December 14, 2022

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

Mr. Miller:

At the Subcommittee’s request, the Office of Economic and Demographic Research (EDR) evaluated the Town of Siesta Key: Incorporation Feasibility Study – August 30, 2022, 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.

In December 2021, EDR evaluated Siesta Key’s initial incorporation feasibility study, which was presented to the Florida Legislature in advance of the 2022 legislative session. EDR’s previous evaluation is posted on the Office’s website, via the following link.
http://edr.state.fl.us/Content/local-government/reports/municipal%20incorporations/Siesta%20Key-Dec%202021%20EDR%20Evaluation.pdf

After analyzing the data and information submitted in this Feasibility Study (hereinafter, “the Study”) and other available data, EDR believes that the proposed municipality of Siesta Key (hereinafter, “Siesta Key”) violates one of the six statutory standards of incorporation (i.e., Standard 4: minimum 2-mile distance from an existing municipality). Additionally, EDR has identified several concerns or deficiencies with respect to 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. Several of the concerns or deficiencies previously discussed by EDR in its December 2021 evaluation appear to have been addressed by the consultant and/or proponents in this 2022 Study.

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

Part One: EDR’s Evaluation of the Feasibility Study
Pursuant to s. 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.3) states: “The subject territory for this incorporation is: Being all of Siesta Key, Sarasota County, Florida, bounded on the north by the south line of the City of Sarasota, bounded on the south by Palmer Point Park.” Additionally, the Study (p.4) includes a map of the proposed area of incorporation. *The review of the proposed municipality’s legal description and maps for both accuracy and legal sufficiency is outside EDR’s purview. In its October 14, 2022 letter to the Study’s proponents following submission of the Study dated August 30, 2022, the Local Administration & Veterans Affairs Subcommittee (hereinafter, “the Subcommittee’s letter”) did not comment on this particular element. Therefore, it is assumed that this element has been satisfied.*

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

Staff Analysis: The Study (p.6) lists the following primary reasons that led community leaders to explore the viability of Siesta Key’s incorporation.

1. Sarasota County’s population growth has resulted in gridlocked roads, diminished community characteristics, decreased access to existing county services, and increased citizen demand for community services.
2. Although Siesta Key reflects more than 9% of the Sarasota County’s taxable value in FY 2022-23, the community’s tax proceeds are used to support services elsewhere within the county, resulting in diminished quality and quantity of local public services within the proposed incorporation area.

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

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

Staff Analysis: The Study (pp.7-23) provides discussions and maps of current and future land use designations, county zoning designations, land use characteristics, and a description of proposed development. *Whether or not the maps and discussions are sufficient is outside EDR’s purview. The Subcommittee’s letter did not comment on this particular element. Therefore, it is assumed that this element has been satisfied.*

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 (pp.23-24) provides a list of public agencies that currently provide services within the proposed area of incorporation. **The Subcommittee’s letter did not comment on this particular element. Therefore, it is assumed that this element has 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.24) states “… most services within the proposed incorporation currently are provided by Sarasota County.” Table 2 (p.24) provides the FY adopted ad valorem tax millage rates and tax bill for county services to a property owner in unincorporated Sarasota County. Table 3 (p.25) provides annual property taxes, other tax levies, and charges for select county services within the proposed incorporation area. Table 4 (p.27) provides the per capita cost of county services provided to Siesta Key residents based on the county’s adopted FY 2021-21 budget. **The Subcommittee’s letter (p.2) questioned if the calculation of per capita costs for current services took into account, for example, impacts on response time for law enforcement or emergency medical services (EMS) due to more limited access to the island from the mainland.** It suggested that estimated costs for law enforcement, fire control, and EMS should more accurately reflect the costs for providing these services to the area. Additionally, the Subcommittee questioned what services were included within Table 4 ‘All Other County Services’ since the dollar amount is quite large. The consultant’s response to the Subcommittee (hereinafter, “the consultant’s response”) stated (pp.1-2) that a sheriff’s office substation and fire station currently exist on Siesta Key, which should maintain existing response times without additional costs, and response times should not change beyond the current service levels. Additionally, the consultant discussed an August 12, 2022 letter from Sarasota County Sheriff Kurt Hoffman, which states that the Sheriff’s Office will continue to provide law enforcement services to the incorporation area at current levels of service if the area decides to incorporate. Due to the continuation of services at current levels and funding mechanisms, the consultant reasoned that per capita costs are an accurate measurement for many of the provided services. Furthermore, the consultant provided a detailed listing of the services captioned ‘All Other County Services’ and stated that Siesta Key residents currently provide funding for the services through ad valorem taxation, charges for services, non-ad valorem assessments, or MSTU’s. With the receipt of this additional information, it appears that this element has now been satisfied.

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

Staff Analysis: The Study (pp.29-35) states that Siesta Key “… will benefit from the economy of scale provided by Sarasota County services, whenever possible.” Furthermore, Siesta Key intends to continue all services currently provided by Sarasota County (i.e., fire and EMS, law enforcement, mosquito control, public works, solid waste, water and sewer, library, building inspections, and parks and recreation) until a comprehensive plan can be adopted. **The Subcommittee’s letter (p.2) noted that the Study does not provide estimated costs for anticipated interlocal agreements such as the proposed agreement to continue Sheriff’s Office services and offers no explanation of the $375,000 additional cost projected for public safety.** The consultant’s response (p.2) stated that Siesta Key intends to
continue all services currently provided by Sarasota County into the future without the need for specific interlocal agreements since the exact structure of interlocal agreements cannot be determined until Siesta Key is in operation. However, required interlocal agreements will be completed after incorporation, if applicable. Furthermore, due to the Sheriff’s commitment to continue existing law enforcement services without additional funding, except for requests by Siesta Key for additional services, the proposed additional spending of $375,000 provides the municipality with the ability to request and pay for any additional law enforcement services. With the receipt of this additional information, it appears that this element has now been satisfied; however, see the discussion in response to Element 8 regarding the lack of specificity associated with the interlocal agreements.

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.35) 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 (pp.35-42) includes discussions of evidence of fiscal capacity and the Five-Year Operational Plan for Siesta Key.

**EDR has the following comments.**

1. **It would have been useful if the Study’s authors had included a more complete incorporation and revenue timeline, which would specify actual or anticipated dates (i.e., month & year) of activities critical to Siesta Key’s formation and organization. Such a timeline would better assist local citizens and state reviewers in understanding this proposal. Based on prior incorporation proposals reviewed by EDR staff, such activities could include, at a minimum, dates of initial incorporation study submission, revised incorporation study submission (if any), community meetings addressing incorporation proposal, approval of final study by local delegation, submission of final study to the Florida Legislature, approval of local bill, incorporation referendum, formation of legal entity, first meeting and election of municipal officers, receipt of initial state revenue-sharing proceeds, and receipt of initial ad valorem tax revenues. A limited incorporation timeline is provided (p.39), but only addresses two locally-specific actions: 1) November 2023 special election vote on incorporation, and 2) March 2024 election of the town council members. Furthermore, the five-year operational plan (pp.40-42) shows FY 2024-25 as the first full-year of municipal operations.**
2. In the five-year operational plan (Table 5, pp.40-42), the presentation of revenues and expenditures does utilize the Uniform Accounting System’s Chart of Accounts format as previously suggested by EDR. Local governments use this format when submitting their Annual Financial Report (AFR) to the State pursuant to s. 218.32, F.S. The use of such a format provides a more accurate presentation of revenues and expenditures by type or functional category and allows for revenue and expenditure comparisons between proposed municipal incorporations and existing municipalities. In its five-year General Fund Revenue table, the proponents list Alcoholic Beverage License Tax revenue within the Permits, Fees, and Special Assessments category. However, it should be moved to the Intergovernmental Revenue category since such revenues are reported as Revenue Account 335.150 State Shared Revenues-General Government-Alcoholic Beverage License Tax in the Chart of Accounts.

3. The Study (pp.24,36) states that properties in unincorporated Sarasota County are currently assessed 3.2232 mills, which is identified as the county operating millage rate. The five-year operational plan calls for a Siesta Key millage rate of 0.5000 mills. For EDR’s general assessment of ad valorem tax revenues, refer to the discussion in Element 9, second comment. Since the Florida Department of Revenue (DOR) is one of the named agencies asked to evaluate this Study, its comments on the validity of Siesta Key’s projected ad valorem taxable values and tax revenues will be of great significance. This is a critical determination since the Ad Valorem Tax is Siesta Key’s largest revenue source, constituting approximately 93% of 2024-25 general fund revenues.

4. The Study (p.36) states that many revenue streams such as utility services tax, communications services tax, and local business tax, typically seen in new municipal incorporations will not be implemented as these revenue sources will not be needed to fund Siesta Key’s operations. Additionally, the Study affirms that state revenue sharing will not be implemented, although Siesta Key may participate at some future date effective after satisfying the statutory 3-mill equivalency test. In the future, Siesta Key could enact appropriate legislation to implement the revenues, including additional ad valorem taxes, necessary to meet the 3-mill equivalency test for participation in state revenue-sharing. Additionally, Siesta Key could request the use of certain county millages, attributable to Siesta Key, to count toward the 3-mill equivalency test.

5. The Study (p.35) states: “The citizens in this proposed municipality can easily expand their revenue capacity. However, the Town of Siesta Key does not plan to tax citizens more than 0.5000 mills. This limited tax effort, along with electric franchise fees and the infrastructure sales tax, if voter approved, will provide sufficient funding to meet the goals of the community.” Furthermore, the Study (p.44) states: “With the exception of the Infrastructure Sales Tax revenue sharing with Sarasota County, no other intergovernmental revenues are anticipated.” However, the current five-year operational plan does not include the infrastructure sales tax as a revenue source. Until recently, Sarasota County had a 1% Local Government Infrastructure Surtax levy that was scheduled to expire on December 31, 2024. However, according to the Sarasota County government website (https://www.sarasotacountysurtax.net/), county voters on November 8, 2022, voted to continue funding of local infrastructure improvements through the renewal of this local option sales tax levy until December 31, 2039. Since county voters have renewed this tax levy and if the distribution methodology were changed to accommodate an incorporated Siesta Key, this surtax could represent a possible revenue source in the future. Although the Study contemplates the use of this revenue source, the five-year operational plan does not include it.
6. The Study (p.35) outlines the expected municipal revenues originating from the Franchise Fee (FF), and the stated revenues are limited to those fees imposed on electricity. In an attempt to verify the Study’s FF revenue projections, EDR used an alternative methodology. Siesta Key’s proportional share of Sarasota County’s unincorporated population was calculated and multiplied by the county’s reported FY 2019-20 FF revenues from its AFR.

Siesta Key’s % of Sarasota County’s 2022 Unincorporated Pop.: \( \frac{6,825}{282,572} = 2.42\% \).

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

Electricity: $17,383,486

Siesta Key’s Estimated FY 2019-20 FF Revenues:

Electricity: \( $17,383,486 \times 2.42\% = $419,866 \)

Since Siesta Key’s figures reflect hypothetical FY 2019-20 revenues, the total revenue figure could be grown into the Study’s first full-year of operations (i.e., FY 2024-25) using a compound annual growth rate (CAGR) calculated from the county’s historical FF collections. Based on EDR calculations, the CAGR in the county’s FF revenue collections during 2015-2020 was 0.09%. [Note: Sarasota County’s reported FF revenues were $17,308,484 in 2014-15 and $17,383,486 in 2019-20.] Consequently, Siesta Key’s FY 2024-25 FF revenue forecast would be $421,685 using this alternative methodology, which is greater than the Study’s corresponding FF revenues of $285,692. The Study (p.37) states that it: “… reflects the Town’s electric franchise fee based on the per capita fiscal year 2021 Sarasota County revenue as reported to the State in its Annual Financial Report (AFR) with a conservative 0.08% increase.” However, the actual electric franchise fee revenues reported in the five-year operational plan show 0.8% annual growth rather than 0.08% annual growth. Consequently, there is either a mathematical or typographical error. EDR assumes an annual growth rate of 0.09% compared to the Study’s annual growth rate of 0.8%. Compared to EDR’s calculations, the Study’s FF revenues may be understated, but the growth rate assumption appears to be overstated.

7. The Study (p.37) states: “In addition to elected officials, the Town will have six full-time equivalent (FTE) employees.” Using financial data reported by municipal governments pursuant to s. 166.241, F.S., EDR reviewed the number of regular or permanent positions projected in their respective FY 2020-21 final adopted budgets. Comparing Siesta Key’s figure of six budgeted positions to the figures reported by the other similarly-populated municipalities, EDR found that all other comparison cities reported significantly more budgeted positions than Siesta Key, ranging from the low of 61 in Lake Park to the high of 342 in Palm Beach. EDR acknowledges that all the comparison cities were incorporated prior to 2000 and have therefore been in existence for longer periods of time. However, it does raise the question if Siesta Key’s six budgeted positions will be sufficient to support its stated (p.31) “government-lite model for its citizens.”

8. The Subcommittee’s letter (p.2) noted that the Study projects that Siesta Key will receive external funding to begin operations; however, there is no explanation of the source, structure, or terms of this funding. The consultant’s response (p.3) acknowledged the oversight and stated that after an elected body was in place, the Town Council could authorize a short-term bank loan as its external funding source, and the operational plan anticipates loan repayment after tax collections begin to be received.
9. The Subcommittee’s letter (pp.2-3) noted that the Study identifies a number of services that will continue to be provided by the county government at current service levels and funding rates. However, there is no discussion of how interlocal agreements would be structured to ensure continuing services or funding, including how Siesta Key would provide for such services and their costs if the proposed interlocal agreements are not achieved. The consultant’s response (p.3) stated that the exact structure of interlocal agreements cannot be determined until Siesta Key is in operation. However, in the event that interlocal agreements are not achieved, the operational plan includes approximately $2.0 in FY 2024-25 from budgeted contingency, public works, and law enforcement that could be reallocated.

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.42-50) provides a discussion of the data and analysis to support its conclusion that incorporation is necessary and financially feasible, including the methodologies used for such analysis.

EDR has the following comments.

1. The Study (p.43) states: “The 0.13% annual population growth estimate used in our calculations is conservative based upon information provided by ESRI.” (Note: ESRI refers to the Environmental Systems Research Institute established in 1969 as a land-use consulting firm.) EDR’s analysis of unincorporated Sarasota County’s population estimates during the period of 2010 – 2022 resulted in a CAGR of 1.20%. Assuming Siesta Key’s future 2022-2027 population growth rate matches the CAGR of the county’s unincorporated population, the city’s population on April 1, 2027 would be 7,244, which is 374 more than the Study’s 2027 projection of 6,870. Additionally, EDR reviewed the supporting materials for the Demographic Estimating Conference’s December 2021 population projections for Sarasota County. Siesta Key’s 2022 population estimate of 6,825 represents approximately 1.51% of the county’s official 2022 countywide population estimate of 452,378. Assuming that same proportional share of the county’s 2027 countywide population projection of 478,971, Siesta Key’s 2027 population would be 7,226, which is 356 more than the Study’s projection. Based on these alternative methodologies, the Study’s projected annual population growth rate of 0.13% between 2022 and 2027 seems conservative.

2. A review of Ad Valorem Tax figures in the five-year operational plan (p.40) shows that these taxes are projected to increase approximately 5.0% annually. Since the Ad Valorem Tax is the largest of Siesta Key’s projected revenues, the validity of these figures is important. In discussing taxable values, the Study (p.44) states: “Thus, the study is using a conservative approach as the projections reflect an annual increase of approximately 5% similar to Sarasota County taxable value growth that has averaged 5.1% over the last 10 years.” EDR calculated CAGRs for Sarasota County’s taxable values and sum total of taxable values for the county’s municipalities for the eleven-year period of 2010 – 2021. These calculations resulted in CAGRs of 4.74% and 5.62%, respectively. Additionally, EDR calculated a CAGR for Sarasota County’s taxable values projected by the August 3, 2022 Florida Ad Valorem Estimating Conference and found the rate to be 7.83%
for the six-year period between 2022 and 2028. Consequently, the Study’s assumption of 5.0% annual ad valorem revenue growth seems reasonably conservative.

3. The Study’s five-year operational plan (pp.40-42) indicates Siesta Key’s revenue and expenditure projections, following the first full year of municipal operations, will increase approximately 4.7% annually between FY 2025-26 and 2027-28. EDR analyzed the sum total of reported revenues and expenditures for all Sarasota County municipalities, except Longboat Key, between FY 2009-10 and 2019-20 and calculated CAGRs of 5.94% and 3.59%, respectively. This may suggest that the Study’s revenue and expenditure growth rate assumptions are reasonable.

4. 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 Siesta Key’s expected revenues and expenditures to the most recently reported revenues and expenditures of an identified cohort group of similarly-populated municipalities as well as the most recently incorporated municipalities. Please refer to the discussion in the Additional Supplemental Material section, as well as the attached spreadsheets.

5. The Subcommittee’s letter (p.3) noted the Study states Siesta Key will not be considered a ‘full service’ municipality. The Subcommittee asked for clarification of how “a municipality with the full power and authority to perform all governmental, corporate, and proprietary powers necessary for municipal functions and services, with the power to impose ad valorem taxes up to ten mills as well as non-ad valorem special assessments, would not be a ‘full service’ municipality.” The consultant’s response (p.3) acknowledged Siesta Key will have the full power and authority to perform all municipal functions and services. However, within the context of the Study, the term ‘full service’ suggests that proponents do not have “the intention of creating a police department, or public works department and some other services that would duplicate those already provided by Sarasota County.”

**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.50-51) presents five alternatives to municipal incorporation to address its policy concerns. These five alternatives are: 1) maintain the status quo and remain in unincorporated Sarasota County; 2) incorporate as the Town of Siesta Key; 3) merge with the City of Sarasota; 3) create a municipal service taxing unit (MSTU); and 4) create a special district. The Study states that self-governance is a primary citizen concern, so the MSTU and special district options are not viable because they do not provide the desired level of local governance and were not considered further. Additionally, the Study states that maintaining the status quo is undesirable since it continues the decades-long patterns of lack of representation; the export of taxes to support other, more densely populated areas within the county; the continuation of high-density developments and traffic gridlock; and the degradation of the community’s quality of life. Furthermore, the Study states that merger with the City of Sarasota would not provide the ability to local residents to adequately address their quality-of-life concerns. Therefore, incorporation was deemed the best option for addressing these policy concerns. **An assessment of the validity and reasonableness of the discussed alternatives is more appropriate for policymakers.**
Element 11
Evidence that the proposed municipality meets the requirements for incorporation pursuant to s. 165.061. Section 165.041(1)(b)11., F.S.

Staff Analysis: Section 165.061(1), F.S., enumerates six standards that must be met in the area proposed for incorporation. EDR’s analysis of whether Siesta Key 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 s. 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 (pp.5,8,10-11) includes maps of Siesta Key. In its December 2021 evaluation, EDR created a map that approximates the proposed boundaries of Siesta Key based on the Study’s description of the boundaries for the purpose of analysis. EDR’s map representation of Siesta Key reflects a total area of approximately 2,790 acres (2,049 land acres). The Study (p.53) cites and uses EDR’s land area estimate from EDR’s 2021 evaluation. This map was also used in EDR’s analysis of Standards 2-4 to follow.
In the context of state legislative district boundaries, quantitative geometric measures of compactness have been used. In fact, there is commonly used redistricting software that includes tools designed to measure compactness. These procedures include the Reock method and the Area/Convex Hull method. The Reock method (i.e., circle-dispersion measurement) measures the ratio between the area of the district and the area of the smallest circle that can fit around the district. The Area/Convex Hull method measures the ratio between the area of the district and the area of the smallest convex polygon that can enclose the district. The range of the measures is from 0 to 1, with a score of 1 representing the highest level of compactness.

The following maps reflect the application of these measures of compactness to Siesta Key, 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 Siesta Key’s proposed boundary, the Reock score is 0.12, while the Area/Convex Hull score is 0.59. As previously mentioned, the closer the score is to 1, the higher the level of compactness.
The Study (p.52) states: “The proposed Town of Siesta Key, Florida is more compact than the City of Venice, is contiguous and has no enclaves.” The table below displays EDR’s calculation of Area/Convex Hull scores for the other municipalities within Sarasota County, which are also included in the 2022 Study.

<table>
<thead>
<tr>
<th>Incorporated Place</th>
<th>Area/Convex Hull Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Port</td>
<td>0.63</td>
</tr>
<tr>
<td>Sarasota</td>
<td>0.76</td>
</tr>
<tr>
<td>Venice</td>
<td>0.56</td>
</tr>
<tr>
<td>Longboat Key, Sarasota County</td>
<td>0.83</td>
</tr>
<tr>
<td>Longboat Key, Sarasota &amp; Manatee counties</td>
<td>0.92</td>
</tr>
</tbody>
</table>

Siesta Key’s Area/Convex Hull score of 0.59 is slightly higher than Venice’s score of 0.56, but it is lower than the other three municipalities’ scores.

*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 Siesta Key’s boundary map, the area does not have any enclaves. EDR’s analysis suggests that Siesta Key’s boundary appears to be contiguous. Although the analysis of Siesta Key’s compactness is inconclusive, there appears to be no option for redrawing its boundaries given its status as a coastal island community.*

**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, 2022) for Sarasota County is 452,378. In addition, the county's 2020 Census population count was 434,006. Consequently, any new incorporation within the county would be required to have a minimum population of 5,000. The Study (pp.52,67-68) estimates the proposed municipal population of 6,769 in 2020 and 6,825 in 2022. EDR’s population estimate of the proposed incorporation area was based on 2020 Decennial Census data and the Florida Department of Revenue’s GIS parcel maps. EDR’s population estimate used the Census Bureau’s smallest reporting unit of data (i.e., blocks); however, the use of census blocks did not perfectly align with the proposed area of incorporation at the southern boundary. Using this methodology, EDR’s population estimate was 6,954 as of April 1, 2020. Based on both the Study’s estimate and EDR’s approximation, Siesta Key has a population above the minimum population of 5,000 required in a county with a total population of more than 75,000. Therefore, Siesta Key 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.53) states: “The proposed Town has an estimated total area of 3.57 square miles or 2,284.8 acres, however, reducing the land mass for water areas reduces the proposed area of incorporation to 2,049.3 acres, which yields a population density of 3.03 persons per acre: 6,769 persons / 2,049.3 acres = 3.03 persons per acre. This density exceeds the minimum density requirement of 1.5 persons per acre.” EDR had previously estimated the proposed land area to be 3.202 square miles. Since one square mile equals 640 acres, the proposed area of incorporation would be 2,049.3 acres, which yields a population density of 3.39 persons per acre (i.e., 6,954 persons / 2,049.3 acres). If Turtle Beach Park is omitted, which is property listed on the Florida Natural Areas Inventory, the population density increases slightly to 3.43 persons per acre. Based on both the Study’s estimates and EDR’s approximation, the minimum population density requirement of at least 1.5 persons per acre would be met. Consequently, it appears that this standard has been satisfied.

Standard 4
It must have a minimum distance of any part of the area proposed for incorporation from the boundaries of an existing municipality within the county of at least 2 miles or have an extraordinary natural boundary which requires separate municipal government. Section 165.061(1)(d), F.S.

Staff Analysis: The Study (p.53) states: “The nearest existing municipality is the City of Sarasota, Florida, which is contiguous on the Town’s northern border. Therefore, like other incorporations, the Town of Siesta Key, Florida will need and request a waiver of the 2 miles of separation from an existing municipality requirement.” EDR concurs with these statements. It is clear that Siesta Key does not satisfy 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: A proposed municipal charter was included in the Study. 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 House Local Administration, Federal Affairs & Special Districts 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.32) states: “In accordance with s. 10, Art. 1 of the State Constitution, the Town of Siesta Key, Florida, will honor the existing solid-waste contract for five years or the remainder of the contract term, whichever is less. The current contract for solid-waste removal expires September 2024. The Town of Siesta Key will honor the then existing contract for solid-waste services established by Sarasota County.” Furthermore, Section 11(8) of the proposed municipal charter states: “However, existing solid waste contracts shall be honored as required by F.S. §165.061(1)(f), and §10, Article 1 of the State Constitution.” Both the Study and proposed municipal charter affirmatively state that the municipality will honor existing solid-waste contracts in the affected geographic area as required by law. Consequently, it appears that this standard has been 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. Furthermore, EDR concludes that Siesta Key violates one of the six standards for municipal incorporation. However, it should be noted that the Florida Legislature could exercise its option to waive the 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 Siesta Key’s estimated FY 2024-25 revenues and expenditures, which are labeled in the Study’s five-year operational plan as the first full fiscal year of municipal operations, to those of ten similarly-populated Florida municipalities and recently incorporated Florida municipalities. The comparison cities’ fiscal data are for the 2020-21 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 Siesta Key’s proposed first full fiscal year revenues and expenditures compare to existing cities having similar populations or to cities that have recently incorporated. On a per capita basis, Siesta Key’s total revenues and expenditures are significantly lower than all of the other comparison cities having similar populations. Furthermore, Siesta Key’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 Siesta Key’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 Siesta Key’s per capita revenues and expenditures remain that low will ultimately depend on the future actions taken by the governing body.

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

Sincerely,

Amy J. Baker
Coordinator

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

Attachments
### Proposed Municipal Incorporation of Siesta Key

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

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Belle Isle</th>
<th>Manatee</th>
<th>Pinellas</th>
<th>Sarasota</th>
<th>St. Augustine</th>
<th>St. Johns</th>
<th>Taylor</th>
<th>St. Marys</th>
<th>Suwannee</th>
<th>Sarasota</th>
<th>St. Johns</th>
<th>Sarasota</th>
<th>St. Marys</th>
<th>St. Augustine</th>
<th>St. Marys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respective County</td>
<td>Orange</td>
<td>Jackson</td>
<td>Taylor</td>
<td>St. Johns</td>
<td>Suwannee</td>
<td>Sarasota</td>
<td>Polk</td>
<td>Alachua</td>
<td>Martin</td>
<td>Pinellas</td>
<td>Lee</td>
<td>Martin</td>
<td>Pinellas</td>
<td>Lee</td>
<td>St. Johns</td>
</tr>
<tr>
<td>April 1, 2022 Population Estimate</td>
<td>7,042</td>
<td>7,035</td>
<td>7,013</td>
<td>6,914</td>
<td>6,884</td>
<td>6,825</td>
<td>6,762</td>
<td>6,741</td>
<td>6,590</td>
<td>6,586</td>
<td>6,485</td>
<td>6,586</td>
<td>6,586</td>
<td>6,485</td>
<td>6,586</td>
</tr>
<tr>
<td>April 1, 2021 Population Estimate</td>
<td>7,027</td>
<td>6,549</td>
<td>6,510</td>
<td>6,888</td>
<td>6,794</td>
<td>6,568</td>
<td>6,496</td>
<td>6,580</td>
<td>6,570</td>
<td>6,443</td>
<td>6,443</td>
<td>6,443</td>
<td>6,443</td>
<td>6,443</td>
<td>6,443</td>
</tr>
</tbody>
</table>

### Other Similarly-Populated Municipalities (Sorted by Population: High to Low)

- **St. Augustine**
- **Suwannee**
- **Lake Alfred**
- **High Springs**
- **Indiantown**
- **Treasure Island**
- **Sanibel**

<table>
<thead>
<tr>
<th>Year of Incorporation</th>
<th>1924</th>
<th>1825</th>
<th>1903</th>
<th>1918</th>
<th>1892</th>
<th>1903</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transportation</strong></td>
<td>$1,442</td>
<td>$5,767</td>
<td>$2,255</td>
<td>$1,453</td>
<td>$2,387</td>
<td>$691</td>
</tr>
<tr>
<td><strong>Charges for Services</strong></td>
<td>$8,187,273</td>
<td>$29,883,979</td>
<td>$2,839,303</td>
<td>$8,785</td>
<td>$605</td>
<td></td>
</tr>
<tr>
<td><strong>Human Services</strong></td>
<td>$10,011,603</td>
<td>$16,219,109</td>
<td>$1,807</td>
<td>$1,220</td>
<td>$1,644</td>
<td></td>
</tr>
<tr>
<td><strong>Intergovernmental Revenue</strong></td>
<td>$9,395,058</td>
<td>$6,884</td>
<td>$1,711</td>
<td>$519</td>
<td>$2,296</td>
<td></td>
</tr>
<tr>
<td><strong>Other Sources</strong></td>
<td>$8,187,273</td>
<td>$29,883,979</td>
<td>$2,839,303</td>
<td>$8,785</td>
<td>$605</td>
<td></td>
</tr>
<tr>
<td><strong>Per Capita Revenues by Category</strong></td>
<td>$568</td>
<td>$474</td>
<td>$477</td>
<td>$833</td>
<td>$734</td>
<td>$643</td>
</tr>
<tr>
<td><strong>Per Capita Expenditures by Category</strong></td>
<td>$1,127</td>
<td>$1,065</td>
<td>$1,065</td>
<td>$1,065</td>
<td>$1,065</td>
<td>$1,065</td>
</tr>
<tr>
<td><strong>Proposed Municipal Incorporation of Siesta Key</strong></td>
<td>$10,011,603</td>
<td>$16,219,109</td>
<td>$1,807</td>
<td>$1,220</td>
<td>$1,644</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure Accounts</strong></td>
<td>$10,011,603</td>
<td>$16,219,109</td>
<td>$1,807</td>
<td>$1,220</td>
<td>$1,644</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues by Category</strong></td>
<td>$8,187,273</td>
<td>$29,883,979</td>
<td>$2,839,303</td>
<td>$8,785</td>
<td>$605</td>
<td></td>
</tr>
</tbody>
</table>

### Total Revenues by Category

- **General Government Services**
- **Intergovernmental Revenue**
- **Judgments, Fines, and Forfeits**
- **Miscellaneous Revenues**
- **Physical Environment**
- **Transportation**

The table continues to list various categories and associated figures for each municipality, providing a comprehensive comparison of proposed and actual expenditures and revenues.
Notes:

1) With the exception of the City of High Springs, the revenues and expenditures of the comparison municipalities are obtained from Annual Financial Reports (AFR) for FY 2020-21 (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 2021 population estimate since it corresponds to the AFR fiscal year data. Since High Springs' 2021 AFR data are not yet available, the corresponding 2020 AFR data and 2020 population estimate of 6,652 were used.

2) This analysis uses Siesta Key's proposed first full fiscal year (i.e., LFY 2024-25) revenues and expenditures, which are summarized in the Feasibility Study. The calculations of per capita revenues and expenditures are made using the Study's 2022 population estimate of 6,825.

3) Siesta Key's Taxes revenue amount of $4,389,051 is the Ad Valorem Tax figure. The Permits, Fees, and Special Assessments revenue amount is the Electric Franchise Fee figure. The Intergovernmental Revenues amount is the Alcoholic Beverage License Tax figure. The Charges for Services amount is the Other General Government Charges and Fees figure. The Judgments, Fines, and Forfeits revenue amount is the Code Enforcement Fines figure. The Miscellaneous Revenue amount is the Investment Earnings figure. These revenue figures are reported in the Study's five-year operational plan.

4) Siesta Key's General Government Services expenditure amount of $1,909,983 is the sum total of all Administration-related figures. The Public Safety expenditure amount is the Supplemental Law Enforcement figure. The Physical Environment expenditure amount is the Matching Project Funding figure. The Other Uses and Non-Operating expenditure amount is the sum total of the Debt Service and Contingency Reserve figures. These expenditure figures are reported in the Study's five-year operational plan.
### Proposed Municipal Incorporation of Siesta Key

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

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Miami Lakes</th>
<th>Southwest Ranches</th>
<th>Palmetto Bay</th>
<th>Doral</th>
<th>Miami Gardens</th>
<th>Cutler Bay</th>
<th>West Park</th>
<th>Grant-Valkaria</th>
<th>Loxahatchee Groves</th>
<th>Estero</th>
<th>Westlake</th>
<th>Indiantown</th>
<th>Siesta Key (Proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respective County</td>
<td>Miami-Dade</td>
<td>Miami-Dade</td>
<td>Miami-Dade</td>
<td>Miami-Dade</td>
<td>Miami-Dade</td>
<td>Miami-Dade</td>
<td>Miami-Dade</td>
<td>Palm Beach</td>
<td>Lee</td>
<td>Palm Beach</td>
<td>Martin</td>
<td>Sarasota</td>
<td></td>
</tr>
<tr>
<td>April 1, 2012 Population Estimate</td>
<td>30,905</td>
<td>7,716</td>
<td>25,041</td>
<td>81,182</td>
<td>115,053</td>
<td>45,245</td>
<td>15,243</td>
<td>4,677</td>
<td>3,375</td>
<td>37,842</td>
<td>2,981</td>
<td>6,590</td>
<td>6,825</td>
</tr>
<tr>
<td>April 1, 2021 Population Estimate</td>
<td>30,857</td>
<td>7,675</td>
<td>24,409</td>
<td>80,702</td>
<td>112,508</td>
<td>45,278</td>
<td>15,129</td>
<td>4,632</td>
<td>3,379</td>
<td>37,213</td>
<td>1,757</td>
<td>6,580</td>
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</tr>
<tr>
<td>April 1, 2020 Population Census</td>
<td>30,467</td>
<td>7,607</td>
<td>24,439</td>
<td>75,874</td>
<td>111,640</td>
<td>45,425</td>
<td>15,130</td>
<td>4,509</td>
<td>3,355</td>
<td>36,939</td>
<td>906</td>
<td>6,560</td>
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<tr>
<td>April 1, 2013 Population Estimate</td>
<td>31,523</td>
<td>7,704</td>
<td>24,341</td>
<td>70,420</td>
<td>114,284</td>
<td>45,411</td>
<td>15,197</td>
<td>3,460</td>
<td>3,304</td>
<td>32,412</td>
<td>380</td>
<td>6,728</td>
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</tr>
<tr>
<td>April 1, 2018 Population Estimate</td>
<td>31,118</td>
<td>7,706</td>
<td>24,144</td>
<td>66,344</td>
<td>113,638</td>
<td>45,373</td>
<td>14,995</td>
<td>3,260</td>
<td>3,340</td>
<td>31,808</td>
<td>290</td>
<td>6,670</td>
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<tr>
<td>April 1, 2016 Population Estimate</td>
<td>30,456</td>
<td>7,572</td>
<td>23,962</td>
<td>59,304</td>
<td>111,998</td>
<td>44,501</td>
<td>14,768</td>
<td>3,071</td>
<td>3,271</td>
<td>30,565</td>
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<tr>
<td>Per Capita Revenues by Category</td>
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<td>General Government Taxes</td>
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<tr>
<td>Room, Food, and Accommodation</td>
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<tr>
<td>Intergovernmental Revenue</td>
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<tr>
<td>Permits, Fees, and Special Assessments</td>
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<td>General Government Taxes</td>
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<tr>
<td>Total Per Capita Revenues</td>
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</tbody>
</table>

### Notes:

1. With the exception of the Town of Loxahatchee Groves, the revenues and expenditures of the comparison municipalities are obtained from Annual Financial Reports (AFR) for FY 2020-21 (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 2021 population estimate since it corresponds to the AFR fiscal year data. Since Loxahatchee Groves' 2021 AFR data are not yet available, the corresponding 2020 AFR data and 2020 population estimate of 3,426 were used.

2. This analysis uses Siesta Key's first full fiscal year (i.e., July 24-25) revenues and expenditures, which are summarized in its feasibility study. The calculations of Siesta Key's per capita revenues and expenditures are made using the Feasibility Study's estimated 2022 population of 6,825.