002	\$ 731	\$ 778	\$ 421
Physical Environment	\$ 61	\$ 534	\$ 67	\$ 166	\$ 591	\$ -	\$ 804	\$ 2,186	\$ 311	\$ 1,001	\$ 376
Transportation	\$ 56	\$ 179	\$ 68	\$ 354	\$ 76	\$ -	\$ 192	\$ 287	\$ 108	\$ 169	\$ 45
Economic Environment	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 46	\$ 15
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ -
Culture / Recreation	\$ 176	\$ 247	\$ 488	\$ 109	\$ 360	\$ 30	\$ 234	\$ 233	\$ 174	\$ 93	\$ 57
Other Uses and Non-Operating	\$ 175	\$ 82	\$ 208	\$ 45	\$ 168	\$ 5	\$ 316	\$ 457	\$ 152	\$ 299	\$ 30
Total - All Expenditure Accounts	\$ 1,426	\$ 2,394	\$ 1,832	\$ 1,176	\$ 1,866	\$ 530	\$ 2,312	\$ 4,711	\$ 1,968	\$ 2,794	\$ 1,061

Preservation Incorporation Feasibility Study

Comparison of Preservation's Projected Revenues and Expenditures to Those of Other Similarly-Populated Municipalities

Notes:

- 1) The revenues and expenditures of the comparison municipalities are obtained from Annual Financial Reports (AFR) for the local fiscal year ended 2017 (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 2017 population estimate since it corresponds to the AFR fiscal year data.
- 2) This analysis uses Preservation's proposed first full fiscal year (i.e., LFY 2019-20) revenues and expenditures, which are summarized in the Feasibility Study. The calculations of per capita revenues and expenditures are made using an estimated 2018 population of 17,466.
- 3) Preservation's Taxes revenue amount of \$3,944,509 is the sum total of the Ad Valorem Tax, Utility Services Taxes, and Communications Services Tax figures. The Permits, Fees, and Special Assessments revenue amount is the \$2,000,000 Electric Franchise Fee figure. The Intergovernmental Revenues amount of \$3,308,179 is the sum total of Local Government Half-cent Sales Tax and Municipal Revenue Sharing figures. These revenue figures are reported in the Study's five-year operational plan (p. 30).
- 4) Preservation's Public Safety expenditure amount of \$7,543,540 is the sum total of the Code Enforcement, Law Enforcement, and Public Safety Less Sheriff & Fire figures. The Culture / Recreation expenditure amount of \$530,000 is the Parks and Recreation figure. The Other Uses and Non-Operating expenditure amount is the Reserve for Contingency figure. The General Government Services expenditure amount of \$1,097,126 is the sum total of all other expenditures. These expenditure figures are reported in the Study (p. 30).

2019 Municipal Incorporation Proposals: Town of Preservation

Comparison of Preservation's Proposed Revenues and Expenditures to Those of 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	Hobe Sound	Preservation (Proposed)
Respective County	Miami-Dade	Broward	Miami-Dade	Miami-Dade	Miami-Dade	Miami-Dade	Broward	Brevard	Palm Beach	Lee	Palm Beach	Martin	Martin	Orange
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	-	17,466
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	2018	2019
Total Revenues by Category														
Taxes	\$ 11,557,647	\$ 6,873,858	\$ 11,331,108	\$ 40,603,136	\$ 47,647,196	\$ 10,237,596	\$ 5,344,660	\$ 597,666	\$ 1,301,666	\$ 6,352,106	\$ -	No data	No data	\$ 3,944,509
Permits, Fees, and Special Assessments	\$ 5,896,901	\$ 4,237,754	\$ 2,949,465	\$ 12,127,813	\$ 10,880,907	\$ 2,161,705	\$ 4,702,451	\$ 282,447	\$ 326,908	\$ 6,116,981	\$ 241,025	No data	No data	\$ 2,000,000
Intergovernmental Revenue	\$ 6,890,298	\$ 949,550	\$ 2,611,781	\$ 7,903,682	\$ 15,880,561	\$ 8,144,378	\$ 2,765,676	\$ 313,578	\$ 411,662	\$ 3,326,662	\$ -	No data	No data	\$ 3,308,179
Charges for Services	\$ 1,217,683	\$ 143,911	\$ 851,236	\$ 2,131,609	\$ 6,910,809	\$ 1,245,758	\$ 906,798	\$ 512,320	\$ 357,835	\$ 323,838	\$ -	No data	No data	\$ -
Judgments, Fines, and Forfeits	\$ 224,887	\$ 214,472	\$ 281,257	\$ 547,597	\$ 6,566,316	\$ 287,921	\$ 525,885	\$ 181	\$ 22,568	\$ 268	\$ -	No data	No data	\$ -
Miscellaneous Revenues	\$ 771,497	\$ 237,286	\$ 449,204	\$ 1,529,904	\$ 8,089,670	\$ 571,267	\$ 298,460	\$ 27,841	\$ 265,090	\$ 147,134	\$ 1,120,818	No data	No data	\$ -
Other Sources	\$ 4,981,911	\$ 2,359,548	\$ 1,550,000	\$ 4,240,000	\$ 19,979,850	\$ 1,240,725	\$ -	\$ 254,450	\$ 92,547	\$ 90,849	\$ -	No data	No data	\$ -
Total - All Revenue Accounts	\$ 31,540,824	\$ 15,016,379	\$ 20,024,051	\$ 69,083,741	\$ 115,955,309	\$ 23,889,350	\$ 14,543,930	\$ 1,988,483	\$ 2,778,276	\$ 16,357,838	\$ 1,361,843	No data	No data	\$ 9,252,688
Per Capita Revenues by Category														
Taxes	\$ 378	\$ 903	\$ 469	\$ 633	\$ 421	\$ 226	\$ 358	\$ 144	\$ 392	\$ 205	\$ -	No data	No data	\$ 226
Permits, Fees, and Special Assessments	\$ 193	\$ 557	\$ 122	\$ 189	\$ 96	\$ 48	\$ 315	\$ 68	\$ 98	\$ 198	\$ 48,205	No data	No data	\$ 115
Intergovernmental Revenue	\$ 225	\$ 125	\$ 108	\$ 123	\$ 140	\$ 180	\$ 185	\$ 76	\$ 124	\$ 108	\$ -	No data	No data	\$ 189
Charges for Services	\$ 40	\$ 19	\$ 35	\$ 33	\$ 61	\$ 28	\$ 61	\$ 124	\$ 108	\$ 10	\$ -	No data	No data	\$ -
Judgments, Fines, and Forfeits	\$ 7	\$ 28	\$ 12	\$ 9	\$ 58	\$ 6	\$ 35	\$ 0	\$ 7	\$ 0	\$ -	No data	No data	\$ -
Miscellaneous Revenues	\$ 25	\$ 31	\$ 19	\$ 24	\$ 71	\$ 13	\$ 20	\$ 7	\$ 80	\$ 5	\$ 224,164	No data	No data	\$ -
Other Sources	\$ 163	\$ 310	\$ 64	\$ 66	\$ 176	\$ 27	\$ -	\$ 61	\$ 28	\$ 3	\$ -	No data	No data	\$ -
Total - All Revenue Accounts	\$ 1,031	\$ 1,972	\$ 830	\$ 1,077	\$ 1,024	\$ 528	\$ 975	\$ 480	\$ 837	\$ 529	\$ 272,369	No data	No data	\$ 530
Total Expenditures by Category														
General Government Services	\$ 4,757,512	\$ 3,404,940	\$ 4,468,277	\$ 15,702,285	\$ 34,821,780	\$ 11,661,382	\$ 2,864,955	\$ 457,601	\$ 948,468	\$ 2,543,829	\$ 1,306,764	No data	No data	\$ 1,097,126
Public Safety	\$ 9,750,154	\$ 6,012,197	\$ 9,682,649	\$ 31,075,151	\$ 36,722,048	\$ 9,783,304	\$ 7,900,582	\$ 11,327	\$ 294,621	\$ 1,300,626	\$ 6,820	No data	No data	\$ 7,543,540
Physical Environment	\$ 2,006,844	\$ 1,449,288	\$ 207,787	\$ 2,258,913	\$ 2,305,966	\$ -	\$ 216,872	\$ 451,711	\$ 578,781	\$ 436,856	\$ -	No data	No data	\$ -
Transportation	\$ 3,024,563	\$ 820,071	\$ 2,423,118	\$ 11,759,649	\$ 4,738,233	\$ -	\$ 3,365,336	\$ 1,117,766	\$ 948,278	\$ 1,083,926	\$ -	No data	No data	\$ -
Economic Environment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	No data	No data	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ 136,161	\$ -	\$ -	\$ -	\$ -	\$ 48,428	\$ -	No data	No data	\$ -
Culture / Recreation	\$ 5,173,926	\$ 777,074	\$ 1,754,464	\$ 13,296,681	\$ 13,619,242	\$ 2,671,662	\$ 898,523	\$ 32,815	\$ -	\$ -	\$ -	No data	No data	\$ 530,000
Other Uses and Non-Operating	\$ 3,751,041	\$ 2,346,796	\$ 1,550,000	\$ 4,240,000	\$ 19,979,850	\$ 1,240,725	\$ -	\$ 254,450	\$ 92,547	\$ 90,849	\$ -	No data	No data	\$ 82,022
Total - All Expenditure Accounts	\$ 28,464,040	\$ 14,810,366	\$ 20,086,295	\$ 78,332,679	\$ 112,323,280	\$ 25,357,073	\$ 15,246,268	\$ 2,325,670	\$ 2,862,695	\$ 5,504,514	\$ 1,313,584	No data	No data	\$ 9,252,688
Per Capita Expenditures by Category														
General Government Services	\$ 156	\$ 447	\$ 185	\$ 245	\$ 308	\$ 258	\$ 192	\$ 110	\$ 286	\$ 82	\$ 261,353	No data	No data	\$ 63
Public Safety	\$ 319	\$ 790	\$ 401	\$ 484	\$ 324	\$ 216	\$ 530	\$ 3	\$ 89	\$ 42	\$ 1,364	No data	No data	\$ 432
Physical Environment	\$ 66	\$ 190	\$ 9	\$ 35	\$ 20	\$ -	\$ 15	\$ 109	\$ 174	\$ 14	\$ -	No data	No data	\$ -
Transportation	\$ 99	\$ 108	\$ 100	\$ 183	\$ 42	\$ -	\$ 226	\$ 270	\$ 286	\$ 35	\$ -	No data	No data	\$ -
Economic Environment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	No data	No data	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	No data	No data	\$ -
Culture / Recreation	\$ 169	\$ 102	\$ 73	\$ 207	\$ 120	\$ 59	\$ 60	\$ 8	\$ -	\$ -	\$ -	No data	No data	\$ 30
Other Uses and Non-Operating	\$ 123	\$ 308	\$ 64	\$ 66	\$ 176	\$ 27	\$ -	\$ 61	\$ 28	\$ 3	\$ -	No data	No data	\$ 5
Total - All Expenditure Accounts	\$ 931	\$ 1,945	\$ 832	\$ 1,221	\$ 992	\$ 561	\$ 1,022	\$ 561	\$ 862	\$ 178	\$ 262,717	No data	No data	\$ 530

Notes:

- 1) The revenues and expenditures of the comparison municipalities are obtained from Annual Financial Reports (AFR) for FY 2016-17 (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 2017 population estimate since it corresponds to the AFR fiscal year data. Due to their recent incorporations, there are no FY 2016-17 AFR revenue and expenditure data for the municipalities of Indiantown and Hobe Sound and no 2017 population estimate for Hobe Sound.
- 2) This analysis uses the Preservation's first full fiscal year (i.e., LFY 2019-20) revenues and expenditures, which are summarized in its feasibility study. The calculations of Preservation's per capita revenues and expenditures are made using its 2018 estimated population of 17,466.