



Perdido Incorporation Feasibility Study

August 2023



Goals of Incorporation

- “Home Rule” which would allow area residents to control the future destiny of their community
- Preservation of the present quality of life
- Return a greater share of their Escambia County tax dollars to the community
- To build a community centered plan to meet the future needs of the area’s residents



Incorporation Requirements

- A review of the existing services presently being provided in Perdido
- Development of proposed incorporation revenue timeline
- Development of revenue analysis for proposed incorporated area
- Development of expenditure analysis for proposed incorporated area
- A pro forma presentation of revenue vs. expenditures, forecasted for a period of five years



SWOT ANALYSIS

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Strengths

- Perdido is an established community with some of the necessary infrastructure in place
- Perdido has an ad valorem tax base that has shown good growth in the recent past far exceeding the annual 3% projection used in this study
- The people of Perdido are smart. Generational residents who see the unique value of the area and are passionate to maintain it
- The community has the ability to incorporate the existing land use conditions of the County into the zoning regulations of a new city



Strengths

- As proposed, the new municipality would not need a large number of employees to provide a high quality of life and good levels of service
- There is a great sense of hometown close-knit community among the residents
- It has a small town feel but enough amenities that you don't need to go to town
- Beaches and access to state and federal parks. Our 4 parks (3 state and 1 federal) are a huge asset to this area



Strengths

- In an effort to "control future land use" from within the community the proposal contemplates the Perdido City Council setting the land use policy and controlling zoning while using Escambia County's administrative staff, through an inter-local agreement to carry out the day-to-day issues of local land control and code enforcement
- The community has proved through multiple catastrophic events it's resiliency and generosity. As in most of FL the majority of residents are transplants. The people who relocate to Perdido do so because of the natural environment and lower density than many parts of the coast



Weaknesses

- Perdido never has been through the State of Florida Comprehensive planning process required of cities. While it is anticipated by this study that the contract planning staff will prepare the new city's comprehensive plan, this still will be a new exercise for the town
- The Town of Perdido will have to establish a working relationship with State and Federal agencies
- Because of plans to provide many key service ex (code enforcement, planning and zoning), through inter-governmental agreements, quality control becomes a key issue
- Threat of over development without a community vision



Weaknesses

- There is an under-funded liability in the area of disaster funds for coastal communities throughout Florida. These are the local government funds necessary to meet the immediate needs of the community, before State and Federal help can be mobilized. This is very important issue for a coastal community
- There is a lack of commercial and industrial zoned land available to meet the present needs of the people for retail, service and industry.
- There is a lack of jobs available in the community
- There is a lack of a proper fire department



Opportunities

- Local governmental agencies (Escambia County governmental staff) may be willing to negotiate for the provision of services. This would allow Perdido to determine the levels of service desired for the community rather than rely on outside boards or elected officials
- Incorporation would give Perdido “home rule” powers, as defined in the Florida Constitution, to protect the environment, other interests of the community and define how the community will evolve in the future
- Once incorporated Perdido could issue Tax Anticipatory Notes (TAN's) to cover any shortfall in local government funding due to a lack of reserves to deal with natural disasters



Opportunities

- As a city government Perdido would have more clout with county government
- Better maintenance of community parks
- Hopefully, rezoning the area to protect our community from becoming a tourist trap town
- Development of a clear and distinctly planned community



Threats

- Uncontrolled growth changing the present quality of life
- Continuing to give our tax dollars to the County and expecting things to change
- New development overstressing existing infrastructure
- The availability of a government body within the community would give easy access to local special interest groups and possibly increase their influence on the process of governing.



Threats

- Will there be enough qualified residents willing to serve as local government officials, and will they possess the leadership skills to run the city
- The additional cost to the business community in having to deal with another local government
- They are very diverse opinions held by the responders to this SWOT analysis questionnaire which may cause many problems in governing a new community without a consensus of how to move forward



Unfunded Liabilities

- Stormwater runoff and flooding. This is both a quantity and quality of water issue that will take capital and reoccurring funding. Estimate an annual budget of \$4 to \$7 million for at least 5 years.
- Present level of County funding is an issue for transportation needs. The New Town's Portion could be millions of dollars. This amount could assist in raising evacuation routes that presently flood.
- Financial impact of a natural event (Hurricane) in the early years without disaster reserves. These events can cost up to \$500,000 per day for response and clean up.



Perdido's Existing Area and Services

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A Review of the Existing Areas & Services

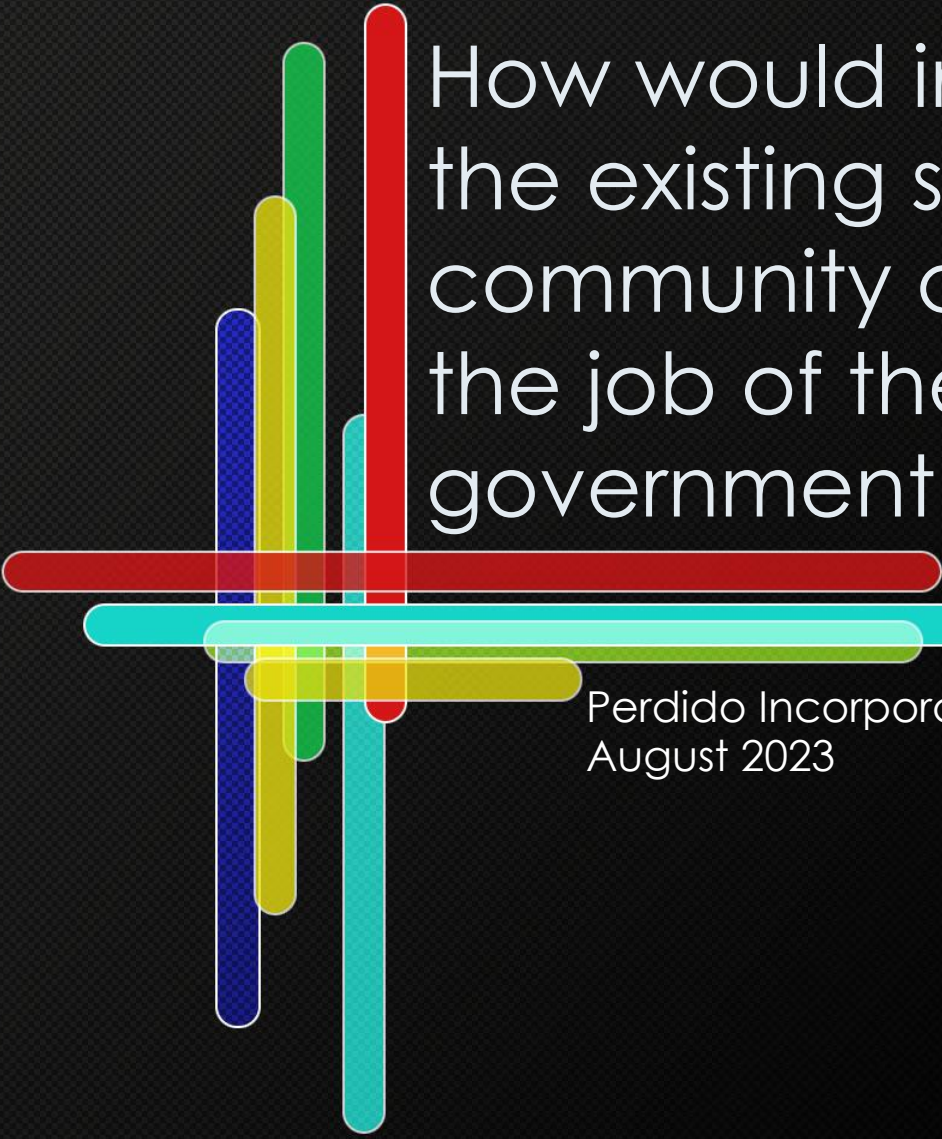
Perdido is currently receiving services from Escambia County Government. These services include maintenance of rights-of-way, parks, all developmental services, code enforcement, library, recreation and cultural services, and other general governmental services. Water and sewer service is being provided by the Emerald Coast Utilities Authority. Fire protection is provided by the Escambia County Fire. Law enforcement is the responsibility of the Escambia County Sheriff's Department supported by a Law Enforcement MSTU. Emergency Medical Services are being provided by Escambia County EMS. Presently the area pays three additional millages for Sheriff, Escambia Children Trust and Library



A Review of the Existing Areas & Services

Other government services are being provided by the Escambia County Court, the Circuit Court of the First Judicial Circuit, the Northern District Court of Appeals and the Northwest Florida Water Management District. There will be no initial impact on these districts due to incorporation. The area will still be serviced by the Escambia County School District without any change or impact on the system. Transportation services are provided by Escambia MPO and will continue to be provided after incorporation. The only difference is the area may have a seat on the MPO providing local representation and oversight for these services.





How would incorporation impact the existing services in the community and what would be the job of the new City government?

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Impact of Incorporation



The proposed structure of operations would have the City unifying the community's land use, zoning, building, and code regulations. This would occur under the authority of the local Charter, with the City having enforcement authority. The City would also be a new partner to all present services providers. This would eliminate the need to travel to Pensacola when there is an issue or concern that impacts only the local area. The City would not be the provider of services, rather it would establish levels of service, prioritize capital and maintenance projects, and be a resource for all community groups.



Impact of Incorporation

- It is projected by the study that after incorporation, all governmental services would continue to be provided by the current agencies, or contracted out to private sector providers who have experience in providing these services.
- The method of paying for these services will shift from County MSTU taxes and MSBU Fees to Town ad valorem taxes and assessments with no initial change in taxes or fees.



The following is a comparison of the estimated cost of government services provided by Escambia County for FY 2024 within the Perdido area if they remained part of unincorporated Escambia County versus becoming a newly incorporated area.

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FY 2024 Projections

<u>Unincorporated Escambia County</u>	
County General Fund	
G/F Taxes	\$22,133,534
County MSTU Funds	
	\$4,952,198
County MSBU Funds	
	\$5,067,597
Local Gov't Cost	
	\$0
Total Cost	\$32,153,329

<u>Town of Perdido</u>	
County General Fund	
	\$22,133,534
Town General Fund	
	\$4,952,198
Town Special Assessment	
	\$5,067,597
	\$2,590,598
Total Cost	\$34,743,927



Of the three options available to the citizens of Perdido for governing themselves in the future the following could be said...

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Governing Options

- The status quo of remaining part of unincorporated Escambia County is an option to the community. There is not a consensus among citizens interviewed that the present level of service is sufficient and is provided in an efficient and effective manner. The other issue most respondents have concern with is the local control of land use as it relates to the development and redevelopment opportunities available within the community being left in the hands of the County.
- The development of a community plan for Perdido while remaining part of unincorporated Escambia County does give residents more input in the comprehensive planning process. This would allow for local input into the set of land use regulation that would control any redevelopment on the island, although the final decision is still left with the County Commission



Governing Options



The incorporation of Perdido will provide local control of land use and assure the citizens they will be in control of the level of local government services they receive going forward



Municipal Employees

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Municipal Employees

This report includes administrative and finance expenditures, an additional contract cost for growth management, code enforcement, professional planning services, and general government support from Escambia County. These expenditures are for a combination of municipal employees and contractual services as shown below.

<u>Position</u>	<u>Proposed Salary</u>	
Town Manager	\$145,000	
Assistant Town Manager/Contract Specialist	125,000	
Finance Director/Comptroller	105,000	
Town Clerk/Treasure	95,000	
Administrative Assistant	<u>55,000</u>	
Total Salaries	\$525,000	
Benefits @ 35%	<u>183,750</u>	
Total Salary and Benefits	\$708,750	



Contractual Services

<u>Contract Services</u>	<u>Proposed Cost</u>
Legal Services	\$200,000
Growth Management	\$150,000
Professional Services	\$150,000
Total	\$500,000



Administrative & Finance Expenditures

Personnel w/benefits	\$708,750
Mayor and Council Salary	30,000
Contract Services	500,000
Local Government Operating @ 29%	878,750
Insurance	75,000
Local elections	65,000
Audit	35,000
Capital (one time)	10,000
Contingency @ 0.083	190,278
Loan Payment	<u>107,820</u>
Total	\$2,600,598

The above costs include all relevant expenditure categories and coupled with a contingency factor, appear reasonable to assume the administrative and financial activities for the area of Perdido.



First Year (FY/2024) Projections for Revenues & Expenditures

The City will only come into existence in the six month of the fiscal year; therefore, the new municipality would realize only 50% of the annual projected budget.



Revenues

State Shared Revenue	\$ 1,447,259
Communication Service Tax	\$ 173,939
Franchise Fees	\$ 1,391,526
Business Tax Receipts	\$ 45,659
Interest Earnings	\$ 12,500
Bridge Loan	\$ 1,000,000
Ad Valorem Property Taxes	
Total Revenues for FY 24	\$ 4,070,882



Expenditures

City Staff Salary and Benefits	\$	354,375
Mayor and Council Salary	\$	15,000
Contract Services	\$	250,000
Local Government Operating Cost @ 29%	\$	439,375
Interlocal with County		
Local Elections	\$	32,500
Insurance	\$	37,500
Audit	\$	35,000
Capital Equipment (One Time)	\$	10,000
Contingency	\$	95,139
Loan Payment	\$	107,820
Total Expenses for FY 2024	\$	1,376,709



Based on assumptions prepared by BJM Consulting, Inc., and the acquisition of \$1,000,000 bridge loan, the financial forecast is delineated below:

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues					
State Shared Revenue	\$ 1,447,259	\$ 2,981,353	\$ 3,070,794	\$ 3,162,918	\$ 3,257,805
Franchise Fees	\$ 1,391,526	\$ 2,866,543	\$ 2,952,539	\$ 3,041,115	\$ 3,132,349
Communication Services Tax	\$ 173,939	\$ 358,313	\$ 369,063	\$ 380,135	\$ 391,539
Interest Earnings	\$ 12,500	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Business Tax Receipts	\$ 45,659	\$ 94,057	\$ 96,879	\$ 99,785	\$ 102,779
Bridge Loan	\$ 1,000,000				
City Assessments for Fire and Solid Waste		\$ 5,067,597	\$ 5,219,625	\$ 5,376,214	\$ 5,537,500
Ad Valorem Property Taxes @ 1.4805		\$ 4,952,198	\$ 5,100,764	\$ 5,253,787	\$ 5,411,401
Total Revenues	\$ 4,070,882	\$ 16,345,062	\$ 16,834,664	\$ 17,338,954	\$ 17,858,373
Expenses					
Perdido Local Government	\$ 1,366,709	\$ 2,668,315	\$ 2,748,365	\$ 2,830,816	\$ 2,915,740
MSTU Interlocal with County		\$ 4,952,198	\$ 5,100,764	\$ 5,253,787	\$ 5,411,401
MSBU Interlocal with County		\$ 5,067,597	\$ 5,219,625	\$ 5,376,214	\$ 5,537,500
Loan Payment	\$ 107,820	\$ 215,640	\$ 215,640	\$ 215,640	\$ 323,460
Total Expenses	\$ 1,474,529	\$ 12,903,751	\$ 13,284,394	\$ 13,676,457	\$ 14,188,101
Reserve/(Deficit)	\$ 2,596,353	\$ 3,441,311	\$ 3,550,270	\$ 3,662,497	\$ 3,670,271
Cumulative Reserves		\$ 6,037,664	\$ 9,587,934	\$ 13,250,431	\$ 16,920,703

Note: The first year revenues and fifth year expenses include the borrowing and paying back a five-year bridge loan.



BJM Consulting, Inc.

Thank You

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