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## THE FLORIDA LEGISLATURE

### OFFICE OF ECONOMIC AND DEMOGRAPHIC RESEARCH



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Speaker of the House of  
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Florida House of Representatives  
Government Accountability 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 *Village of Indiantown Incorporation Feasibility Study*, prepared by BJM Consulting, Inc., 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.

***Using the data and information submitted in the Feasibility Study dated August 2016 (hereinafter, "the Study"); the House Local Government Affairs Subcommittee letter to BJM Consulting dated September 27, 2016; the BJM Consulting's response to the House Local Government Affairs Subcommittee dated November 16, 2016; and other available data, EDR suggests that the proposed municipality of Indiantown (hereinafter, "Indiantown") violates one of the six statutory standards of incorporation (i.e., area proposed for incorporation must have an average population density of at least 1.5 persons per acre). Additionally, EDR has identified deficiencies with respect to several of the Study's 11 required elements.***

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. 1) states that Indiantown is a long established community positioned in western Martin County. The Study includes land use, zoning, and boundary maps prepared by a

community work group (Appendices 1-2). Additionally, the Study includes a legal description and proposed boundary map (Appendix A) produced by a state-licensed professional surveying and mapping consulting firm. ***The review of the proposed municipality's legal description and maps for both legal sufficiency and accuracy is outside EDR's purview. However, these documents are included in the Study, and it appears 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 Study (p. 2) lists the five primary goals of community leaders in exploring the viability of the incorporation of Indiantown.

1. Municipal home rule powers, gained as the result of incorporation, would allow area residents to control the community's future destiny.
2. Municipal incorporation would enhance the area's residential sector while expanding housing options.
3. Municipal incorporation would allow residents to take a long-range view of how future impacts and outside forces will affect the community.
4. Municipal incorporation would enhance economic development opportunities.
5. Municipal incorporation would allow a community-centered plan to be developed that would meet the future needs of the area's residents.

***An assessment of the validity and reasonableness of the discussed reasons is more appropriate to the arena of policy making and depends on the reviewer'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 (p.11) provides a very brief discussion of present land use characteristics, and a current land use map is included in Appendix 1. ***Whether or not this discussion is sufficient is outside EDR's purview. The determination that this element has been properly satisfied is best suited to the professional planning staff of the Department of Economic Opportunity's Division of Community Development.***

#### **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 Study (p. 11) provides a list of public agencies and private sector companies that provide services within the Indiantown area; however, the list of public agencies is incomplete.

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's deficiency concerning this element by highlighting several public agencies that were excluded from the list. In its November 16, 2016 response to correct the deficiency, BJM Consulting, Inc., noted that the missing judicial agencies (i.e., county, circuit, and appeals courts) as well as the missing school district would be added to the Study. Additionally, the November 16<sup>th</sup> response noted that both the Indiantown Community Development District and Martin Soil and Water District would be added to the agency list, and these districts would have no initial impact on the proposed municipality's operations. However, the response noted that the Indiantown Community Development District could come under Indiantown's control if agreed to by the new municipality and Martin County. Consequently, it now appears that this element has been properly 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. 11) states that the residents of Indiantown currently receive most governmental services (i.e., code enforcement, developmental services, emergency medical services, fire protection, parks and recreation, rights of way maintenance, and other general government services) from Martin County Government. The Martin County Sheriff's Department provides law enforcement. Other services are provided by private sector companies, such as solid waste hauling and disposal services being provided by Waste Management, Inc., through a franchise agreement with the county. Water and sewer services are provided by the Indiantown Company, Inc. Electrical power and natural gas services are provided by Florida Power and Light and Florida Public Utilities Company, respectively. Phone service is provided by ITS Telecommunication Systems. Furthermore, the Study states that most governmental services will continue to be provided by current agencies after municipal incorporation.

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's deficiency concerning this element by asking the proponents to identify whether Martin County provides transportation services beyond those roads maintained by the county. Additionally, proponents were asked to identify which entities currently provide public works, street lighting, and library and cultural facilities and provide cost estimates for these services.***

***In its November 16, 2016 response to correct the deficiency, BJM Consulting, Inc., stated that all listed local government services are presently provided by Martin County, and transportation services are provided by a private sector organization funded by the Martin County Metropolitan Planning Organization. The response noted that the costs of all local government services (i.e., local government services, fire and rescue, parks and recreation, stormwater, and roads) are stated in the five-year operational plan. The remaining services (i.e., public works, street lighting, library and cultural facilities) will continue to be provided by Martin County through its general fund budget as is presently done. Indiantown residents will pay for these services through their Martin County general fund ad valorem tax and county fees, which residents currently pay and will continue to pay after incorporation.***

**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 Study (p. 12) states that, after municipal incorporation, "... most governmental services will continue to be provided by current agencies. The method of paying for these services would be changed to utilize revenues collected by the new local government. In lieu of citizens of Indiantown contributing to Martin County's MSTU for Fire, EMS, Parks, Roads and Stormwater they would pay the same millage to the Village. The Village would establish interlocal agreements with Martin County, other local governments or contracts with private sector companies to provide the present levels of service continue throughout Indiantown."

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's deficiency concerning this element by asking the proponents to provide documentation or other support for the presumed continuation of county law enforcement and other county services along with cost estimates for each service.***

***In its November 16, 2016 response to correct the deficiency, BJM Consulting, Inc., noted that proponents met with the county administrator and reviewed the proposed methodology for transitioning local government services from the unincorporated Municipal Services Taxing Units to an interlocal agreement. According to the response, the county administrator agreed with the proposed method of determining service costs based on current levels of countywide spending being shared on a per capita basis, plus a 4% surcharge on each area of service being charged to the new municipality for administering the interlocal agreement. Furthermore, the response stated that the Martin County Sheriff will continue to provide the present level of service to the new municipality. Martin County presently funds the sheriff's office through its general fund ad valorem millage, and Indiantown property owners will continue to pay this millage to support law enforcement services after incorporation.***

***Although the Study states that the majority of current services would continue to be provided by present providers and the November 16<sup>th</sup> response affirms this intention, EDR notes that there is no documentation (i.e., letters of intent or memorandums of understanding) from the Martin County Board of County Commissioners, the Martin County Sheriff's Office, and other service providers confirming that current services would continue to be provided to the residents of Indiantown after municipal incorporation.***

**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. 3) provides the names and addresses of three individuals submitting the incorporation proposal. ***EDR did not attempt to contact these individuals in order to verify 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 an incorporation/revenue timeline (pp. 13-15), development of the revenue analysis (pp. 16-27), development of the expenditure analysis (pp. 28-33), and the five-year revenue/expense forecast (pp. 34-39). Proponents are seeking legislative approval of an incorporation bill during the 2017 session, and the proposed municipal referendum is scheduled for November 2017. If incorporated, the initial municipal election and town council meeting would occur in March 2018.

The Study discusses six anticipated revenue sources that will be utilized by Indiantown in Year One (i.e., local FY 2017-18) of municipal operations and thereafter: one fee source (i.e., Franchise Fee on electricity); two tax sources (i.e., Communications Services Tax and Local Business Tax); two intergovernmental revenues (i.e., Local Government Half-cent Sales Tax and Municipal Revenue Sharing); and miscellaneous revenue (i.e., Investment Income). Additionally, in Year One only, there is revenue associated with proceeds of a Bridge Loan. Assuming six months of revenue collections in Year One, the estimated revenues are \$1.66 million. In Year Two (i.e., 2018-19) of municipal operations and each year thereafter, the Ad Valorem Tax is included as an additional revenue source. Assuming a full year of revenue collections in Year Two, the estimated revenues total \$7.41 million. With the exception of Local Business Tax and Investment Income, all other revenues are projected to increase 3% annually.

The Study also discusses anticipated expenditures totaling \$941,845 in Year One (i.e., 2017-18), based on six months of municipal operations. These Year One expenditures reflect salary and benefits for hired administrative and finance staff; salaries of elected town council members; contractual expenses for growth management, code enforcement, and professional planning services; audit and insurance expenses; a one-month contingency expense; first-year expenses associated with local elections and capital equipment; as well as a loan payment. In Year Two (i.e., 2018-19) of municipal operations and each year thereafter, expenses associated with services contracted with Martin County Government (i.e., fire and rescue, parks and recreation, road, and stormwater) via interlocal agreements are added. In Year Two, the estimated expenditures total \$3.61 million. With the exception of annual loan payments, all expenses are projected to increase 3% annually. ***(Note: There is a typographical error with the FY 2019 Stormwater Interlocal with County figure, which should be \$185,793 rather than \$85,793.)***

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's five-year operational plan was largely premised on the continued provision of certain services by the county government, and the plan did not discuss debt issuance. The letter also noted announced plans by Florida Power and Light (FP&L) to phase out a coal-fired power plant located within the proposed municipal boundaries and asked proponents to discuss any conversations with FP&L and the county property appraiser concerning the impact of this phase out on the proposed municipality's tax base.***

***The November 16, 2016 response stated that no long-term debt is contemplated within the first five years to the municipality's existence. The response indicates that the county property appraiser has been depreciating the FP&L coal-fired plant asset in order to prevent a large drop in revenues during a single year and that the plant is presently valued at \$63 million, which is approximately 3% of the proposed municipality's taxable value.***

**EDR has the following comments regarding this element.**

- 1. The Study (pp. 19-23) outlines the expected municipal revenues originating from two state revenue sharing programs. In November 2016, the Florida Department of Revenue (DOR) provided EDR with FY 2016-17 revenue estimates of \$609,598 and \$92,991 for the Local Government Half-cent Sales Tax Program and Municipal Revenue Sharing Program, respectively, based on an estimated population of 5,717 and estimated taxable value of \$2,004,854,945. The combined total of the two revenue estimates are close to the combined total indicated in the Study. Since DOR administers these revenue sharing programs, EDR assumes the FY 2016-17 revenue estimates are reasonable.**
- 2. The Study (p. 18) outlines the expected municipal revenues originating from the Communications Services Tax (CST) and the Franchise Fee. The Study indicates that Martin County currently levies a Franchise Fee on electric service and receives CST revenues from the State, and the county retains these revenues. Furthermore, the Study states that Indiantown would share in the CST revenues and collect franchise fee revenues appropriate to the proposed municipal boundaries. The Study does not provide separate estimates for each revenue source but states a combined total of \$579,156, which is based on undocumented and unexplained projections developed from “using a mixture of other Florida cities of comparable size and social-economic standards.” Therefore, it is difficult to assess the reasonableness of this combined estimate without knowing the values of the separate components.**

**Using the most recent FY 2016-17 CST estimates for Martin County Government and official 2016 Florida population estimates for unincorporated Martin County, one possible methodology to calculate a separate CST revenue estimate for Indiantown is illustrated below.**

**FY 2016-17 Martin County CST Estimate (based on the current 1.84% tax rate): \$1,742,553  
2016 Unincorporated Population of Martin County: 131,784  
CST Revenue Per Capita: ( \$1,742,553 / 131,784 ) = \$13.22  
Indiantown CST Estimate (i.e., Per Capita CST \* Population): \$13.22 \* 5,457 = \$72,142**

**In checking historical revenue data reported by county governments to the Florida Department of Financial Services via their Annual Financial Reports (AFR), EDR did not find any electric service franchise fee revenue reported by Martin County up through FY 2013-14 (the most recent year of available data). Only solid waste franchise fee revenues have been reported in Martin County’s AFRs (see link below).**

**<http://edr.state.fl.us/Content/local-government/data/data-a-to-z/a-f.cfm>**

**However, in reviewing Martin County’s FY 2017 Tentative Budget (see link below), the Board of County Commissioners approved an electric service franchise fee beginning in the FY 2017 budget cycle for the purpose of funding maintenance of existing infrastructure. In its FY 2017 Tentative Budget, this recently imposed fee is expected to generate \$9.0 million countywide.**

**[https://www.martin.fl.us/sites/default/files/meta\\_page\\_files/FY17%20TENTATIVE%20BUDGET%20BOOK\\_1.pdf](https://www.martin.fl.us/sites/default/files/meta_page_files/FY17%20TENTATIVE%20BUDGET%20BOOK_1.pdf)**

**Applying the same methodology used in #3 above, a separate Franchise Fee revenue estimate for Indiantown is illustrated below.**

**FY 2016-17 Martin County Electric Service Franchise Fee Estimate: \$9,000,000**  
**2016 Unincorporated Population of Martin County: 131,784**  
**Fee Revenue Per Capita: ( \$9,000,000 / 131,784 ) = \$68.29**  
**Indiantown Fee Estimate (i.e., Per Capita Fee \* Population): \$68.29 \* 5,457 = \$372,659**

*Combining EDR's separate Communications Services Tax and Franchise Fee revenue estimates results in a total of \$444,801, which is \$134,355 less than the Study's combined total. Therefore, it is possible that the Study's revenue total is overstated.*

- 3. The Study (pp. 24-25) indicates annual revenues of \$25,000 each for Local Business Tax and Investment Income (i.e., Interest Earnings); however, there is no explanation of how such amounts were derived. Additionally, the five-year budget forecast does not project any annual growth for these two revenue sources.*
- 4. The Study (p. 17) states: "The Village of Indiantown will collect a millage of 3.1801 mills yielding a revenue of \$6,056,857 for FY 2019." As discussed, this aggregate millage rate is comprised of the separate Municipal Service Taxing Unit (MSTU) millages levied in the Martin County unincorporated area.*

*Fire Rescue MSTU Millage of 2.4804*  
*Parks and Recreation MSTU Millage of 0.1499*  
*Stormwater MSTU Millage of 0.2527*  
*Roads MSTU Millage of 0.2971*

*According to the recently published Martin County FY17 Adopted Budget Summary Information document (see link below), these separate MSTU millages have been raised or lowered.*

*Fire Rescue MSTU Millage of 2.5263*  
*Parks and Recreation MSTU Millage of 0.1488*  
*Stormwater MSTU Millage of 0.2667*  
*Roads MSTU Millage of 0.3254*  
*Combined Total Millage of 3.2672*

[https://www.martin.fl.us/sites/default/files/meta\\_page\\_files/Budget%20Summary%20Adopted%20FOR%20WEB%20SITE%20requirement.doc\\_0.pdf](https://www.martin.fl.us/sites/default/files/meta_page_files/Budget%20Summary%20Adopted%20FOR%20WEB%20SITE%20requirement.doc_0.pdf)

*The application of the FY 2017 MSTU millages to Indiantown's adjusted taxable value, as identified in the Study (p. 17), results in a higher estimate of Ad Valorem Tax revenues (i.e., a new estimate of \$6,222,749 compared to the Study's original estimate of \$6,056,857 – an increase of \$165,892).*

- 5. The Study (pp. 16-27) provides a discussion of additional revenues potentially available to Indiantown but not included for consideration in the five-year operational plan. Most notably, the Study (p. 19) states: "It is projected all existing Martin County user fees would be adopted by Indiantown and pay for the services they are presently supporting." Additionally, the Study (p. 24) states: "This report does not include revenues associated with permits because these fees typically are revenue neutral. Revenues raised from this source would pay for inspections, processing and*

***plan review functions that will initially be provided by Martin County staff through interlocal agreement.” Although it appears that Indiantown will be contracting with Martin County for continued services typically paid by such fees, the revenues from these fees are not reflected in the five-year operational plan even through the plan reflects payments to the county for contracted services.***

- 6. The Study (p. 35) states: “The current permanent population is estimated at 5,717 and total population (with seasonal residents) is estimated to approach 9,000. The growth in population is projected to increase at an annual rate of 2% to 6,200 in FY 2022, with a service population of 10,000. This projection is consistent with recent growth patterns in the area.” However, the Study does not provide any documentation to substantiate the claim that this projection is consistent with recent area growth patterns. EDR checked recent annual population estimates of unincorporated Martin County and found that, in the five-year period between 2011 and 2016, the county’s unincorporated population increased, on average, 0.6% annually. Therefore, without data to support the claim, Indiantown’s assumption of 2% annual population growth appears to be too optimistic. After the Study was initially submitted, the current population was revised to reflect an area that would be excluded from the proposed incorporation area. This change resulting in a reduction of the population estimates from 5,717 to 5,457. The population projections need to be adjusted to reflect this population reduction.***
- 7. The Study (p. 35) states: “The property tax base is projected to increase an average of 3% per year from FY 2018 through FY 2022.” However, the Study does not provide any documentation to substantiate this assumption. EDR checked recent annual taxable values for both Martin County and Town of Jupiter Island and found that, in the ten-year period between 2005 and 2015 (which includes the period of the Great Recession), the compound annual growth rates (CAGR) of the jurisdictions’ taxable values were 0.5% and 1.8%, respectively. However, if a shorter, post-Great Recession timeframe (i.e., the three-year period of 2012 to 2015) was used instead, the CAGRs for Martin County and Jupiter Island were 3.2% and 2.9%, respectively. Furthermore, EDR reviewed Martin County taxable values projected in the August 2016 Florida Ad Valorem Estimating Conference (see link below) and found that, in the four-year forecast period between 2017 and 2021, the CAGR of the county’s taxable values is estimated to be 5.2%. Consequently, the Study’s assumption of 3% annual ad valorem revenue growth seems reasonable.***

***[http://edr.state.fl.us/Content/conferences/advalorem/adval\\_results.pdf](http://edr.state.fl.us/Content/conferences/advalorem/adval_results.pdf)***

- 8. With the exception of Local Business Tax and Investment Income revenues, the Study assumes 3% annual growth for the other identified revenue sources. As previously mentioned, the Study does not provide any documentation or further explanation of how the projected 3% growth rate was determined. EDR reviewed Communications Services Tax (CST) annual taxable sales within both Martin County’s unincorporated area and the Town of Jupiter Island and found that, in the ten-year period between 2005 and 2015 (which includes the period of the Great Recession), the CAGR of the areas’ taxable sales were 1.4% and 2.1%, respectively. However, if a shorter, post-Great Recession timeframe (i.e., the three-year period of 2012 to 2015) was used instead, the CAGRs for unincorporated Martin County and Jupiter Island were (4.6%) and (1.5%), respectively. Therefore, the Study’s assumption of 3% annual CST revenue growth might be too optimistic.***

***EDR also reviewed the annual Local Government Half-cent Sales Tax (LHC) ordinary distributions and Municipal Revenue Sharing (MRS) distributions to all Martin County municipalities (i.e.,***



*Jupiter Island, Ocean Breeze, Sewall's Point, and Stuart) and found that, in the ten-year period between 2006 and 2016 (which includes the period of the Great Recession), the CAGR of municipal LHC and MRS distributions were (1.1%) and 0.0%, respectively. If a shorter, post-Great Recession timeframe (i.e., the four-year period of 2012 to 2016) was used instead, the CAGRs for LHC and MRS distributions were 5.6% and 1.1%, respectively. Therefore, the Study's assumption of 3% annual LHC and MRS revenue growth might be too optimistic.*

*Furthermore, given that the Franchise Fee for electric service is new to the Martin County in FY 2017 and without a municipal franchise agreement to review, it is not possible to determine how Franchise Fee revenues to Indiantown might change over time.*

9. *The Study (p. 33) states: "This projection shows the cost of operating the new local government is covered by the redirection of existing State revenues and the Bridge Loan during the first six months." The five-year operational plan lists bridge loan proceeds of \$1,000,000 in FY 2018 and bridge loan repayments in each of the five years; however, there is no discussion of how such loan payments are structured.*
10. *The Study (p. 38) provides Indiantown's estimated expenditures for the partial first fiscal year (i.e., FY 2018) and the remaining four full fiscal years (i.e., FY 2019 to FY 2022) of municipal operations. There is some limited discussion of how the Indiantown Local Government expenses were calculated (i.e., pp. 31-33, 37); however, there is no explanation of how Indiantown's payments pursuant to an interlocal agreement with the county for services (i.e., fire and rescue, parks and recreation, stormwater, and roads) were determined. Furthermore, there is no documentation from the county indicating that these services will be provided to the municipality for the amounts indicated. Consequently, it is difficult to assess the validity of the expenditure figures.*
11. *The Study (pp. 34-38) assumes 3% annual growth for each of Indiantown expenditures and most revenues. However, there is no documentation to substantiate the validity of these assumptions. The compound annual growth rates for statewide municipal government revenues and expenditures between FY 2003-04 and 2013-14 were 3.1% and 2.8%, respectively, and might suggest that the Study's assumption is reasonable. However, annual rates of revenue and expenditure growth can vary significantly from one municipality to another due to a number of factors. Therefore, it is instructive to compare Indiantown's expected revenues and expenditures to the most recent revenues and expenditures of an identified cohort group of similarly-populated municipalities or newly incorporated municipalities (see discussion and tables in Additional Supplemental Material section to follow).*
12. *Given the prior comments regarding the calculation of select revenues as well as the lack of documentation and explanation of expense estimates, it is difficult to assess the validity of Indiantown's five-year projections of revenues and expenses and the projected surpluses.*

#### **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. 4-10) describes the results of a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis prepared by BJM Consulting, Inc.

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's deficiency concerning this element by asking if the proponents have discussed the transition process from the use of county Municipal Service Taxing Units to a separate municipal government. Additionally, the letter asked for clarification of how the proposed municipality intends to provide law enforcement services.***

***In its November 16, 2016 response to correct the deficiency, BJM Consulting, Inc., repeated the explanations summarized in Element #6 above. Furthermore, the Study concluded the total cost of Indiantown government will be lower because of its "government lite" form of government, which will be based on a limited number of municipal employees to negotiate and administer contracts with third-party providers to deliver local government services.***

***EDR assumes that the Study's SWOT analysis reflects the views of incorporation proponents residing within the Indiantown community and the collective conclusion that incorporation is needed and necessary. However, in light of our responses to Element #8 above, it is not clear that the question of financial feasibility has been adequately answered.***

#### **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 does not include a discussion of possible alternatives to municipal incorporation. Therefore, this element has not been addressed.

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's deficiency concerning this element by noting that no alternatives to incorporation were addressed. Additionally, the letter asked if the county's current Municipal Service Taxing Units (MSTUs) are insufficient to meet the area's needs. Furthermore, the letter asked for a discussion of whether the creation of a special district would better meet the area's needs.***

***In its November 16, 2016 response to correct the deficiency, BJM Consulting, Inc., stated the existing MSTUs provide a reasonable funding source but do not allow for the establishment of local levels of service. The response indicates these funds are dispersed by the county's governing body and that it lacks the necessary understanding of the needs of this inland community relative to the more populated, coastal areas of Martin County. The response also stated that the adoption of a special district or planning overlay district would continue to be governed by the county commission rather than locally-elected Indiantown leaders. Furthermore, the response expressed concerns about the potential influences that county residents outside of Indiantown might have on decisions by county commissioners under a special district model of governance.***

***EDR notes that an assessment of the validity and reasonableness of any alternatives to municipal incorporation are more appropriate to the arena of policy making and depends on the reviewer'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 or not Indiantown 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.)**

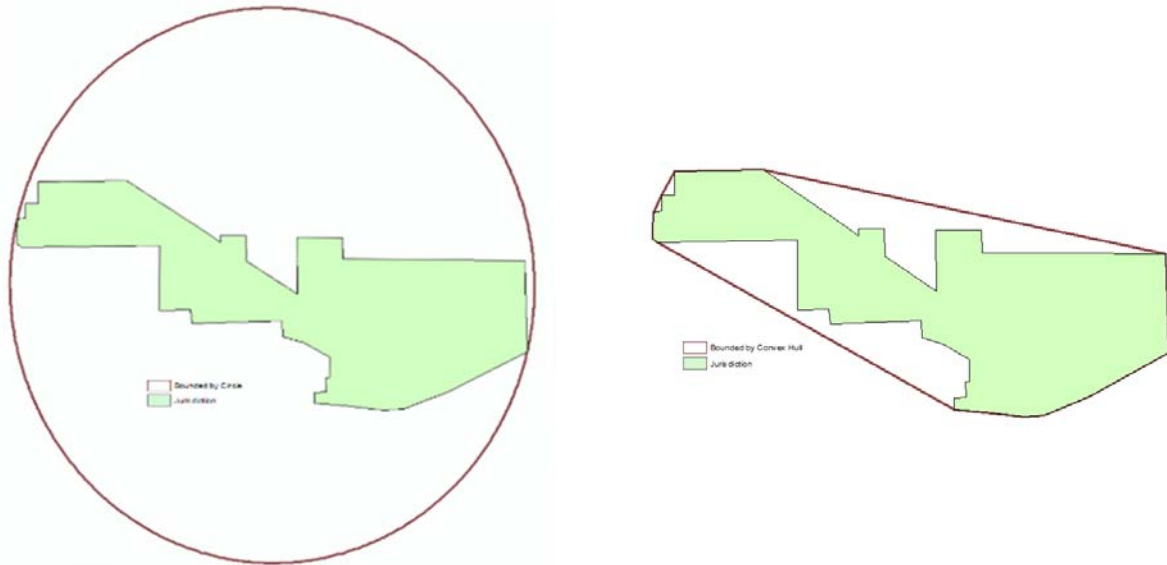
Staff Analysis: This section of Florida law does not provide statutory definitions of compact or contiguous. However, the Merriam-Webster dictionary defines *compact*, in part, to mean *occupying a small volume by reason of efficient use of space*. Furthermore, *contiguous* is defined, in part, to mean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

The Study's revised Exhibit 1B, dated October 19, 2016, depicts the area to be incorporated. For the purpose of analysis, EDR created a map that approximates the proposed boundaries of Indiantown based on the Study's map and the Florida Department of Revenue's property tax records for Martin County. EDR's map representation of Indiantown reflects a land area of 8,836 acres. This map was utilized in EDR's analysis of this Standard as well as 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 Indiantown, 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 Indiantown's proposed boundary, the Reock score is 0.21, while the Area/Convex Hull score is 0.69. As previously mentioned, the closer the score is to 1, the higher the level of compactness.

### Proposed Jurisdiction with Circle and Convex Hull



***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 Indiantown’s boundary map (i.e., the revised Exhibit 1B), the area does not have any enclaves and is mostly bounded on its southern and southeastern borders by the St. Lucie River. EDR’s review suggests that Indiantown’s boundary appears to be contiguous and relatively compact.***

#### **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, 2016) for Martin County is 150,870. Consequently, any new incorporation within the county would be required to have a minimum population of 5,000. The Study’s revised Exhibit 1B, dated October 19, 2016, indicates a population estimate of 5,457, which is based on 1,591 housing units and an estimated persons per household (PPH) of 3.43. EDR’s population estimates of the proposed incorporated area were based on 2010 Decennial Census and 2010–2014 American Community Survey (ACS) data. These population estimates encompassed areas that did not perfectly align with the proposed area of incorporation and ranged from 5,981 to 6,722 persons, depending on the particular geographies and time periods used.

***EDR could not confirm the Study’s population estimate of 5,457, and the Study did not explain its source of the PPH figure listed in the revised Exhibit 1B. However, Indiantown appears to have a population above the minimum population of 5,000 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. 11) states: "The area considered for the proposed incorporation is approximately 14.68 +/- square miles, or 9,397.50 +/- acres (See Map Appendix 2). The estimated permanent population for this area at 5,717, this equates to a population density of 0.61 persons per acre which does not meet the minimum density requirement of 1.5 persons per acre required by the statutes for incorporation." However, the Study's revised Exhibit 1B, dated October 19, 2016, indicates that the proposed incorporated area of Indiantown is 9,035.73 acres, which equates to 14.12 square miles (i.e., 9,035.73 acres / 640 acres per square mile). Based on the Study's revised 2016 population estimate of 5,457, the population density of the proposed incorporation area would equal 0.60 persons per acre (i.e., 5,457 / 9,035.73). The Study acknowledges that Indiantown will need a waiver from this minimum population density standard.

***As previously mentioned, EDR was not able to replicate the proposed area exactly for the population and land area standards. However, EDR's analysis also resulted in a calculation of population density of less than 1.5 persons per acre. Therefore, 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. 11) states: "There is no existing local municipality within the 2 mile buffer required by State Statutes." EDR's review confirms that there are no existing Martin County municipalities within two miles of the proposed municipality. ***Therefore, 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; however, the review of the proposed municipal charter for legal sufficiency is outside EDR's purview. 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 Affairs Committee.***

**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. 11) states: "Solid waste hauling and disposal is provided by Waste Management through a franchise agreement with Martin County." Additionally, the Study (p. 12) states: "The existing Franchise agreements with FPL and Waste Management would continue to be in place until the Town is legally able to establish new agreements." Furthermore, the proposed municipal charter [i.e., Section 11(11)] states, in part: "... existing solid-waste contracts shall be honored as required by s. 165.061(1)(f), Florida Statutes, and s. 10, Article I of the State Constitution."

***In its September 27, 2016 letter to BJM Consulting, Inc., the House Local Government Affairs Subcommittee noted the Study's deficiency concerning this standard by asking for clarification whether statements concerning the honoring of existing franchise agreements were intended to apply to solid-waste contracts. In its November 16, 2016 response to correct the deficiency, BJM Consulting, Inc., stated that the Study would be revised to make clear that the existing franchise agreement for solid-waste services will be maintained as required by law. Consequently, it appears that this standard will be properly satisfied after this clarification has been made.***

## **Conclusion**

EDR has identified deficiencies with several of the required elements of the Study, particularly Element #8 relating to evidence of fiscal capacity. EDR has concerns that positive budget outcomes are difficult to assess due to the lack of documentation as to how revenues and expenses were determined. EDR would have liked to have seen more explanation of how the costs of services were calculated and what factors were considered in making assumptions about future revenues, expenditures, and population growth rates.

EDR suggests that Indiantown violates one of the six statutory standards of incorporation (i.e., area proposed for incorporation must have an average population density of at least 1.5 persons per acre). However, EDR notes that the Florida Legislature could exercise its option to waive this standard 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 Indiantown's estimated FY 2018-19 revenues and expenditures (i.e., first full fiscal year of municipal operations) to those of ten similarly-populated Florida municipalities and to newly incorporated municipalities. The comparison cities' fiscal data are for the 2013-14 fiscal year and reflect the latest available data submitted by these municipalities via their Annual Financial Reports to the 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 Indiantown's first full fiscal year revenues and expenditures compare to existing cities having similar populations or to cities that were recently incorporated. Although, on a per capita basis, Indiantown's proposed revenues and expenditures are lower than some of the comparison cities, the figures are higher compared to others.

Eric Miller, Policy Chief  
December 5, 2016  
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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: Tom Yeatman, Staff Director, Senate Committee on Community Affairs

Attachments

# Indiantown Incorporation Feasibility Study

## Comparison of Indiantown's Reported Revenues and Expenditures to Those of Other Similarly-Populated Municipalities

Municipality	Other Similarly-Populated Municipalities (Sorted by Population: High to Low)										
	Pahokee	Gulf Breeze	High Springs	Fort Meade	Lake Alfred	Indiantown (Proposed)	Tequesta	Okeechobee	Surfside	Bay Harbor Islands	Starke
Respective County	Palm Beach	Santa Rosa	Alachua	Polk	Polk	Martin	Palm Beach	Okeechobee	Miami-Dade	Miami-Dade	Bradford
2016 Population Estimate	5,826	5,818	5,813	5,782	5,728	5,457	5,699	5,552	5,544	5,541	5,515
2015 Population Estimate	5,839	5,832	5,742	5,741	5,322	-	5,665	5,534	5,703	5,552	5,442
2014 Population Estimate	5,818	5,823	5,533	5,955	5,127	-	5,629	5,583	5,722	5,785	5,536
Year of Incorporation	1923	1961	1892	1915	1918	2017	1957	1915	1935	1947	1870
<b>Total Revenues by Category</b>											
Taxes	\$ 1,002,422	\$ 2,827,981	\$ 2,079,583	\$ 1,396,722	\$ 1,737,133	\$ 6,177,302	\$ 6,156,465	\$ 3,959,207	\$ 7,707,886	\$ 3,923,558	\$ 2,578,525
Permits, Fees, and Special Assessments	\$ 456,074	\$ 884,008	\$ 525,932	\$ 158,563	\$ 607,541	\$ 501,086	\$ 422,796	\$ 579,075	\$ 2,568,711	\$ 1,199,431	\$ 231,419
Intergovernmental Revenue	\$ 1,406,101	\$ 2,499,787	\$ 794,447	\$ 794,899	\$ 623,992	\$ 701,785	\$ 653,064	\$ 1,099,888	\$ 1,025,478	\$ 778,770	\$ 567,208
Charges for Services	\$ 949,694	\$ 13,976,188	\$ 2,637,118	\$ 7,586,219	\$ 2,947,977		\$ 7,016,016	\$ 398,815	\$ 6,219,321	\$ 10,532,481	\$ 11,194,245
Judgments, Fines, and Forfeits	\$ 35,687	\$ 190,111	\$ 20,809	\$ 102,361	\$ 33,290		\$ 319,598	\$ 22,243	\$ 856,269	\$ 118,453	\$ 25,405
Miscellaneous Revenues	\$ 205,897	\$ 2,433,153	\$ 80,524	\$ 1,933,028	\$ 1,335,094	\$ 25,000	\$ 2,351,715	\$ 3,433,658	\$ 2,549,494	\$ 2,837,330	\$ 3,173,674
Other Sources	\$ 931,654	\$ 2,552,492	\$ 1,165,394	\$ 700,000	\$ 339,679		\$ 594,349	\$ 28,842	\$ 2,132,329	\$ 2,310,450	\$ 734,491
<b>Total - All Revenue Accounts</b>	<b>\$ 4,987,529</b>	<b>\$ 25,363,720</b>	<b>\$ 7,303,807</b>	<b>\$ 12,671,792</b>	<b>\$ 7,624,706</b>	<b>\$ 7,405,173</b>	<b>\$ 17,514,003</b>	<b>\$ 9,521,728</b>	<b>\$ 23,059,488</b>	<b>\$ 21,700,473</b>	<b>\$ 18,504,967</b>
<b>Per Capita Revenues by Category</b>											
Taxes	\$ 172	\$ 486	\$ 376	\$ 235	\$ 339	\$ 1,067	\$ 1,094	\$ 709	\$ 1,347	\$ 678	\$ 466
Permits, Fees, and Special Assessments	\$ 78	\$ 152	\$ 95	\$ 27	\$ 118	\$ 87	\$ 75	\$ 104	\$ 449	\$ 207	\$ 42
Intergovernmental Revenue	\$ 242	\$ 429	\$ 144	\$ 133	\$ 122	\$ 121	\$ 116	\$ 197	\$ 179	\$ 135	\$ 102
Charges for Services	\$ 163	\$ 2,400	\$ 477	\$ 1,274	\$ 575	\$ -	\$ 1,246	\$ 71	\$ 1,087	\$ 1,821	\$ 2,022
Judgments, Fines, and Forfeits	\$ 6	\$ 33	\$ 4	\$ 17	\$ 6	\$ -	\$ 57	\$ 4	\$ 150	\$ 20	\$ 5
Miscellaneous Revenues	\$ 35	\$ 418	\$ 15	\$ 325	\$ 260	\$ 4	\$ 418	\$ 615	\$ 446	\$ 490	\$ 573
Other Sources	\$ 160	\$ 438	\$ 211	\$ 118	\$ 66	\$ -	\$ 106	\$ 5	\$ 373	\$ 399	\$ 133
<b>Total - All Revenue Accounts</b>	<b>\$ 857</b>	<b>\$ 4,356</b>	<b>\$ 1,320</b>	<b>\$ 2,128</b>	<b>\$ 1,487</b>	<b>\$ 1,279</b>	<b>\$ 3,111</b>	<b>\$ 1,705</b>	<b>\$ 4,030</b>	<b>\$ 3,751</b>	<b>\$ 3,343</b>
<b>Total Expenditures by Category</b>											
General Government Services	\$ 1,142,509	\$ 3,296,698	\$ 904,801	\$ 1,322,262	\$ 1,538,160	\$ 1,445,821	\$ 1,882,569	\$ 1,851,358	\$ 2,967,531	\$ 2,026,535	\$ 2,583,716
Public Safety	\$ 680,525	\$ 3,366,342	\$ 2,319,441	\$ 1,491,810	\$ 1,761,515	\$ 1,654,450	\$ 7,151,654	\$ 3,484,560	\$ 5,637,897	\$ 4,308,456	\$ 2,689,730
Physical Environment	\$ 231,074	\$ 11,080,906	\$ 2,050,615	\$ 7,465,458	\$ 2,589,539	\$ 185,793	\$ 5,306,733	\$ -	\$ 7,004,183	\$ 3,056,513	\$ 10,734,069
Transportation	\$ 1,221,846	\$ 353,194	\$ 609,496	\$ 290,770	\$ 335,978	\$ 218,490	\$ 858,787	\$ 2,039,194	\$ 1,164,645	\$ 6,305,871	\$ 862,271
Economic Environment	\$ -	\$ 1,190,711	\$ 145,226	\$ 1,368	\$ -	\$ -	\$ -	\$ -	\$ 374,873	\$ -	\$ 175
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture / Recreation	\$ 1,905,273	\$ 4,916,726	\$ 156,206	\$ 654,059	\$ 469,735	\$ 110,200	\$ 508,269	\$ -	\$ 1,533,118	\$ 616,743	\$ 70,107
Other Uses and Non-Operating	\$ 926,059	\$ 2,552,492	\$ 1,069,632	\$ 700,000	\$ 329,265	\$ -	\$ 394,317	\$ 139,995	\$ 654,770	\$ 1,672,950	\$ 545,924
<b>Total - All Expenditure Accounts</b>	<b>\$ 6,107,286</b>	<b>\$ 26,757,069</b>	<b>\$ 7,255,417</b>	<b>\$ 11,925,727</b>	<b>\$ 7,024,192</b>	<b>\$ 3,614,754</b>	<b>\$ 16,102,329</b>	<b>\$ 7,515,107</b>	<b>\$ 19,337,017</b>	<b>\$ 17,987,068</b>	<b>\$ 17,485,992</b>
<b>Per Capita Expenditures by Category</b>											
General Government Services	\$ 196	\$ 566	\$ 164	\$ 222	\$ 300	\$ 250	\$ 334	\$ 332	\$ 519	\$ 350	\$ 467
Public Safety	\$ 117	\$ 578	\$ 419	\$ 251	\$ 344	\$ 286	\$ 1,271	\$ 624	\$ 985	\$ 745	\$ 486
Physical Environment	\$ 40	\$ 1,903	\$ 371	\$ 1,254	\$ 505	\$ 32	\$ 943	\$ -	\$ 1,224	\$ 528	\$ 1,939
Transportation	\$ 210	\$ 61	\$ 110	\$ 49	\$ 66	\$ 38	\$ 153	\$ 365	\$ 204	\$ 1,090	\$ 156
Economic Environment	\$ -	\$ 204	\$ 26	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 66	\$ -	\$ 0
Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture / Recreation	\$ 327	\$ 844	\$ 28	\$ 110	\$ 92	\$ 19	\$ 90	\$ -	\$ 268	\$ 107	\$ 13
Other Uses and Non-Operating	\$ 159	\$ 438	\$ 193	\$ 118	\$ 64	\$ -	\$ 70	\$ 25	\$ 114	\$ 289	\$ 99
<b>Total - All Expenditure Accounts</b>	<b>\$ 1,050</b>	<b>\$ 4,595</b>	<b>\$ 1,311</b>	<b>\$ 2,003</b>	<b>\$ 1,370</b>	<b>\$ 624</b>	<b>\$ 2,861</b>	<b>\$ 1,346</b>	<b>\$ 3,379</b>	<b>\$ 3,109</b>	<b>\$ 3,159</b>



## Indiantown Incorporation Feasibility Study

### Comparison of Indiantown's Reported 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 2014 (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 2014 population estimate since it corresponds to the AFR fiscal year data.
- 2) This analysis uses Indiantown's proposed first full fiscal year (i.e., LFY 2018-19) revenues and expenditures, which are summarized in the Feasibility Study (p. 38). The calculations of per capita revenues and expenditures are made using an estimated 2019 population of 5,791, which is the Study's 2016 population estimate of 5,457 increased by 2% annually. This 2% annual growth in Indiantown's population is the increase assumed in the Study (p. 35).
- 3) Indiantown's Taxes revenue amount is the sum total of the Ad Valorem Tax, \$6,056,857; and Local Business Tax, \$25,000, and a Local Communication Services Tax allocation, \$95,445. The Permits, Fees, and Special Assessments amount reflects a Franchise Fee allocation, \$1,298,128. The Intergovernmental Revenues amount is the sum total of the following state revenue sharing figures: Local Government Half-Cent Sales Tax Program, \$1,572,226; and Municipal Revenue Sharing, \$313,525. The Miscellaneous Revenues figure reflects Interest Earnings, \$25,000. With the exception of Local Business Tax and Interest Earnings, these figures reflect the 2017-18 amounts increased by the 3% growth assumption reflected in the Study (pp. 35-36).
- 4) Indiantown's expenditures are the sum total of the following category totals: General Government (i.e., Indiantown Local Government and Bridge Loan), \$1,445,821; Public Safety (i.e., Fire Interlocal with County), \$1,654,450; Physical Environment (i.e., Stormwater Interlocal with County), \$185,793; Transportation (i.e., Roads Interlocal with County), \$218,490; and Culture / Recreation (i.e., Parks and Rec Interlocal with County), \$110,200. These figures are listed in the Study (p. 38).

## 2017 Municipal Incorporation Proposals: Hobe Sound, Indiantown, and South Walton

### Comparison of Proposed Incorporations' 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	Hobe Sound (Proposed)	Indiantown (Proposed)	South Walton (Proposed)
Respective County	Miami-Dade	Broward	Miami-Dade	Miami-Dade	Miami-Dade	Miami-Dade	Broward	Brevard	Palm Beach	Lee	Palm Beach	Martin	Martin	Walton
2016 Population Estimate	30,456	7,572	23,962	59,304	111,998	44,901	14,768	4,073	3,271	30,565	-	15,362	5,457	23,685
2015 Population Estimate	30,209	7,389	23,843	55,660	109,951	44,109	14,499	3,949	3,203	30,118	-	-	-	-
2014 Population Estimate	30,161	7,339	23,767	52,889	108,160	42,944	14,317	3,916	3,183	-	-	-	-	-
Year of Incorporation	2000	2000	2002	2003	2003	2005	2005	2006	2006	2014	2016	2017	2017	2017
<b>Total Revenues by Category</b>														
Taxes	\$ 11,408,822	\$ 5,551,241	\$ 10,890,720	\$ 37,876,147	\$ 39,279,980	\$ 9,495,988	\$ 4,775,679	\$ 486,049	\$ 929,224	No data	No data	\$ 3,310,109	\$ 6,177,302	\$ 5,219,691
Permits, Fees, and Special Assessments	\$ 2,488,759	\$ 4,045,740	\$ 3,129,358	\$ 13,944,499	\$ 6,831,823	\$ 2,939,207	\$ 4,630,200	\$ 257,252	\$ 248,103	No data	No data	\$ 1,298,128	\$ 501,086	\$ -
Intergovernmental Revenue	\$ 4,071,818	\$ 768,283	\$ 2,309,078	\$ 5,858,862	\$ 16,632,644	\$ 10,136,097	\$ 3,276,294	\$ 272,331	\$ 367,211	No data	No data	\$ 1,885,751	\$ 701,785	\$ 3,467,453
Charges for Services	\$ 924,738	\$ 158,693	\$ 585,905	\$ 1,723,706	\$ 10,868,200	\$ 1,277,655	\$ 1,014,963	\$ 555,530	\$ 424,965	No data	No data	\$ -	\$ -	\$ -
Judgments, Fines, and Forfeits	\$ 260,566	\$ 488,424	\$ 322,263	\$ 985,621	\$ 4,363,067	\$ 524,177	\$ 378,325	\$ 205	\$ 9,647	No data	No data	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ 948,111	\$ 183,018	\$ 533,118	\$ 1,606,574	\$ 3,284,933	\$ 696,177	\$ 53,560	\$ 11,993	\$ 3,149	No data	No data	\$ 25,000	\$ 25,000	\$ 5,000
Other Sources	\$ 2,750,506	\$ 1,575,736	\$ 1,480,000	\$ -	\$ 81,663,689	\$ 1,366,546	\$ -	\$ -	\$ 55,070	No data	No data	\$ -	\$ -	\$ -
<b>Total - All Revenue Accounts</b>	<b>\$ 22,853,320</b>	<b>\$ 12,771,135</b>	<b>\$ 19,250,442</b>	<b>\$ 61,995,409</b>	<b>\$ 162,924,336</b>	<b>\$ 26,435,847</b>	<b>\$ 14,129,021</b>	<b>\$ 1,583,360</b>	<b>\$ 2,037,369</b>	<b>No data</b>	<b>No data</b>	<b>\$ 6,518,988</b>	<b>\$ 7,405,173</b>	<b>\$ 8,692,144</b>
<b>Per Capita Revenues by Category</b>														
Taxes	\$ 378	\$ 756	\$ 458	\$ 716	\$ 363	\$ 221	\$ 334	\$ 124	\$ 292	No data	No data	\$ 203	\$ 1,067	\$ 212
Permits, Fees, and Special Assessments	\$ 83	\$ 551	\$ 132	\$ 264	\$ 63	\$ 68	\$ 323	\$ 66	\$ 78	No data	No data	\$ 80	\$ 87	\$ -
Intergovernmental Revenue	\$ 135	\$ 105	\$ 97	\$ 111	\$ 154	\$ 236	\$ 229	\$ 70	\$ 115	No data	No data	\$ 116	\$ 121	\$ 141
Charges for Services	\$ 31	\$ 22	\$ 25	\$ 33	\$ 100	\$ 30	\$ 71	\$ 142	\$ 134	No data	No data	\$ -	\$ -	\$ -
Judgments, Fines, and Forfeits	\$ 9	\$ 67	\$ 14	\$ 19	\$ 40	\$ 12	\$ 26	\$ 0	\$ 3	No data	No data	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ 31	\$ 25	\$ 22	\$ 30	\$ 30	\$ 16	\$ 4	\$ 3	\$ 1	No data	No data	\$ 2	\$ 4	\$ 0
Other Sources	\$ 91	\$ 215	\$ 62	\$ -	\$ 755	\$ 32	\$ -	\$ -	\$ 17	No data	No data	\$ -	\$ -	\$ -
<b>Total - All Revenue Accounts</b>	<b>\$ 758</b>	<b>\$ 1,740</b>	<b>\$ 810</b>	<b>\$ 1,172</b>	<b>\$ 1,506</b>	<b>\$ 616</b>	<b>\$ 987</b>	<b>\$ 404</b>	<b>\$ 640</b>	<b>No data</b>	<b>No data</b>	<b>\$ 400</b>	<b>\$ 1,279</b>	<b>\$ 353</b>
<b>Total Expenditures by Category</b>														
General Government Services	\$ 6,925,131	\$ 2,905,056	\$ 4,104,236	\$ 10,178,358	\$ 42,318,007	\$ 13,094,582	\$ 2,002,878	\$ 925,444	\$ 675,104	No data	No data	\$ 1,426,890	\$ 1,445,821	\$ 2,251,750
Public Safety	\$ 6,477,223	\$ 6,014,233	\$ 7,468,804	\$ 17,741,090	\$ 36,005,959	\$ 8,030,573	\$ 6,889,005	\$ 11,612	\$ 280,515	No data	No data	\$ 3,515,120	\$ 1,654,450	\$ -
Physical Environment	\$ 1,742,235	\$ 790,588	\$ 702,038	\$ -	\$ 2,369,592	\$ -	\$ 1,800,543	\$ 400,423	\$ 422,140	No data	No data	\$ 499,240	\$ 185,793	\$ 5,185,000
Transportation	\$ 3,334,515	\$ 306,783	\$ 1,290,779	\$ 9,283,916	\$ 5,973,796	\$ -	\$ 2,587,132	\$ 599,262	\$ 405,898	No data	No data	\$ 587,097	\$ 218,490	\$ -
Economic Environment	\$ -	\$ -	\$ 212,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	No data	No data	\$ -	\$ -	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ 28,555	\$ -	\$ -	\$ -	\$ -	No data	No data	\$ -	\$ -	\$ -
Culture / Recreation	\$ 2,531,056	\$ 654,473	\$ 2,309,574	\$ 3,918,789	\$ 5,857,059	\$ 1,972,813	\$ 891,121	\$ 8,548	\$ -	No data	No data	\$ 296,156	\$ 110,200	\$ 775,000
Other Uses and Non-Operating	\$ 1,768,223	\$ 1,557,874	\$ 1,480,000	\$ -	\$ 15,479,624	\$ 1,366,546	\$ -	\$ -	\$ 55,070	No data	No data	\$ -	\$ -	\$ -
<b>Total - All Expenditure Accounts</b>	<b>\$ 22,778,383</b>	<b>\$ 12,229,007</b>	<b>\$ 17,567,758</b>	<b>\$ 41,122,153</b>	<b>\$ 108,032,592</b>	<b>\$ 24,464,514</b>	<b>\$ 14,170,679</b>	<b>\$ 1,945,289</b>	<b>\$ 1,838,727</b>	<b>No data</b>	<b>No data</b>	<b>\$ 6,324,503</b>	<b>\$ 3,614,754</b>	<b>\$ 8,211,750</b>
<b>Per Capita Expenditures by Category</b>														
General Government Services	\$ 230	\$ 396	\$ 173	\$ 192	\$ 391	\$ 305	\$ 140	\$ 236	\$ 212	No data	No data	\$ 88	\$ 250	\$ 91
Public Safety	\$ 215	\$ 819	\$ 314	\$ 335	\$ 333	\$ 187	\$ 481	\$ 3	\$ 88	No data	No data	\$ 216	\$ 286	\$ -
Physical Environment	\$ 58	\$ 108	\$ 30	\$ -	\$ 22	\$ -	\$ 126	\$ 102	\$ 133	No data	No data	\$ 31	\$ 32	\$ 210
Transportation	\$ 111	\$ 42	\$ 54	\$ 176	\$ 55	\$ -	\$ 181	\$ 153	\$ 128	No data	No data	\$ 36	\$ 38	\$ -
Economic Environment	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	No data	No data	\$ -	\$ -	\$ -
Human Services	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	No data	No data	\$ -	\$ -	\$ -
Culture / Recreation	\$ 84	\$ 89	\$ 97	\$ 74	\$ 54	\$ 46	\$ 62	\$ 2	\$ -	No data	No data	\$ 18	\$ 19	\$ 31
Other Uses and Non-Operating	\$ 59	\$ 212	\$ 62	\$ -	\$ 143	\$ 32	\$ -	\$ -	\$ 17	No data	No data	\$ -	\$ -	\$ -
<b>Total - All Expenditure Accounts</b>	<b>\$ 755</b>	<b>\$ 1,666</b>	<b>\$ 739</b>	<b>\$ 778</b>	<b>\$ 999</b>	<b>\$ 570</b>	<b>\$ 990</b>	<b>\$ 497</b>	<b>\$ 578</b>	<b>No data</b>	<b>No data</b>	<b>\$ 388</b>	<b>\$ 624</b>	<b>\$ 333</b>

## 2017 Municipal Incorporation Proposals: Hobe Sound, Indiantown, and South Walton

### Comparison of Proposed Incorporations' Revenues and Expenditures to Those of Municipalities Incorporated Since 2000

## Notes:

- 1) The revenues and expenditures of the comparison municipalities are obtained from Annual Financial Reports (AFR) for the local fiscal year ended 2014 (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 2014 population estimate since it corresponds to the AFR fiscal year data. There are no available AFR revenues and expenditures data for the municipalities of Estero and Westlake due to their more recent dates of incorporation.
- 2) This analysis uses Hobe Sound's proposed first full fiscal year (i.e., LFY 2018-19) revenues and expenditures, which are summarized in the Feasibility Study (p. 38). The calculations of per capita revenues and expenditures are made using an estimated 2019 population of 16,302, which is the Study's 2016 population estimate of 15,362 increased by 2% annually. This 2% annual growth in Hobe Sound's population is the increase assumed in the Study (p. 35).
- 3) Hobe Sound's Taxes revenue amount is the sum total of the Ad Valorem Tax, \$3,037,847; Local Business Tax, \$25,000, and a Local Communication Services Tax allocation, \$247,262. The Permits, Fees, and Special Assessments amount reflects a Franchise Fee allocation, \$1,298,128. The Intergovernmental Revenues amount is the sum total of the following state revenue sharing figures: Local Government Half-Cent Sales Tax Program, \$1,572,226; and Municipal Revenue Sharing, \$313,525. The Miscellaneous Revenues figure reflects Interest Earnings, \$25,000. With the exception of Local Business Tax and Interest Earnings, these figures reflect the 2017-18 amounts increased by the 3% growth assumption reflected in the Study (p. 35).
- 4) Hobe Sound's expenditures are the sum total of the following category totals: General Government (i.e., Hobe Sound Local Government), \$1,426,890; Public Safety (i.e., Fire Interlocal with County), \$3,515,120; Physical Environment (i.e., Stormwater Interlocal with County), \$499,240; Transportation (i.e., Roads Interlocal with County), \$587,097; and Culture / Recreation (i.e., Parks and Rec Interlocal with County), \$296,156. These figures are listed in the Study (p. 38).
- 5) This analysis uses Indiantown's proposed first full fiscal year (i.e., LFY 2018-19) revenues and expenditures, which are summarized in the Feasibility Study (p. 38). The calculations of per capita revenues and expenditures are made using an estimated 2019 population of 5,791, which is the Study's 2016 population estimate of 5,457 increased by 2% annually. This 2% annual growth in Indiantown's population is the increase assumed in the Study (p. 35).
- 6) Indiantown's Taxes revenue amount is the sum total of the Ad Valorem Tax, \$6,056,857; and Local Business Tax, \$25,000, and a Local Communication Services Tax allocation, \$95,445. The Permits, Fees, and Special Assessments amount reflects a Franchise Fee allocation, \$1,298,128. The Intergovernmental Revenues amount is the sum total of the following state revenue sharing figures: Local Government Half-Cent Sales Tax Program, \$1,572,226; and Municipal Revenue Sharing, \$313,525. The Miscellaneous Revenues figure reflects Interest Earnings, \$25,000. With the exception of Local Business Tax and Interest Earnings, these figures reflect the 2017-18 amounts increased by the 3% growth assumption reflected in the Study (pp. 35-36).
- 7) Indiantown's expenditures are the sum total of the following category totals: General Government (i.e., Indiantown Local Government and Bridge Loan), \$1,445,821; Public Safety (i.e., Fire Interlocal with County), \$1,654,450; Physical Environment (i.e., Stormwater Interlocal with County), \$185,793; Transportation (i.e., Roads Interlocal with County), \$218,490; and Culture / Recreation (i.e., Parks and Rec Interlocal with County), \$110,200. These figures are listed in the Study (p. 38).
- 8) This analysis uses South Walton's proposed Year One (i.e., LFY 2017-18) revenues and expenditures, which are summarized in the Feasibility Study's Five-Year Operational Plan (p. 16). The calculations of per capita revenues and expenditures are made using an estimated 2018 population of 24,642, which is the Study's 2016 population estimate of 23,685 increased by 2% annually.
- 9) The South Walton Taxes amount reflects the Local Discretionary Sales Surtax, \$5,219,691. The South Walton Intergovernmental Revenues amount is the sum total of the following state-shared revenues: Local Government Half-Cent Sales Tax Program, \$2,923,905; and Municipal Revenue Sharing, \$543,548. The South Walton Miscellaneous Revenues reflects interest income and other fees of \$5,000.
- 10) The South Walton expenditures reflect the sum total of the following category totals: General Government Services, \$2,251,750; Physical Environment, \$5,185,000; and Culture / Recreation, \$775,000. In the Operational Plan, an Infrastructure Improvements amount of \$1,550,000 was listed as an expense, and the Study indicates these funds would be used to augment Public Works and Parks and Recreation maintenance and improvements. For purposes of this table, 50% of the Infrastructure Improvements total (i.e., \$775,000) was allocated to both the Physical Environment and Culture / Recreation categories to reflect these extended uses. The Plan's Garbage / Solid Waste and Landfill amount of \$4,410,000 was allocated to the Physical Environment category. All remaining expenses totaling \$2,251,750 were allocated to the General Government Services category.