

Town of Perdido Incorporation Feasibility Study

Prepared by



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INTRODUCTION

The “Western gate to the Sunshine State,” Perdido is located in the westernmost end of Florida’s coastal panhandle. It is generally located between Pensacola and Orange Beach, Alabama.

The Perdido community has over 12.5 miles of white sand Gulf beaches and over 15 miles of Intercoastal Waterway. Perdido is a “gateway site” for the Great Florida Birding Trail and the western start of the Florida Circumnavigational Saltwater Paddling Trail. It hosts three state parks (Tarkiln Bayou Preserve State Park, Big Lagoon State Park, and Perdido Key State Park) and part of the Gulf Islands National Seashore (Johnson Beach National Seashore).

Perdido is a well-established community dating back to the late 1700s, with family roots going back generations, some of whom received land grants from the Spanish government in the 1700s and 1800s. What is now known as Perdido Key was originally part of the mainland. “Cape Perdido,” as the Spanish called it, became a key separated from the mainland in 1933 when the Army Corps of Engineers dug the Intercoastal Canal out of a small snake-filled ditch. The area retained its identity, as citizens of the larger area commonly refer to themselves as residents of “Perdido Key,” “Perdido Bay,” or simply, “Perdido.”

Perdido has strong military ties due to its proximity to Naval Air Station Pensacola (NAS Pensacola). With 16,000 military and 7,400 civilian personnel, NAS Pensacola is home to the Navy’s Blue Angels, and national and international training programs. The area also includes former NAS Bronson Field, now Blue Angel Recreation Park, Battleship Row. The community attracts and hosts military families stationed in the area. Many military personnel discover Perdido when first stationed at NAS Pensacola and decide to make it their home when they retire.

The Perdido community comprises everything from upscale waterfront homes and condos to well-kept middle-class homes that represent a look back at the earlier lifestyles of Florida's panhandle. Interspersed are various retail areas, a handful of restaurants and food trucks, local professional and healthcare facilities, and long stretches of coastal pine forests and wetlands. There are a handful of generational family homestead acreages and hobby farms. A few newer commercial regions are adjacent to the major roadways in the community. However, there has yet to be an identified downtown.

The proposed Town of Perdido 2022 population is estimated to be over 23,154 based on the 2022 US Census and existing utility accounts, with seasonal residents increasing that number. For this study, we use the very conservative number of 23,154 stated in the 2022 US Census.

The community has some of the necessary infrastructure in place (water, sewer, roads, and parks). The driving economic force is a mix of tourism, professional services, military, retired military, service industry, and some other industrial jobs with a couple of major employers in the area.

Community leaders in Perdido are exploring the viability of incorporation. The primary goals of this consideration are:

- 1) "Home Rule" which would allow area residents to control the future destiny of their community.
- 2) Preservation of the present quality of life.
- 3) Return a greater share of their Escambia County tax dollars to the community.
- 4) Build a community-centered plan to meet the future needs of the area's residents.
- 5) Ensure the "Western Gate to the Sunshine State" puts forth the best possible image for visitors to the state, and at the same time address ongoing impacts this tourism has on the local community.

Many of the residents of Perdido prefer the Home Rule powers afforded them by a municipal government. The area has established its own identity and wants to protect its local way of life. To them, incorporation is not about changing the area but protecting it and its well-established way of life. The idea driving incorporation is that the community can look after its own needs and work with the county to achieve the goals of all the citizens.

As the "Western gate to the Sunshine State," residents of Perdido want to ensure that their community looks its best for visitors and locals alike. With millions visiting the greater Perdido and Pensacola area each year, it is important to locals that the area put forth the best image for tourists' first-impression of Florida, while at the same time address ongoing impacts that this tourism has on the community. Accomplishing this goal has been a major challenge to residents.

In support of their efforts to look further at incorporation, We Are Perdido selected a polling company with Florida panhandle experience to gauge public opinion regarding the possible incorporation. The Executive Summary of that effort is attached to this study as **Appendix #4**.

Residents attempted to address planning and development concerns through existing channels with the county. The most recent concerted effort resulted in the Perdido Key Master Plan (by Seaside 30A's designer, DPZ Partners). Escambia County adopted the Perdido Key Master Plan on June 2, 2016, after numerous public meetings and extensive deliberations by public officials. Now, years later, the plan has yet to be implemented. A particular part of the plan (see appendix) included "re-stitching of the Innerarity Heights neighborhood, reintroducing it back to its historic grid configuration of 1924." That area is now home to multiple self-storage facilities on prime park-front land overlooking Big Lagoon State Park. Nearby, a new 325-unit apartment complex is being constructed on two-lane neighborhood streets, expected by locals to seriously exacerbate traffic issues. Residents fear the lack of zoning and planning and land use will continue to destroy their community. Citizens are not anti-development; they are pro-planning smart-development. Perdido could benefit from a community-centric 20-year comprehensive plan.

Perdido currently has no identifiable downtown, but there are areas that locals see as possible future downtown locations. The incorporation would allow the community to actively engage in self-governance and preservation of an established lifestyle and community environment while identifying areas for potential non-residential development to provide additional revenues to deal with some of their unfunded liabilities.

A further goal of incorporation would be to maintain a minimal level of staffing. Wherever possible, municipal services would be contracted, based on cost effectiveness and the ability to provide a desired level of service. The initial intent would be to work with the Escambia County Fire and Rescue to continue services provided by that body. Law enforcement likely would remain a function of the Escambia County Sheriff's Office, with the levels of service established through a contract. Planning, zoning and building inspections would remain a function of Escambia County Government but provided on a contractual basis.

In January of 2023, We Are Perdido (Client) signed a letter of engagement with BJM Consulting, Inc. This agreement directed BJM Consulting, Inc. to produce an Initial Financial Projections for an Incorporation Feasibility Study to submit to them for review prior to their consideration of a comprehensive feasibility study for incorporation. The study was developed through a series of tasks approved by the Client and was to provide an impartial assessment of the tasks and present the findings to the organization. The assigned tasks were:

- Prepare an initial financial feasibility report looking at the proposed

- area of Perdido
- 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 the initial 5 years of incorporation

This initial study was completed and reviewed by the committee where they determined to move forward with the second phase of the study by doing a SWOT analysis of the area. The data and input for the SWOT was gathered by two means: first, SWOT questionnaires were sent out to community leaders to gather their input and opinions along with a “Boots on the Ground Tour” done by BJM Consulting with the aid of knowledgeable locals. The results of that effort are included in the Executive Summary of this final feasibility report.

Financial projections by BJM Consulting, Inc. are based on information provided by the client, Escambia County, and compared to projections provided by the State of Florida. In addition to developing these financial projections, BJM Consulting, Inc. reviewed many existing documents and reviewed all local government web sites to collect as much of the data necessary to provide the initial financial projections.

The final incorporation study will contemplate two possible alternatives to address all the future governance policy concerns of the residents of the community of Perdido: they can remain part of unincorporated Escambia County; or look at the feasibility of incorporation. The initial report addressed only the General Fund financial side of the issue. The client wishes to further examine incorporation, so BJM Consulting produced this Final Report in preparation and support of a proposed charter (Local Bill) to be submitted to the Florida House of Representatives as required by Florida Statutes.

The fiscal analysis assumes a level of revenue generation for the possible incorporation by using all existing levels of taxation and fees being charged by Escambia County and no change in any of the service levels presently being provided by Escambia County in the community of Perdido.

BJM Consulting, Inc. extends its appreciation to the individuals and government officials who cooperated in providing data and information which was used in completing this report.

The name and addresses of the three people submitting this proposal are:

- 1.
- 2.
- 3.

EXECUTIVE SUMMARY

SWOT ANALYSIS

The basis of a SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis is to identify the current conditions of an organization/area in four areas. Strengths and weaknesses are areas of concern that presently exist within the organization/area, while opportunities and threats are external and future factors. By identifying these conditions, citizens of the Perdido community can make informed decisions on whether incorporation is the best path to address the special needs and concerns of the community.

This SWOT Analysis is a combination of responses from community leaders and citizens along with the observation of BJM Consulting, conducting a “boots on the ground tour” of the area proposed for incorporation.

The SWOT Analysis will be broken up into three parts; overall issues that will affect the community, expenses and revenue issues, and contractual service agreements for key services such as law enforcement, fire protection, streets, stormwater, parks, recreation, code enforcement, planning, land use, zoning and building issues.

It should be noted that the analysis of expenditures and revenues are based on financial projections developed by BJM Consulting, Inc. to support a new and innovative type of local government. In today's changing world many local governments are looking to out-sourcing many services, this new prototype proposes to out-source all government service functions.

Overall Issues

Strengths:

- The people of the community.
- The unification of the people living in the area.
- The beauty of the land and the bay.
- Lots of retirees.
- Beautiful, scenic, quiet, well located, conservative. STRONG tax base.
- Small group of people that live there and LOVE it.
- Community love and appreciation of our beautiful area.
- Small town feeling.
- Beautiful beaches
- The people of Perdido are smart. Generational residents see the unique value of the area and are passionate to maintain it. They never left or came back as soon as they could. Many well educated professional and retired military people start second careers here as small business

owners. Young adults return here after school or service to raise their families in a less busy place. The number of young families is growing every year.

- The community has proved through multiple catastrophic events it's resiliency and generosity. As in most of FI 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. They can live anywhere and they choose to live here. Many immerse themselves in being part of the community through local churches and service organizations.
- The geographic location of Perdido is strength. It is far enough out of the Pensacola and Alabama metropolitan areas to stand alone and not be enveloped. It has National and State Parks. It encompasses coastal, rural and suburban neighborhoods. The diversity is healthy.
- State and federal lands that can't be developed on
- Crime does not appear to be rampant
- Location
- It's beauty and popularity
- Plentiful parks and beach access
- Tenacity to continue to rebuild after storms
- Affluent and well educated residents and property owners on Perdido Key
- Concern about Perdido Key's future
- Environmentally and wildlife focused
- Autonomy
- Close nit
- Heritage
- Over 18-miles of public (state/federal) pristine white Sandy beaches with nature/kayak/bird trails in Florida ...plus additional mile plus to Alabama Point Bridge
- Lower taxes than adjoining state
 - No State Income Tax
 - Sales Tax significantly lower & does not apply to food or groceries
- Outdoor activities, biking, walking
- Beaches and access to state and federal parks. Our 4 parks (3 state and 1 federal) are a huge asset to this area.
- Small community feel, no huge shopping or large chain restaurants. No casinos!
- Great community minded citizens that genuinely care for one another and the environment.
- Our beaches are the most beautiful in the world.
- It has a small town feel but enough amenities that you don't need to go to town.
- Natural resource protections
- Distinct areal boundary
- Strong economy
- 1200 approved and or under construction housing units

- Population has many retired DOD people
- Roscoe airfield is private for public use has some recently built infrastructure
- Home of the Blue Angles
- Great outdoor recreation areas
- Sports park maintained by nonprofit, and they also program the activities

Weaknesses:

- Lack of a proper fire department.
- Lack of our voice in the development of the community.
- Lack of a cleaner water system in the bay.
- It is often forgotten by the folks of greater Pensacola.
- There is no true ability for leaders in Perdido Key to influence things in Pensacola – no way to wield the influence that should come with the tax base.
- It sometimes feels closer to Alabama than Florida due to the strong community of Orange Beach and the weak community of west Pensacola.
- Poor traffic flow, especially during summer season.
- Local voices need to be heard.
- I only know of surveys that were sent to a selected group. There needs to be a survey done that includes all homeowners, in order to truly represent the people of Perdido, properly.
- Soaring rents and real estate.
- Perdido lacks confidence. The residents have heard, and some have believed for decades that they are the stepchild of Pensacola and Pensacola Beach, not as good as Gulf Shores or Orange Beach. Things will never change. That whatever we get is okay, be grateful. It's a hard mind set to change and many residents who have bought into this do not trust anyone who tells them different. They are afraid they will not be successful at Home Rule.
- Perdido does not have a common shared history that residents can wrap around them. Because so much of the area was federal property up until the early 60's and so much of it remains federal and state land, it's hard for the residents to see the area as contiguous community. The demographics of new and old residents who may share different ideas for the future of the community is a challenge.
- The growth is lending itself to brand new property owners that do not live here full time, which are given a voice to promote their investment interest. This is overshadowing the local's voice. Note the survey submitted to the county, completed by Perdido Key Association, question #44. The majority was from owners whose residence here is a second home. And this was submitted to represent all of us. This is a major concern!
- Income disparity. There is a very wide income scale in the Perdido area. The pockets of poverty are generational and have changed little. The

number of children in the local public schools who qualify for food assistance is representative of the number of low-income families. Contrasting that with the owners of multimillion dollar waterfront properties a few miles down the road is glaring. Workforce housing is also lacking in Perdido. Some residents have expressed concerns of gentrification. That if the community incorporates and is made nicer, property values will go up and some families will no longer be able to afford to live in the area.

- Road congestion.
- Threat of over development
- Commercialism slowly creeping in
- Too much future uncertainty
- Lack of focused vision for the future among groups
- Lack of County voice
- The majority on Perdido Key are not full-time residents (only about one in four) and consequently have no vote in local issue
- Local residents/property owners are not prone to participate in local affairs
- As part of District 1 in Escambia County, many non-Perdido residents view Perdido Key as a playground and not a beach community
- Identity like: Johnson Beach; Perdido Beach; Orange Beach; Key West; FL/AL
- Access issues
 - Traffic congestion getting off and on
 - No mass transit opportunities
 - No pedestrian/bicycle access
- Lack of identifiable short-term housing
 - No hotels/motels
 - No destination resort
- Development may get out of hand, eliminating the small community feel.
- Perdido Key is shut off from the mainland by a bridge that is too small. Even though Perdido Key has great trails and beaches, a person that lives on the mainland side, can't walk or ride a bike there without endangering themselves on the bridge.
- Limited parking and beach access for people that don't live on the beach.
- Roads, bridges, ponds all are poorly maintained
- No sidewalks or bike paths
- Insufficient Lighting
- Poorly maintained Parks, Escambia County has limited personnel to properly maintain parks
- Not enough Good Beach access with parking
- We have never had leadership that can work with the other commissioners to get anything done for this district. We pay 16% of the taxes in the county and get zero in return. We pay more bed tax than downtown and get absolutely ZERO in return. They spend our taxes to promote Pensacola and Pensacola Beach!
- Lack of control of development standards
- Lack of a focused commercial district

- Lack of a bike/ped and alternate transportation options.
- Recent increase in tourism has led to new growth at an unsustainable rate
- Bay Pollution is a big problem and could cost millions to clean up
- No fire protection in NW area causing a fire rating of 10
- No Town center or organized area of commerce, it may take years and lots of money to create one
- Manufactured housing on septic systems, needs to have central sewer system which is expensive
- Surface water management system is mostly ditches that are not maintained well and they do not provide for the necessary water quality treatment to protect the waters of the State of Florida where they outfall into.
- Future land use and zoning are haphazard and needs to be more consistent
- Total lack of code enforcement might mean if the new Town wants to have any code enforcement, they will have to go some other than the County to provide it. This will add new costs to the reoccurring operation budget.
- Conversions from septic systems to low pressure sewer systems is a costly system to maintain
- Innerarity peninsular access is low lying and floods regularly, this will take substantial cost to remedy

While Strengths and Weaknesses looked at internal and present conditions, Opportunities and Threats look to external and future conditions.

Opportunities:

- Our voice in the growth of the community.
- More business opportunities within the growth area.
- People can have a say as to the use of the land.
- Better maintenance of the community.
- Public transportation across the Orange Beach / Gulf Shores / Perdido Key community.
- Additional infrastructure
- Keeping everyone as safe as possible.
- Notifying and educating the tourist prior to their arrival about rip tides and flag definitions. And not to dig holes. This should be mandatory for every single rental in the area. The guests should have to sign that they have received, read and understand the dangers of the Gulf.
- We have the opportunity for everyone to be heard. All information should be sent out to every single homeowner in the Perdido area. Otherwise, it is a tainted study.
- Hopefully, rezoning the area to protect our community from becoming a tourist trap town.

- All people want clean, safe, well-run places to live. No drama.
- More people every year will have the option to work remotely. They want beautiful natural surroundings, small businesses close to home that cater to their leisure experiences, in short to live where they can walk out of the house into a vacation setting. Perdido is perfectly situated to fill that need.
- Perdido is growing now and will continue to grow. More people want a piece of this area every year. Perdido still has the opportunity to grow in a manner that will make the area more resilient, both to natural events and to economic ups and downs. Workforce housing should be encouraged.
- Perdido's land mass does not lend itself to development of heavy traffic arteries, such as many of the surrounding coastal towns have adopted. There is still time to carefully plan for increased traffic without losing the coastal/rural feel of the area.
- Controlling over development
- Life span of the Key bridge
- Choke point intersections continue to get worse, i.e., such as the Sorrento, Gulf Beach Hwy, Innerarity, Perdido key drive intersection. Several more in the target area.
- To move in a more unified direction as a community
- Better infrastructure, zoning planning
- Greater sense of community
- To complete the Perdido Key Multiuse Path
- To get underground utilities and remove all utility poles
- To properly regulate beach access and parking as well as complete repairs to Perdido Key State Park and the Perdido Key Area of Gulf Islands National Seashore (Johnson Beach) remaining from 2020's Hurricane Sally
- Expand identity with more brand specific advertising/marketing
- Emphasis the unspoiled unique expansive beauty of our beaches and natural resources
- Lock in on some sound mass transit and parking alternatives to guarantee public access to all
- Capitalize/create grand unique eating, dining & entertainment venues
- Update thru traffic (especially on the bridge)
- Find government representation that understands the value of nature and small community.
- Smart Growth
- Youth Sports Destination
- Elective Medical Destination
- Eco Tourism Destination
- Pet Friendly Destination
- Development of ecotourism/blue economy
- Development of a clear and distinctly planned community
- Self-governance and self-direction
- Bronson field could be sold off to new Town to promote new economic development

- Highway 98 expanding to 4 lanes
- Dog track/off sight betting and poker owned by Porch Creek Indian Tribe being developed as additional housing types.

Threats:

- Overgrowth in both residential and business.
- Cleanness of the bay waters.
- Too much governmental oversight.
- It gets lost / left behind / forgotten by Pensacola.
- Tax revenue continues to get sucked up with little return
- Overpopulation, the community being taken over by out of towners instead of locals.
- More backed up traffic, pollution, higher prices, our local upcoming young adults cannot afford to live here
- No more small-town feeling
- Perdido area will continue to grow without a plan. Whatever the market will bear will be the battle cry. The forests will be lost, the bayous and creeks no longer protected or accessible. In 10 years, the residents will look around and ask “What happened? Why didn’t someone think of the future?”
- The residents will be paralyzed by fear of change, and as such do not do anything to guide the future. All of the small single-family homes on Innerarity Point will be tear downs and replaced by townhouses or condos. There won’t be any protection for the scrub live oaks, but they will call the complexes by “Oak” names.
- Large national developers will come in and put in huge tract subdivisions and RV resorts to sell to retirees from other states where housing is more expensive. Then the developer takes the money and leaves. The opportunity for Perdido to survive as a small-town local community will be lost forever.
- No effort will be made to include workforce housing in the community as the only objective will be to create the highest property tax base possible with the least infrastructure cost. Therefore, as employees have nowhere close by to live, the businesses will be forced to outsource seasonal employees and house them in dormitories, like many coastal communities do all over the nation.
- Incorporation
- Cost of living
- Over development
- Leadership transparency
- Having the right leaders in place
- Chaotic property Insurance coverages
- Further Florida state action favoring vacation rentals, such as removing homeowner association ability to control the length of stays in their units, e.g., some condos restrict rentals completely or limit the length of stay to

one month or longer – hence preventing them from becoming vacation rental properties with their accompanying rapid turnovers, traffic, and noise; Airbnb, VRBO, Vacasa, etc., would favor removing homeowner association ability to set rental limits

- Federal revocation or weakening of the endangered species status of the Perdido Key beach mouse opening more local lands for development
- Continued growth of vacationers/beachgoers overwhelming local ability to manage traffic, vandalism, and housekeeping
- Lack of infrastructure to support growth
- Property rights with an eroding beach especially on eastern end of key
- Federal Coastal High Water/Setback Line Est. 1976 is Now Underwater on Most Properties East of State Park
 - Recently uncovered Federal documents from 1957 that 75 feet of Perdido
- Key Beachfront Property currently considered private property, may have been set aside for public use by U.S. Gov't w/ Original Land Transfer
- Will county control vs. State control of 6.2miles of Perdido Key Drive (HWY 292) insure necessary major improvements in future and/or after a hurricane
- Over development
- Casinos
- Traffic
- Continue to give our taxes and bed taxes get zero in return.
- Overgrowth with no infrastructure updates.
- Perdido Bay Golf turned into additional houses which the owner has told me personally will happen!
- Congestion
- Lack of public beach access
- No planning for continuity of community
- 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

The next three sections examine conditions associated with the "Government Lite" form of government and the assumptions used in developing the fiscal forecast.

Expenses

Strengths

- The existence of conservative expenditure estimates and projections
- The existence of a financial plan that includes budget contingencies or reserves

- A service-delivery plan that limits allocation of local government staff while emphasizing contractual services/private sector competition

Weaknesses

- Even though existing local elected policy boards may favor entering into contractual agreements to provide services, a change in political leadership could result in the local government of Perdido having to provide all services in-house or pay high costs to continue the services

Opportunities

- Perdido would have the ability to implement an innovative, lean and progressive municipal government organization focused on supplying specific levels of service
- The town would have the ability to negotiate specific levels of service from other governmental or private organizations that already provide services to or near the community

Threats

- The potential inability to negotiate long-term agreements with contracting agencies for delivery of service could force the community to provide those services in-house
- There is a potential need to establish in-house service providers in the future
- There are limited dollars identified in the budget to meet the Disaster Reserve needs. This is a major concern!

Revenue

Strengths

- The use of conservative revenue estimates and projections
- The availability of diverse revenue capacity in areas of ad valorem property taxes, public service tax, franchise fees, licensing and permits, user fees and fines available to Florida municipalities
- A history of growth in assessed property values

Weaknesses

- Overall reliance initially on property tax to balance the budget
- Due to the fact that a large percentage of the residential properties are Homesteads, the Save Our Home Amendment could have the

effect of loading the burden of local government on the remaining property owners

Opportunities

- The ability to petition the state Legislature in order to receive state shared revenues one year earlier than allowed by statutes
- The ability to alter revenue mix bases on the desires of the community
- The ability to negotiate with other governmental bodies on behalf of Perdido's need for capital dollars through grants and partnerships

Threats

- The inability to initiate revenue-raising capability for State Share Revenues and Communication Services Tax if the timeline is not adhered to.
- The inability to develop the needed funds for the disaster reserves could bring about a need for increase taxes in the early years of the incorporation

Contractual Services (Law Enforcement, Code Enforcement, Planning Zoning and other local government services)

Strengths

- The ability to utilize the strengths and sizes of other agencies in terms of manpower, training and equipment
- The ability to avoid extensive capital costs necessary to begin departments such as police, fire and dispatch for fire and police and geo-processing capabilities for planning and zoning
- The ability to avoid the need to hire support personnel for law enforcement, fire and planning and zoning staff
- The ability to negotiate with Escambia County, other local governments, or private sector vendors for services setting up a competitive environment

Weaknesses

- The inability to control policy decisions made by agencies with whom contracts are formed. The Sheriff, Fire Commissioners and County Government staff all have outside interests that could conflict with the interests of Perdido and its residents. While contractual provisions could be incorporated into the agreement for services, day-to-day policy is too cumbersome to be part of the

agreement. Contractual agreements would guarantee that certain levels of service would be provided, immediate demands or changes in desired levels of service, or the focus of efforts would not be as easily changed when compared to in-house staff

Opportunities

- Contractual services with outside agencies in the early years of a municipality would allow policy makers and citizens to keep the initial costs of municipal government to a minimum by avoiding extensive capital costs
- Additional staffing to handle delivery of essential services could be added in the future
- The ability to increase or decrease personnel and levels of service based on provisions of the contracts

Threats

- A change in political or administrative leadership in outside agencies could eliminate the willingness to negotiate for services, or drive up the costs for those services in the future
- Delays in negotiating contractual services could leave the town without essential services such as law enforcement patrol or fire protection, or hamper the town's ability to meet comprehensive plan submission deadline

Share any concerns you have regarding the present level of local government services provided within the Perdido Community.

Have not had a fire station in our area on the western side for 5 years. Insurance premiums are skyrocketing.

Not enough say in the growth development.

Bottom line – Pensacola is focused on Pensacola. While they are supposed to have the best interests of Perdido Key at heart, they don't live there, don't visit there and focus on the things that are ever present in their own communities – which doesn't include things on Perdido Key.

Ultimately the Key produces a huge amount of tax revenue and receives little in return.

The public beach areas are not being taken care of properly.

The national parks are not being taken care of properly.

Escambia County provides the minimum required services for Public Safety, Public Facilities maintenance, and street maintenance, EMT response times and lack of adequate fire station coverage has been a long-time issue. Our distance from Escambia County facility offices in Pensacola makes service out in the southwest portion inconvenient.

The SW Library is nice and well run.

FDOT is currently doing long overdue maintenance to Sorrento Rd, Bauer Rd, and Highway 98. The time that the construction has taken has been excessive.

ECUA provides water, sewer and trash collection. Residents regularly comment on the number of septic tanks online in the waterfront area and the impact on the waterways. Planning for development should include sanitary sewer expansions.

None. Very pleased that the Sheriff's office opened the substation back up out here. New Fire substation also moving forward off Bauer.

I am encouraged by the recent emerging of leaders in our community. And new passion for taking more responsibility for local issues and concerns. My concern is for the long haul and development of emerging leaders. And maintaining passion and informed leadership.

Fire services seem adequate, and we are seeing more involvement by the Sheriff's Office, but more would be better; having some beach patrols by uniformed government officials would be a great improvement as would better cleanups of roadsides and beach access areas; more public parking, even if pay parking, could also be considered

That so many politicians are not concerned with the community, they don't even understand the community. This community's representation should be someone that lives and/or lived here.

I think ECUA does a wonderful job but we need to teach our citizens to recycle right or lose free recycle.

I think the Sheriff is doing a good job but check with the businesses to see if they agree.

My concern with the county is we are out of sight and out of mind. Code enforcement needs. Roads are 7 years past due on repaving in many areas.

Perdido Key has suffered from a lack of community planning to develop into a coastal community rather than a strip of condominiums. There has never been a real comprehensive focus on public service to Perdido Key and the Perdido Bay

area. This lack of attention and services is not only local to Escambia County but also at the state level.

Share any concerns you have regarding the community of Perdido becoming a municipality.

Trying to keep the tax level within the people's wishes.
Taxes will increase across the community. Because of the tax base, you could end up with a bloated bureaucracy which might not be needed.

Non-essential spending.

Having the right personnel to bring the community in the right direction.

Increase in costs

Not having enough money to rebuild and repair our area after a hurricane. Especially if we have a bad hurricane soon after becoming a Town. We need a ton of money saved up to rebuild, replace and repair.

Being represented by the wrong people.

My only concern is that if the area does not incorporate it will be a lost opportunity. I believe that if the residents can see that the benefits are for the future, that they will understand and support the effort.

I am not concerned about finding talented local people who will embrace building a new town of Perdido and represent it proudly and wholeheartedly.

New layer of government.

Incremental tax increases.

Hidden fees and taxes such as a utility services tax. Up to 10 percent more on utility bills.

County may not be as quick to respond to a citizen request for help, such as cleaning out a drainage ditch.

This proposed new municipality has no current resources, assets, nothing. Where does the funding for such come from? New layer of personal and politico motivation.

The main question I have and that dozens of others that have discussed this with me have, is Why? I want to see a real-life cost/benefit study as a starting point.

Pie in the sky we will keep some of our current taxes here, while that may be true, no way that will cover the cost of just the new bureaucracy. For example, new paid elected council representatives of the deemed districts within the municipality.

Once in place having the right leaders in place. To lead us forward and beyond the focus of becoming a municipality.

As a full-time resident of Perdido Key, it is not immediately apparent that the four (or more) voting district proposal for "Perdido" is the best choice for Perdido Key's future. There are many in the proposed municipality who probably feel much like the rest of Escambia County that Perdido Key is a playground and not a beach community. To be fully advantageous for Perdido Key, a smaller municipality with more similar goals might be better for Perdido Key – perhaps just Perdido Key, Innerarity, and the beachfront areas along Gulf Beach Hwy up to NAS Pensacola.

That said, there is no movement to create such a municipality and the advantages of a level of government with some say a future affairs separate from the current Escambia County arrangement – as the "We Are Perdido" group proposes – may be a better arrangement than the status quo

Proposed boundary lines

I really need to see. If we will have open access to the services we currently have (like garbage, water, and electricity) I have no concerns. The challenge may be making sure that Perdido Municipality's representation is local.

My biggest concern is Leadership – It is hard to find good volunteers and bad leadership will be just as bad as what we have now. I was told the new board would be all volunteer. Good luck with that. Without pay I'm afraid we won't have much luck finding good volunteers after the first couple terms – If we offered some incentive like maybe healthcare, a car allowance or a cellphone allowance we may actually get some very good, retired volunteers. I for one don't mind paying them as I know public service is not easy. People can be very ugly to elected officials and they will be elected

More taxes without amenities – if successful, I know you are already working on planning but suggest you make a list of quick wins.

One major concern I have is roads. Will the new Town have the power to take over the roads within the Town and Contract the roads themselves. That is the biggest thing I hear from citizens. If we are going to contract roads to the county, I don't see how much will change.

The same thing with Code enforcement and roadside trash. If we contract with the County this will not change. I do think you can tell the difference when you are in Town of Pensacola and Town of Gulf Breeze, Town of Orange Beach and

that is mainly due to road paving and cleaner roads so I hope to find the Town will handle those issues. Otherwise, why incorporate???

As I understand, the municipal boundaries being discussed wrap Perdido Bay possibly up to Lillian Hwy. I am concerned too diverse and expansive of an area will only lead to disenfranchisement of some places and loss of focus on public service where it is needed.

Share any hopes you have about the community of Perdido becoming a municipality.

I live in the community of Pleasant Grove and have for 65 years and I and other neighbors I have spoken to do not consider ourselves part of the community of Perdido, yet we are included in the boundaries that have be presented. I feel the charter that will be written will address the problems and concerns of the Perdido Key and Innerarity Point areas which a predominantly beach/waterfront lifestyles and will adversely affect the lifestyle of our rural area which is predominantly single-family homes on 3 to 15 acres of land. I feel the area of Pleasant Grove along with Coral Creek and the Ferguson Airport Brown Helicopter areas are only being included because they are needed to have enough people and property to support the proposed government. I understand the property tax is not the only source of revenue, but the people generate the sales tax both state and county that is also needed as a revenue source yet these areas and not in my opinion part of the Perdido community.

Having a better voice in government spending.

A closer-knit group of individuals in each area.

Growing the community in the best direction for expansion.

I'm not sure how all the tax revenue flows, but if the property tax revenue could come back to Perdido Key as a municipality, that would be a huge win.

Hopes that we will be represented by someone who will make sure all owners are heard, not just a selected group.

You may have to do a bulk mailing to get the word out to everyone.

Better planning to keep our area quaint, not overpopulated.

Maintaining our beaches better

Maybe having a community area on the beach for music and festivals.

Hope that the community embraces a sense of self respect & pride

Hope that the community continues to help one another thrive

Hope that Perdido makes the list of the nicest places to live 2030

I have none. I'm not for it at this point. Again why? What is the objective? At what cost? Will it all really work as sold? Been watching this type of effort in Navarre for years. Proponents have all the money, but those opposed have held the line thus far. proponents lied and said they had the required percentage of signatures, false.

One other point, the people pushing this effort may want to sit back and think for a moment. Instead of acting like they know what's best and belittling some folks who are genuinely concerned, get off the high horse, and realize a lot of people are being caught blindsided. This is the Florida panhandle, lots of people don't like outsiders telling them what's best for them. Lots of people are sick of government intrusion in their lives, and new fees and taxes. In fact, I'm retired and could care less. However, the attitude of these proponents is pissing me off. So given my background I'm finding it hard to just sit back.

Now I learn on the FB we will have new paid elected officials. Let's not forget new staff, new administration, etc. Any study on this matter better have all those pots of funds detailed out.

I have great hope for Perdido becoming a municipality. In that it will give us a seat at the county leadership table. Finally better representation by those of us that understand the uniqueness of our community. And the disconnect from county leadership.

It may be an appropriate time to move forward with a Perdido municipality and have more direct say in the future of our area

I hope that Perdido Key and the surrounding communities (Innerarity, Grande Lagoon, all the way to Perdido Bay) can keep the natural beauty we have today.

I think it sounds promising if done properly and I hope to hear more about it. I think the worst thing that happens is the vote is no, but you don't find out why so I'm glad you are asking these questions. There is absolutely no harm in researching the issue. I am not sold on the idea of incorporation, but you have my full attention.

I suggested your group make a list of the things they want to see out of this incorporation, so I look very forward to seeing that list. More taxes are hard to swallow and something most people will not swallow without a visual list of what they get in return. Make the visible.

We started Incorporate Perdido 20 years ago – it quickly changed to envision Perdido but we had a list and we ended up getting most of what was on our list so what is the worst that can happen

We wanted:

- A sports complex for our youth
- Sidewalks
- A new visitor center

This initiative is on target and way overdue. I've worked with the State of Florida, Escambia County, and Town of Pensacola. The Key particularly has long suffered from a lack of interest and engagement with local and state government. The result has been a lower level of public service, resources, planning and public safety than equitable to other areas. It is time to garner those resources and build the community functions desired and create a self-determined coastal community.

How do you view the governance of Perdido as presently being provided by Escambia County?

The people on the westside have been the red headed stepchildren of the community for years. Services are lacking in this area.

Services for this area need to be reviewed and updated.

On a scale of 1 to 10, somewhere around a 2.

I believe it's an afterthought.

I think their main concern is how to make more money from us, without putting any of it back into the community, to help us grow with the proper infrastructure. Example, where is the money they have collected from developers over the years to protect the beach mouse? What have they done with it?

11 acres developed every 5 years, at \$100,000 per acres. I do not know of anything on the Key that has been done to protect the beach mouse, do you? I hope that money is available to us.

The Escambia County Board of County Commissioners has been openly hostile to the Perdido area for many years.

The perception is that they would prefer to manage Perdido's assets as they do Pensacola Beach through something like the SRIA. As that idea was floated, and deemed not possible, the continued actions of the BCC through different administrations have been to try to reap as much tax revenue as possible from the area, at the least cost.

Investments in the area infrastructure or public amenities have occurred when it is the only option for project funding by Federal or State guidelines, FEMA guidelines, BP penalty guidelines or self-serving in reaction to public pressure.

When the citizens of the Perdido area elected a commissioner who did advocate for the community, he was shamefully harassed, sued and black balled by the other members of the commission. Members of the community who chose to attend meetings and comment on County activities know to expect to be treated rudely, talked down to, dismissed and ignored. Retaliation against citizens with differing opinions is regularly served up on social media sites. The lesson for the Perdido constitutes is do not send anyone to the BCC to advocate for you, unless that person is ready to play along with the status quo. Then the BCC, against the wishes of the residents, voted to redistrict the area and further alienate the Perdido from their opportunity for local representation.

There is no reason to believe that a change in administration or a different commissioner will free Perdido from the hostility and ineffective leadership.

Going into the future Perdido needs to develop an intergovernmental relationship with Escambia County.

Very pleased with it. Very pleased with our elected officials who represent the “target zone”

Our community has outgrown their capacity to maintain consistent and coherent Leadership. Our past two commissioners were not perfect but also didn't seem to garner necessary respect by the commission because of the lack of concern and respect for our district. (My opinion)

Escambia County policies toward Perdido Key seem dominated by District 1 Commissioner Jeff Bergosh whose main focus of late has been to increase public access to Perdido Key beaches. This has already taken form with Escambia County reducing allowed signage on Perdido Key private beaches from three to one with the May 8, 2023 implementation of a new ordinance. Without the additional signs and guards (which only large condominiums can afford) private beaches may become de facto public beaches. In addition, there is significant push to give substance to a 75 ft public easement for public beach access recently found in 1957 title documents for a significant number of private properties on Perdido Key. This would have a substantial impact on the Key.

We have been promised movement toward underground utilities with a \$500,000 seed money commitment by Commissioner Bergosh from his discretionary fund. I don't know if being part of a Perdido municipality would improve the prospect of getting underground utilities.

Two final thoughts: The giant Altura apartment complex under construction just north of the Theo Baars Bridge (325 units) is an abomination for our area. It will totally change the character of Innerarity and increase traffic hazards at already dangerous locations. The County has stated that all appropriate measures were met for the construction, which is no doubt correct, but the fact that this could

occur is a poor reflection of what can happen in our County. Being a municipality may not change this, but one can hope.

Most Perdido Key property owners truly hope Perdido Key can remain much as it is today. They don't want Perdido Key to become Destin, Florida or Orange Beach, Alabama next door.

Any recent study of amount of ad valorem property, sales and bed tax collected on the key or in zip code 32507 will demonstrate how inequitable, unfairly they are disbursed throughout the county, w/little regard to the percentage we collect and pay. Simply look at the breakdown of where that money goes (i.e. Schools, Law Enforcement, etc.)

Recent example would be free trolley service (not to mention ECAT SVC) be offered on Pensacola Beach

Most are good, except I see things like the new development behind Publix and the fact that basic consideration is not given to the natural resources here, but to the money that can be made. I think local representation will do a better job of representing the community. But again, that remains to be seen.

In summary, can you tell that I am a nature lover. If we could get rid of anything the smacks of over-development, that would be great in my mind. I love our parks and love the area as it is. I've seen a lot of growth just in the past 11 years since I moved to this area. I hope it slows... just don't tell anyone how nice it is here. Maybe we can keep it that way.

Unfortunately, the current Escambia County Commission Board does not know Perdido, our citizens or our wants and needs. But I also think we bring a lot of that on ourselves. We allow the folks downtown to keep US DIVIDED. As long as we are divided as a community, we can't be ONE voice. I think the current leadership promotes division vs unity which is awful. Unfortunately, that is the new political norm. Attacking those that don't agree with them is easier than taking the time to sit with them and talk out issues respectfully. All of our leaders start out strong and then fall into the division mode after a couple terms. I've watched it with the last three commissioners so maybe it is time to incorporate? I wish the current commissioner would ask for our list and work on it but he has really divided our community. My wish is that will change, or we will try again to find a leader that supports ALL of Perdido Residents.

The area governance has been inconsistent over the decades. Attention has ebbed and flowed with no particular future goals and objectives in mind and without consensus of the citizenry.

**Task1
REVIEW OF EXISTING 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 and Peoples Water Services Co. 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

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.

In addition, the Naval Air Station (NAS) Pensacola Compatible Use Study (CUS) has recently started. The NAS Pensacola CUS is a collaborative planning effort between Escambia County, the City of Pensacola, the City of Gulf Breeze, state and federal agencies, the general public, and other stakeholders. It is reasonable to believe if the Perdido area were to incorporate it would also have a seat at this table to help contribute to this effort.

The Escambia County Sheriff will continue to provide the present level of service to the new Town. This is done under the direction of the Florida Constitution defining the Sheriff as the Chief Law Enforcement Officer in each of the Counties in the State. Escambia County presently funds the Sheriff's office through their general fund ad valorem millage and a Law Enforcement MSTU. After incorporation all properties within the area proposed for incorporation will continue to pay the Escambia County general fund ad valorem millage along with the MSTU Millage through a new Town millage to support the continuation of these services within the Town at the present levels of service. **(See Appendix #6)**

Other services are provided by private sector companies. Power is provided by Florida Power and Light, phone and internet service by Community Phone, Comcast, COX, Verizon, AT&T. Solid waste hauling and disposal is provided by

Emerald Coast Utility Authority through a franchise agreement with Escambia County.

Present land use characteristics of Perdido include residential, commercial, conservation, public facilities, and institutional designations with some industrial areas mixed in. Attached is a copy of the Perdido Land Use Map as (**Appendix 2**). The listing of existing Escambia County land uses and Zonings are included on **Appendix 3**. As of July 2023, there are nine (9) pending land use in the proposed area of incorporation. (**See Appendix #7**)

The area considered for the proposed incorporation is approximately 33.3+/- square miles, or 21,314 +/- acres (**See Map Appendix 4**). The estimated permanent population for this area at 23,154, this equates to a population density of 1.09 persons per acre which is less than the minimum density requirement of 1.5 persons per acre required by the statues for incorporation. The Charter will request a waiver to this requirement base on the amount of acreage made up of the waters of the Gulf of Mexico, Old River and Perdido Bay, State and National preserves and federal lands (7,906+/-). When these areas are removed the density is 1.73 persons per acre which exceeds the 1.5 persons per acre requirement.

As a key and adjoining mainland bordered by the Gulf of Mexico to the South, Perdido Bay to the West and North, US 98 on the Northeast, Dog Track Road and Blue Angel Parkway on the East the proposed area is compact, contiguous, and amenable to a separate municipal government (**See Map Appendix 4**). It has an estimated population of 23,154 which exceeds the 5000 required by the statues.

There are no existing municipalities within the 2-mile buffer required by State Statues

The area of Perdido proposed for incorporation meets all the requirements of State Statues to be considered for incorporation with the exception of population density. The local bill will need to request a waiver from this requirement supported by the amount of area that is State and Federal Preserves/Parks, federal lands, and Area covered by adjoining waters.

It is projected after incorporation; most governmental services would continue to be provided by the 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 Perdido contributing to Escambia County's MSTU for Fire, EMS, Law Enforcement, Recreation, Roads and Road & Bridge District 2 they would pay the same millage to the New Town. The citizens of Perdido Would also continue to contribute to the County's Non-Ad Valorem Assessment Districts for Residential Fire Assessment of \$165.00 and Residential Solid Waste Assessment of \$327.43 per Equivalent Residential Unit (ERU). The study

contemplates the area residents would continue to pay for these services the same way after incorporation. The Town would establish interlocal agreements with Escambia County, other local governments or contracts with private sector companies to provide the present levels of service continue throughout Perdido.

We reviewed information from the County FY 2023 Budget about the validity of our methodology and proposed estimates for the cost of the MSTU and MSBU services. Based on our previous experience of using the same revenue and expense numbers presently being used in the County FY 2023 Budget we believe the County will agree to continue to provide the MSTU and MSBU services through an interlocal agreement with the newly formed Town. The amount charged for services will be equal to the amount presently being collected through the County's MSTU millage and MSBU assessments for each service without any additional administrative fee. Based on BJM's experience with other newly formed cities who use this method of providing local services, County staff will not negotiate letters of intent or memorandums of understanding with a group contemplating incorporation, and then renegotiate the same document with the newly formed body of elected officials after a successful incorporation effort. County staff can see this as the newly formed municipality getting two bites at the apple.

There would be no impact on any other of the taxing authorities having jurisdiction over the area proposed for incorporation. All taxing agencies would continue to collect ad valorem tax dollars as they do presently.

How would incorporation impact the existing services in the community, and what would be the duties of the new Town government?

The proposed structure of operations would have the Town unifying the area's land use, zoning, building, and code regulations. This would initially occur under the authority of the Escambia County Comprehensive Plan, land use and zoning regulations, with the Town having enforcement authority. The Town would also be a new partner to all present services providers. The existing Franchise agreements with Florida Power and Light, Emerald Coast Utility Authority and Peoples Water Services Co would continue to be in place until the Town is legally able to establish new agreements.

The Town 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. **There will be no change in cost for all governmental and public utility services to the residents of Perdido if it were to incorporate.**

The following is a comparison of the estimated cost of government services provided by Escambia County for FY 2023 within the Perdido area if they remained part of unincorporated Escambia County versus becoming a newly incorporated area.

<u>Unincorporated Escambia County</u>		<u>Town of Perdido</u>	
County General Fund		County General Fund	
G/F Taxes	\$22,133,534		\$22,133,534
County MSTU Funds		Town General Fund	
	\$4,952,198		\$4,952,198
County MSBU Funds		Town Special Assessment	
	\$5,067,597		\$5,067,597
Local Gov't Cost			
	\$0		\$2,590,598
Total Cost	\$32,153,329		\$34,743,927

Under the above scenario Perdido will continue to pay for those services that are funded with ad valorem taxes due to Escambia County through the County's General Fund ad valorem tax. These areas include Sheriff, Library and Escambia County Childrens Trust. The Town will pay for County MSBU Services through collection of city assessments for Fire and Solid Waste.

The total cost of local government services within the proposed Town of Perdido will be \$545 per capita which puts in line with other Florida cities who use the government lite model.

The increased cost to Perdido residents for the Town administration of \$2,590,598. Based on per capita, the increase will be \$112 per capita. This cost will be absorbed by additional revenues transferred from Escambia County.

Unfunded Liabilities

Potential unfunded liabilities are mentioned throughout the SWOT Analysis. We list them here with our best cost estimates, based on staff estimates, review of other experts, research of local documents, and our own experience.

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. While a portion (80% - 95%) of theses cost are refunded by the Federal and State governments the local Town will have to front these costs until the refunds arrive.

**Task 2
DEVELOPMENT OF A POSSIBLE
INCORPORATION/REVENUE TIMELINE
FOR TOWN OF PERDIDO**

This study assumes the following incorporation/revenue timeline for the Town of Perdido:

<u>Date</u>	<u>Activity</u>
August 2023	Initial Incorporation study is completed
September 2023	Final Feasibility Study with Charter and instrument showing support for incorporation is presented to local delegation and the State of Florida
October 2023	Escambia County Local Delegation passes the local bill for incorporation
January 2024	Local bill goes to Florida Legislature, and is passed
Spring and Summer 2024	Community debates the pros and cons of incorporation
August 2024	Incorporation referendum passes.
December 2024	Town becomes a legal entity.
March 2025	Town local election held and first Town council meeting occurs
April 2025	Town begins receiving state shared revenue (provided Town charter is approved)
November 2025	Town begins receiving ad valorem tax revenue
July 2026	Town receives state shared revenue if strict timeline is held.

Local governments operate on an October 1 - September 30 fiscal year. The State of Florida however, follows a July 1 - June 30 fiscal year. In order for the newly incorporated Town of Perdido to qualify for ad valorem taxes and various types of state shared revenues, it must meet property appraiser deadlines and

comply with state-mandated criteria for state shared revenues.

If Perdido does become a legal entity by December 2024, it should begin receiving property tax revenues collected by the Escambia County Tax Collectors between November 2025 and January 2026. Unlike other attempted incorporations, Perdido is not presently a clearly established dependent taxing district with clearly identified boundaries. This might make cooperation and coordination with the Escambia County Property Appraisers somewhat more difficult.

The important dates to remember for revenue purposes are:

Establishment of a tentative millage (following public hearings) on or before August 4, 2025

Adoption of a final millage rate (following two public hearings) on or before September 30, 2025

With regard to state shared revenues, The Town of Perdido must meet specific criteria established in F.S. 218.23(1), which states:

"To be eligible to participate in revenue sharing beyond the minimum entitlement in any fiscal year, a unit of local government is required to have:

A) Reported its finances for its most recently completed fiscal year to the Department of Banking and Finance pursuant to s. 218.32.

B) Made provisions for annual post audits of its financial accounts in accordance with provisions of law.

C) Levied, as shown on its most recent financial report pursuant to s.218.32, ad valorem taxes, exclusive of taxes levied for debt service or other special millage authorized by voters, to produce the revenue equivalent to a millage rate of 3 mills on a dollar based on the 1973 taxable values as certified by the property appraiser pursuant to s. 193.122(2) or, in order to produce revenue equivalent to that which would otherwise be produced by such 3 mill ad valorem tax, to have received a remittance from the county pursuant to s. 125.01(6)(a), collected an occupational license tax or a utility tax, levied an ad valorem tax or received revenue from any combination of these four sources. If a new municipality is incorporated, the provisions of this paragraph shall apply to the taxable values for the year of incorporation as certified by the property appraiser. This paragraph requires only a minimum amount to be raised from the ad valorem tax, the occupational license tax and the utility tax. It does not require a minimum millage rate."

Remember that the State operates on a July 1-June 30 fiscal year. Perdido may not be eligible for state shared revenues until July 1, 2026, because of the time lag between the date of incorporation and the beginning of the State fiscal year.

Revenue Timeline Findings

The Town of Perdido proposed revenue timeline projects state shared revenue as of March 2025, pending approval of the necessary language in the Town Charter. If this does not occur, the July 2026 date is well into the proposed municipality's second fiscal year; the Town should then be able to meet the criteria established F.S. 218.33(1). Thereafter, state shared revenue is distributed on a monthly basis. This revenue timeline appears accurate, provided incorporation and other steps toward becoming a legal entity are completed within the proposed incorporation calendar.

**Task 3
DEVELOPMENT OF REVENUE ANALYSIS
FOR PERDIDO**

For the purpose of this study the revenue analysis is based on a population of 23,154 and taxable value of \$ 3,521,000,000 for the proposed area of incorporation for Perdido. The area follows the boundaries proposed for incorporation by We Are Perdido. (See Appendix 2)

Municipal Revenues

Municipal governments utilize a wide variety of revenues to pay for services provided to their citizens. Responsible municipal governments attempt to balance their revenue sources to produce long-term solvency while utilizing a revenue mix that is compatible with local needs. Depending on these needs, municipal officials should conscientiously formulate a mix of revenues that will pay for municipal operations and services.

Florida's state constitution gives municipalities home rule authority in all areas except taxation. A municipality has the discretion to perform any public service, or enact any ordinance unless specifically prohibited by the state. The constitution restricts municipalities to levying taxes that specifically have been authorized by general law enacted by the Florida Legislature. The lone exception is property tax. It is the only local revenue source authorized by the constitution and is capped at 10 mills for general operating purposes. A mill is equal to \$1 of tax for each \$1,000 of taxable value.

The following is an overview of general fees and revenues typically available to a municipality.

Ad Valorem Property Tax

Property taxes are based on the value of real and personal property. Each year the county property appraiser determines the total value of each parcel of property. The value of residential property is based solely on the value of the real estate, which includes the buildings and improvements, while commercial property includes these values in addition to all relevant personal property. This value is called "assessed value." After subtracting all lawful exemptions (i.e. Homestead, \$50,000; widow, \$500; widower, \$500; disability \$500 and others), the remaining value is called "taxable value."

Ad valorem taxes are based on taxable value. The property tax is calculated by multiplying taxable value of property by .001, and then multiplying that number by the rate of taxation, which is referred as "mills" or "millage rate." For example, for a home assessed at \$250,000 by the county property appraiser, the taxable value would be \$200,000 after deducting the \$50,000 Homestead exemption. If

the municipality's millage rate were 5.0 mills, the property taxes would be \$1,000 (\$200,000 x .001=\$200 x 5.0 mills = \$1,000.)

All property taxes are due and payable on November 1 each year or as soon as the assessment roll is certified by the Escambia County Property Appraiser. Escambia County will mail each property owner a notice of taxes due to the Town and the discount rate for paying taxes (4 percent if paid in November, 3 percent if paid in December, 2 percent if paid in January and 1 percent if paid in February.) There is no discount if taxes are paid in the month of March, and taxes are considered delinquent after April 1.

The Perdido area for incorporation taxable value for the 2023 tax year was estimated to be \$ \$ 3,521,000,000. Based on this estimate, the Town of Perdido tax revenues for fiscal year 2023 per one mill levied can be projected as follows:

Taxable value	\$3,521,000,000
<u>x the percent 0.95</u>	
Revised Taxable Rate	\$3,344,950,000
<u>x millage rate .001</u>	
Estimated Property Tax	\$3,344,950
Revenues at 1 mill for FY 2024	

Ad Valorem Property Tax Findings

Historically, Perdido property owners have taken advantage of the various discounts offered by the Escambia County Tax Collector. The certificate of taxable value does not account for such discounts; therefore, a 95 percent projection represents a reasonable and prudent estimate technique used by numerous local Florida governments.

For the purposes of this study, we will use the County's Millage for Sheriff of 0.6850, Escambia Children Trust of 0.4365, and Library Millage of 0.3590 as the original Town of Perdido Millage of 1.4805. The County presently charges a Residential Fire Assessment of \$165.00 and Residential Solid Waste Assessment of \$327.43 per Equivalent Residential Unit (ERU). The study contemplates the area residents would continue to pay for these services the same way after incorporation.

The new municipal area of Perdido will collect a millage of 1.4805 mills yielding a revenue of **\$4,952,198 for FY 2024.**

Public Service Tax

The Public Service Tax, also called the "Utility Tax", is another substantial revenue source. This tax is levied by the municipality on specific utility services collected by the utility provider, even if the provider is the municipality itself. The tax is incorporated into the utility bill and is based on relative consumption.

A municipality may levy a tax on the purchase of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Except for those municipalities in which paragraph (c) applies, the tax shall be levied only upon purchases within the municipality and shall not exceed 10 percent of the payments received by the seller of the taxable item from the purchaser for the purchase of such service.

Public Service Tax Findings

Because this tax has not been approved for use in unincorporated Escambia County the Town of Perdido incorporation analysis does not include revenues associated with a Public Service Tax; therefore, implementation of the tax at a later date could produce two results, additional revenues to either support programs or reduce ad valorem property taxes.

Franchise Fees/Communication Service Tax

Franchise fees generate revenues in much the same way as the Public Service Tax. Franchise fees, however, typically are levied on a company or utility for the privilege of doing business within the municipality's jurisdiction and/or for utilizing a municipality's right-of-way to transact business.

Franchise Fees/Communication Service Tax Findings

Escambia County presently does levy franchise fees on utility services and also collects communication service tax (Telephone & Cable TV) from the State, but the county retains the revenues derived from the collection of these fees. If the area of Perdido is incorporated, it would share in the communication service tax revenues from the State and collect the revenues from the utility franchise fees paid by users within the proposed boundaries. A Communication Tax Ordinance would have to be enacted prior to September 1, 2025, to be effective January 1, 2026. Additional or increased fees adopted at a later date could produce one of two results — additional revenues to either support municipal services or programs or reduce ad valorem property taxes.

Based on projections developed from using revenues projections for Escambia County's FY 2023 Budget; franchise fees/communication service tax revenue for the area of Perdido fiscal year 2024 are estimated at **\$3,130,928**.

User Fees

The Florida Comptroller defines user fees as "voluntary payments based on direct measurable consumption of publicly provided goods and services." User fees are derived from charges for water, wastewater, natural gas, electricity, mass transit, garbage collection, parks and recreation, building inspections, public transportation, special public safety services and a variety of other services.

User fees have substantially increased as a proportionate share of a municipal budget since the 1970's. For some services, fees are charged at rates below the actual cost and partially are offset by taxes. This is necessary for some services so that residents on fixed incomes are not excluded due to high prices. For other services, user fees cover the full cost of service delivery; these services are called enterprise operations. A golf course would be a typical example of an enterprise operation.

In recent years it has become common for municipalities to incorporate "administrative charges" to offset indirect administrative costs computed as a percentage of gross collections on various enterprise operations, such as electric, water, natural gas, golf course, airport parking and other fee-type services. These show up on the revenue side as "transfers to the general fund" and overhead.

User Fees Findings

The Town of Perdido analysis does not include revenues associated with user fees as revenues or expenditures to the general fund. It is projected all existing user fees would be adopted by the Town of Perdido and pay for the services they are presently supporting.

Intergovernmental Revenue

This category is referred to as "revenue sharing." These revenues are collected by one government and shared with other governmental units. The major sources are delineated below.

Municipal Revenue Sharing

The Revenue Act of 1972 (Florida law, chapter 72-360) describes state revenues that are shared between counties and municipalities.

"Eligibility Requirements

Pursuant to s. 218.23, F.S., a local government must meet the following requirements to be eligible to participate in revenue sharing beyond the minimum element in any fiscal year:

- 1) Report its finances for the most recently completed fiscal year to the Department of Banking and Finance, pursuant to s 218.32 F.S., (s. 218.23(1) (a), F.S.).
- 2) Make provisions for annual post audits of its financial accounts in accordance with law, pursuant to chapter 10.500 Rules of the Auditor General (s. 218.23 (1) (b), F.S.).
- 3) For local governments eligible in 1972, levy ad valorem taxes (excluding debt service and other special millage) that will produce the equivalent of three mills per dollar of assessed valuation, based on 1973 taxable values as certified by the property appraiser, or collect an equivalent amount of revenue from occupational license tax, or a utility tax (or both) in combination with the ad valorem tax; or for municipalities eligible after 1972, the three mill equivalency requirements will be based upon the per dollar of assessed valuation in the year of incorporation (s.218.23(1)(c), F.S.).
- 4) Certify that its law enforcement officers, as defined in s. 943.10(1), F.S. meet the qualifications established by the Criminal Justice Standards and Training Commissions, its salary structure and salary plans meet the provisions of Chapter 943, Florida Statutes, and no law enforcement officer receives an annual salary less than \$6,000. However, the Department of Revenue may waive the minimum law enforcement salary requirements, if the municipality or county certifies that it is levying ad valorem taxes at 10 mills (s.218.23(1)(d), F.S.).
- 5) Certify that its firefighters, as defined in s. 633.30(1), F.S. meet the qualifications for employment established by the Division of State Fire Marshal pursuant to ss.633.34 and 633.35, F.S. and that provisions of s.633.382, F.S. have been met (s.218.23(1)(e), F.S.).
- 6) Certify that each dependent special district that is budgeted separately from the general budget of the local governing authority has met the provision for an annual post audit of its financial accounts in accordance with the provisions of law (s.218.23(1)(f), F.S.).
- 7) Certify to the Department of Revenue that the requirements of s.200.065, F.S. ("TRIM") are met, if applicable. This certification is made annually within 30 days of adoption of an ordinance or resolution establishing the final property tax levy, or if no property tax is levied, not later than November 1 (s.218.23 (1)(f), F.S.).
- 8) Notwithstanding the requirement that municipalities produce revenues equivalent to a millage rate of three mills per dollar of assessed value (as described in paragraph three), no unit of local government that was eligible to participate in revenue sharing in the three years prior to participating in the Local Government Half-Cent Sales Tax shall be ineligible to participate in revenue sharing, solely due to a millage or a public service tax reduction afforded by the Local Government Half-Cent Sales Tax (s.218.23(3), F.S.)."

Pursuant to s. 218.21(3), F.S., all a municipalities created pursuant to general or special law and metropolitan and consolidated governments as provided in s. 6(e) and (f), Art. VIII of the State Constitution. Such municipality must have held an election for its legislative body pursuant to law and established such a legislative body which meets pursuant to law.

However, a number of other governmental entities are judged ineligible to receive municipal revenue sharing funds. For example, Attorney General Opinion 77-21 stated that municipal service taxing units (MSTUs) sometimes referred to as municipal service benefit units (MSBUs) are not eligible to receive funds from the Municipal Revenue Sharing Trust Fund. Two additional options determined that both regional authorities (AGO 74-367) and other authorities such as housing authorities, (AGO 73-246) also are ineligible to receive municipal revenue sharing dollars.

If a local government fails to comply with the eligibility requirements, s 218.23(1) (f), F.S. provides that the revenue sharing funds forfeited by the local government shall be deposited in the General Revenue Fund for the 12 months following a determination of noncompliance by the Department of Revenue. More typically, the revenues for an ineligible government are distributed among the remaining eligible governments until the causes for ineligibility are determined and rectified, at which time the Town or county is refunded the dollars that were disbursed among all eligible municipalities or counties.

The amount and type of revenues shared with an eligible municipality is determined by the following procedure.

First, a municipality's entitlement shall be computed on the basis of the apportionment factor provided in s.218.245,F.S., and applied to the receipts in the Municipal Revenue Sharing Trust Fund that are available for distribution. The resulting amount is labeled entitlement money. This is the amount of revenue, which would be shared with a unit of local government if the distribution of the revenues appropriated were allocated on the basis of the formula computations alone.

Second, the revenue to be shared via the formula in any fiscal year is adjusted so no municipality receives less funds than the aggregate amount it received form the state in fiscal year 1971-72. The resulting amount is labeled guaranteed entitlement or hold harmless money. Those municipalities incorporated subsequent to 1972 receive no guaranteed hold harmless money.

Third, revenues shared with municipalities shall be adjusted so that no municipality receives less funds than its minimum entitlement, the amount of revenues necessary to meet its obligations as a result of pledges, assignments or trusts entered into which obligated funds received from revenue sharing sources.

Fourth, after making these adjustments and deducting the amount committed to all eligible municipalities, the remaining money in the trust fund is distributed to those municipalities that qualify to receive growth money. This final distribution to those eligible municipalities that qualify to receive additional money beyond the guaranteed entitlement is based on the ratio of additional money of each qualified municipality in proportion to the total additional money of all qualified municipalities.

Summary

In summary, the total annual distribution to a municipality, depending on the formula, will yield various combinations of guaranteed entitlement and/or growth money (associated with new construction):

- 1) Guaranteed entitlement money PLUS growth money,
- 2) Guaranteed entitlement money only, or
- 3) Growth money only.

However, the final distribution is dependent on actual collections.

Authorized Uses

According to the Department of Revenue, municipalities may assume that 35.2 percent of their total estimated Municipal Revenue Sharing distribution fiscal year 1996-97 is derived from the Municipal Gas Tax. Thus, at least 24.86 percent of each municipality's revenue sharing distribution must be expended on transportation-related purposes.

As a second restriction, municipalities are limited in the amount of revenue sharing dollars that may be bonded. Municipalities are allowed to bond only the guaranteed entitlement portion of the distribution. This hold harmless provision of the municipal revenue sharing program guarantees a minimum allotment and thereby ensures coverage of all bonding obligations to eligible governments that qualified for revenue sharing dollars before 1972. This provision does not apply to municipalities qualifying for the revenue sharing program after 1972.

Municipalities incorporated after 1973 that wish to qualify for revenue sharing funds must demonstrate local tax effort by using the taxable value of the municipality for the year of incorporation time's three mills. Obviously, a municipality incorporating after 1973 must demonstrate significantly higher actual ad valorem tax effort than municipalities that have been in the program since its inception.

Municipal Revenue Sharing Findings

Based on projections from the State of Florida Department of Revenue Office of Tax Research, municipal revenue sharing money for the town of Perdido in fiscal year 2024 are estimated at **\$409,347. (See Appendix 1)**

Local Government Half-Cent Sales Tax

Chapter 82-154, Laws of Florida, created the Local Government Half-Cent Sales Tax Program. This program generates a significant amount of revenues for local governments by distributing sales tax revenue and money from the state General Revenue Fund to counties and municipalities that meet strict eligibility requirements. The primary purpose of the tax is to provide relief from ad valorem and public sewer taxes in addition to providing revenue for local programs.

Eligibility Requirements

A county or municipality must satisfy the following requirements (spelled out in s.218.63, F.S.) to be eligible to receive an ordinary distribution:

1) Qualify to receive revenue sharing funds by satisfying all requirements contained in s.218.23 F.S. However, a municipality incorporated subsequent to the effective date of Chapter 82.154, Laws of Florida (April 19, 1982), which does not meet the applicable criteria for incorporation pursuant to s. 165.061, F.S. shall not participate in Local Government Half Cent Sales Tax.

2) Meet the millage limitation requirements outlined in s.200.065, F.S.

Local Government Half-Cent Sales Tax Findings

Based on projections from the State of Florida Department of Revenue Office of Tax Research, the half-cent local government sales tax distribution to the area of Perdido in fiscal year 2024 is estimated at **\$2,485,171. (See Appendix 1)**

The state estimates half-cent sales tax at 100 percent of distribution. Variation between projections and actual results are due to the combined effect of reconciling state and local Fiscal years, as well as the seasonal nature of sales tax collections. A more reasonable and prudent technique would be to project half-cent sales tax fund at 95 percent of the state estimate.

Licenses and Permits

Business Tax Receipt

According to Section 205.042, Florida Statutes, "The governing body of an incorporated municipality may levy, by appropriate ordinance or resolution, an

occupational license tax for the privilege of engaging or managing any business, profession or occupation within its jurisdiction."

The occupational license tax is designed specifically to raise revenue and should not be confused with the regulatory fees referred to in Section 166.221, Florida Statutes.

Occupational license tax revenues during the pre-1970s contributed a greater portion of the municipal revenue stream than at the present time. In 1972, the Legislature froze all license rates as they were in place on Oct. 1, 1971. In 1980, the Legislature allowed local governments to raise the rates of licenses with flat rates according to a three-tier schedule; 100 percent increase for rates \$100 or less, 50 percent increase for rates between \$101 and \$300, and a 25 percent increase for rates of more than \$300. In 1982, the Legislature allowed graduated or per unit rates to increase up to 25 percent. In 2006 it was change to the Business Tax Receipt by the legislature.

Insurance Agent Licenses

Florida Statutes (F.S. 624.507) authorize municipalities to require license fees not to exceed 50 percent of the State License tax specified by statutes, for agents operating within municipal boundaries.

Alcohol Beverage License

Thirty-eight percent of all alcoholic beverage license revenues collected by the state from within a municipality are returned to the municipality.

Permits

Municipalities charge permit fees for a variety of land use services, including building and related construction, planning, stormwater, and zoning services. These are as delineated below:

- A) Building and Related Construction Permits Includes revenue for issuance of all building, plumbing, electrical, mechanical, heating/air conditioning and similar construction permits.
- B) Stormwater Fees charged for review and inspection of projects requiring stormwater Management permits.
- C) Zoning and Related Fees includes all fees collected for rezoning requests, variances, special exceptions, etc.
- D) Planning Fees include comprehensive plan compliance/concurrency reviews, planned unit development, etc.

Licenses, Business Tax and Permits Findings

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 Escambia County staff through interlocal agreement. The report does include Business Tax Receipt revenues for **FY 2024 of \$91,318**.

Fines and Forfeitures

This revenue category includes receipts from fines and penalties imposed from the commission of statutory offenses, violation of lawful administrative rules and regulations and for neglect of official duty. Fines include court fines, library fines, pollution control violations and violations of local ordinances. Forfeitures include revenues resulting from confiscation of deposits or bonds held as performance guarantees and proceeds from sale of contraband property seized by law enforcement agencies.

Fines and Forfeitures Findings

This report does not include revenues associated with such fines. The question of a lack of a municipal police force raises doubt as to the Town's ability to be eligible for such funds.

Motor Fuel Tax Refund

Florida Statutes provide for the first five cents of state gas tax paid by a municipality to be returned to the municipality for use in its vehicles.

Motor Fuel Tax Refund Findings

This revenue source will not be significant to the Town of Town of Perdido due to the proposed limitation on Town vehicular equipment.

Investment Income

Revenues derived from investment of cash receipts and idle funds are an important, yet often overlooked source of revenue. Many local governments are recognizing the importance of establishing effective cash management/treasury programs and are restructuring their government operations to accelerate revenues, promote aggressive revenue collections and maximize cash flow.

Investment Income Findings

This study incorporates investment income of **\$25,000 for FY 2024**.

Contributions and Donations

This revenue category is comprised of various sources primarily gifts, pledges, bequests or grants from non-governmental entities. Due to the nature of this category, revenue derived from these sources can fluctuate greatly from one year to the next.

Contributions and Donations Findings

Contributions and donations generally are considered revenue neutral because those making the donation typically earmark them for specific programs or services.

Miscellaneous Revenue

The miscellaneous revenue category includes a variety of less important sources, such as permit fees, non-occupational license fees, rents, royalties, special assessments, the sale of assets, insurance compensation, etc.

Miscellaneous Revenue Findings

There is no attempt by this report to project such revenue. This is a reasonable approach considering the difficulty in developing stable projections.

Local Option Gas Tax

Municipalities in Florida Counties share in the county's 6-cent local option tax on motor fuel and special fuel. The county uses its portion for maintenance of existing roads. The cities use their share for general transportation purposes. There is a statutory formula that establishes a minimum portion to be shared with each Town.

An opinion from the Florida Attorney General States in part the following:

Section 336.025, F.S. (1992 Supp.), allows counties to impose a local option gas tax upon every gallon of motor fuel and special fuel sold in a county and taxed under the provisions of Part I or Part II, Ch. 206, F.S. (1992 Supp.).[2] Only those municipalities and counties eligible for participation in the distribution of moneys under Parts II and VI of Ch. 218, F.S., are eligible to receive moneys under this section.[3]

A county may levy the tax by ordinance adopted by a majority vote of the

governing body or approval by referendum.[4] Under this procedure,

“[t]he county may, prior to June 1, establish by interlocal agreement with one or more of the municipalities located therein, representing a majority of the population of the incorporated area within the county, a distribution formula for dividing the *entire* proceeds of the local option gas tax among the county government and all eligible municipalities within the county.”[5] (e.s.)

In the absence of an interlocal agreement, the county may, prior to June 10, adopt a resolution of intent to levy the tax.[6] If no interlocal agreement or resolution is adopted, municipalities representing more than 50 percent of the county population may, prior to June 20, adopt uniform resolutions approving the local option tax, establishing the duration of the levy and the rate authorized, and setting the date for a countywide referendum on whether to impose the tax.[7] In the event the tax is levied by county resolution or by uniform resolutions of the municipalities, the proceeds of the tax must be distributed "among the county government and eligible municipalities based on the transportation expenditures of each for the immediately preceding 5 fiscal years." [8] Any newly incorporated municipality which is eligible for participation in the distribution of moneys under Parts II and VI, Ch. 218, F.S., located in a county levying the local option gas tax is also entitled to receive a share of the tax revenues.[9]

Local Option Gas Tax Findings

Based on the existing law and the interlocal agreements Florida Counties have established with the cities within the counties the ability to share this tax, it is not clear exactly what formula was used. It is clear the distribution of this revenue is developed through political negotiations and trying to estimate what the area of Perdido portion would be, at best, more art than science.

With this understanding this study decided to project the Local Option Gas Tax revenues in our revenue projection for the area of Perdido. **Local Option Gas Tax of \$1,191,480 to be used for major road maintenance.**

Of course, this decision will ultimately be determined by the newly elected Town council and the Escambia County Commissioners.

Infrastructure Sales Surtax

Escambia County presently charges an Infrastructure Surtax and shares the revenue collected with the cities within the County. This is done through an existing formula. The use of these funds is limited by law and would not be available to support general fund expenditures.

Infrastructure Sales Surtax Findings

Based on estimates from Florida DOR staff this revenue would produce an annual revenue of **\$4,980,083 for the Town to use on allowable capital expenses.**

DEVELOPMENT OF EXPENDITURE ANALYSIS FOR PERDIDO

Municipal Expenditures

Municipal government expenditures cover a wide variety of areas. Specific areas, however, are largely dependent upon the desires and needs of the citizenry and are formulated by the municipality's elected officials. General expenditure categories for the area of Perdido will be presented within specific expenditure groups and subgroups as reported in the Florida Local Government Financial Report, which is prepared annually by the Florida Comptrollers Bureau of Local Government Finance.

General Government

The general government category includes the legislative, judicial and administrative functions of the municipal government for the benefit of the public and governmental entity as a whole. This includes total expenses for elected officials, Town manager, Town clerk, finance, administrative, legal counsel, comprehensive planning, elections and insurance.

Public Safety

This category also includes police and sheriff's department services, corrections, fire prevention, municipal fire services and/or contractual payments for firefighting services from other entities. Public safety is the largest single expense area for Florida's municipalities and has shown sizable increases during the past several years. With Florida's growing population and increased demands for improved law enforcement and fire protection, this area is expected to continue to grow.

Utilities

Municipal utilities in this context refer to basic user fee services associated with enterprise fund operations of water, sewer, electric and natural gas.

Solid Waste

Three components fall under the function of solid waste: collection, disposal and recycling.

The collection aspect can take several forms. Many years ago, back door collection was the primary method. As personnel costs steadily grew, municipalities were forced to find cheaper and more cost-efficient methods. Today, the majority of municipalities utilize curbside collection, or they contract

with a private hauler to perform all or part of the operation. In larger multi-family complexes, dumpster service is now the industry standard.

Solid waste disposal has become increasingly complex and expensive in recent years, following the passage of state and federal environmental laws. Due to these actions, virtually all municipalities have moved away from landfill operations, and this has become a county function or service provided by independent districts that operate from larger tax or population bases.

While recycling of discarded goods has been performed for many years in Florida, the passage of the state's Solid Waste Management Act in 1988 has prompted the emergence of highly organized recycling programs. This act requires, among many other things that communities initiate and achieve specified levels of recycling to reduce the volume of solid waste taken to landfills.

Roads and Streets

The construction, maintenance and improvements of the road and street network are the most expensive area of the various transportation related expenditures (other transportation related expenses are addressed in Miscellaneous Expenses). Specific expense areas associated with the road and street network include roadway and right of way operations and maintenance, roadway and right of way drainage, street lighting, traffic signage and signalization, pavement markings, traffic engineering and bridge maintenance.

Municipal road responsibilities are assigned by the state of Florida through a system termed "functional classification." The functional classification system specifies that municipalities are responsible for the Town street network. Basically, this includes all local residential streets, and short distance connecting roads. It does not include roads, which are part of the state highway system, even though they may fall within municipal boundaries.

Stormwater and Environment

This category includes only the master drainage system, flood control and environmental related expenses incurred by the municipal government. It does not include the costs associated with stormwater runoff attributable to roads, streets or roadside drainage.

In the past, stormwater-related functions were traditionally handled as a general government service funded through the municipality's general fund. Recently some local governments have established a stormwater function as a full-fledged utility operation. The utility is placed in a separate enterprise fund with revenues generated from monthly billings on the municipality's traditional water and sewer bills or as a separate stormwater bill.

Economic Improvement

The economic improvement category is a collection of related services associated with developing and improving the economic condition of the municipality and its residents. It includes programs such as: employment training, job search, downtown and industrial development/improvement, housing and urban development, etc. These expenses are related only to those programs directly served by the municipality and exclude those performed by independent districts and authorities, which often are located within and named after the municipality.

Human Services

Human service expenditures pertain to those costs associated with the provision for the care, treatment and control of human illness, injury, or handicap, and for the welfare of the municipality and its residents. This category includes all municipal costs to operate hospitals, health and rehabilitation, diagnosis and treatment of mental illness, and economic assistance to the indigent.

The function of human service assistance is primarily funded and administered by county agencies (as a function of state government) and by independent authorities and districts.

Culture and Recreation

Culture and recreation is a general category combining the expenditures of libraries, parks, recreation, cultural services, special events and special recreation facilities.

Debt Service

Debt Service is shown as a separate category due to the reporting requirements of the Florida Comptroller's Local Government Financial Report, which shows it separately rather than by functional category. This category reflects those funds spent toward principal, interest, and various handling fees associated with municipal bond issues.

The four basic forms of long-term debt are: general obligation (G.O.) bonds, revenue bonds, general revenue bonds and special tax bonds.

G.O. bonds also are known as "full faith and credit bonds" because their repayment is unconditional and based on general credit and taxing powers of the borrowing government. Since the power to levy and collect property taxes provides the basic security to these bonds, they require voter approval. G.O. bonds generally carry the lowest interest rates, and typically are used to finance general-purpose public buildings, roads, and criminal justice complexes.

Another form is a revenue bond. These are obligations in which repayment of debt service is entirely from user fees of an enterprise operation. The most common municipal issues are for water, wastewater, electric, parking garages, civic centers, stadiums and airports.

A third type of long-term debt is a general revenue bond. This is a cross between a G.O. and a revenue bond. Like a revenue bond, it does not require a referendum; yet like a G.O. bond, it has the full faith and credit of a specific or a percentage of all general funds, non-ad valorem revenues.

A final type is the special tax bond. It, too, is similar to a G.O. bond in that it often is used for general government purposes and the repayment revenue is from a source unrelated to the project. Special tax bonds are payable from a specifically pledged tax, usually a local option sales tax or tourist tax.

Miscellaneous Expense

This category consists primarily of smaller budget functions or those, which are not widely utilized by a significant number of municipalities. These include airports, port facilities, commercial docks, mass transit systems, traffic flow enhancement services, parking facilities and miscellaneous general government services not itemized within that category.

Findings for Expenditure Analysis

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.

Municipal Employees

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

Contractual Services

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

The original projected salaries for administrative staff were within the average salary for Florida cities with population between 15,000 to 25,000 residents. The projected contract costs for growth management, planning and code compliance could employ one full-time planner and operating costs, rather than contracting for services.

The proposed administrative and finance expenditures can be delineated as follows:

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, coupled with one month of expenses contingency factor, appear reasonable to assume the administrative and financial activities for the area of Perdido.

The final major expenditure category parks and recreation will continue to be provided through an interlocal agreement with Escambia County or a private sector vendor and be paid for with area of Perdido general revenues.

The following is the first year (FY/2024) projections for revenues and expenditures necessary for the area of Perdido for 6 months of operations.

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 One Year	\$4,070,882

Expenses

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 One Year	\$1,376,709

Reserves

\$2,694,173

This projection shows the cost of operating the new local government is covered by the redirection of existing State Shared Revenues, Franchise Fees, Communication Services Tax, and Business Tax Receipts during the first 12 months and creates a Surplus of \$2,694,173. To increase the reserves during the initial years of the new local government and cover any initial short falls in startup cash the new municipality would have to take out a \$1 million Bridge Loan @ 3% and pay it back during the first 5 years.

Task 5
A PRO FORMA PRESENTATION OF
REVENUE/EXPENSE FORECASTED
FOR A FIVE YEAR PERIOD

The purpose of a multi-year forecast is to estimate Town revenues and expenditures over a designated period—usually five to ten years. Most local governments preparing a fiscal forecast use it as a tool for preparing and executing an annual budget. This type of annual or short-term forecasting is necessary for a municipality to maintain a balanced budget.

Long-term fiscal forecasts are conducted for two main reasons.

1) Multi-year forecasts often show that fiscal adjustments might be needed to balance future budgets. When expenditures are projected to exceed revenues, measures must be taken to correct the imbalance. This process is called gap analysis.

2) Multi-year forecasts can help decision makers quantify and evaluate potential impacts of today's policy decision. This process is referred to as impact analysis. The multi-year fiscal forecast for the Town of Perdido is designed to assist the community in accomplishing the following objectives:

- To indicate to the parties in the incorporation process the presence of systematic financial planning.
- To serve as an aid to all parties in the incorporation process in the anticipation of future fiscal issues, enabling corrective action to be taken where necessary
- To assist all parties in operations planning
- To strengthen estimates of revenues and expenditures in the annual budget process

Benefits and Limitations

Benefits of Forecasting

The major benefits of multi-year forecasting include:

- Identification of possible consequences of various economic policy scenarios
- Identification of future fiscal problems
- Development of sound financial management policies and practices
- Provision of information to all parties in the incorporation process (government agencies, the press, business, community, neighborhood organizations and the general public) that explains the relationship between program expansion and anticipated revenues

Limitations of Forecasting

Multi-year forecasts have the following inherent limitations.

1) Forecasts are not entirely accurate in predicting what actual revenues and expenditures will be in a particular year. Since a forecast is based on current trends, estimates may be imprecise if economic and/or financial assumptions change. Therefore, forecasts must be revised when key variable such as inflation, interest rates or business climates change unexpectedly.

2) The unlikely event that an actual budget deficit will occur is a second factor that undermines the accuracy of forecasts. State law mandates local governments to balance their budgets. But forecasting methods do not anticipate municipal decisions that close budget gaps and prevent deficits.

This study has developed a Five-year financial projection for an incorporated Town of Perdido based on fiscal years 2024 through 2028. BJM Consulting, Inc. developed the assumptions used in this financial forecast.

Population

The current permanent population is estimated at 23,154 and total population (with seasonal residents) is estimated to approach 30,000. The growth in population is projected to increase at an annual rate of 2% to 25,066 in FY 2028, with a service population of 34,000. This projection is consistent with recent growth patterns in the area.

Property Tax Base

The property tax base is projected to increase an average of 3% percent per year from FY 2025 through FY 2028. The taxable assessed value in the Town of Perdido is projected at \$3,521,000,000 for fiscal year 2025 and is expected to increase to \$3,847,491,767 in fiscal year 2028. The initial FY 2025 projection uses the FY 2023 property taxable value with no initial increase for growth or new construction.

Expenditures

Expenditures for growth management, planning/code compliance are all proposed to be provided by the following agencies:

Service	Provider	Average Annual Increase
Other Contract Services	Others	3%
County Contract Services	Escambia County Government	3%

The annual increases for these services may fluctuate from year to year due to timing of one-time capital purchases.

Internal administrative and finance services increase approximately 3 percent each year. In addition, an annual 8.3 percent contingency factor (equivalent to one month's expenses) has been included.

Revenues

The forecast assumes the following Town of Perdido millage rate and property tax revenues which will replace all existing County MSTU's in the area:

Fiscal Year	Millage Rate	Property Tax Revenues @ 95%
2024	0	\$0
2025	1.4805	\$4,952,198
2026	1.4805	\$5,100,764
2027	1.4805	\$5,253,787
2028	1.4805	\$5,411,401

This is based on budgeting 95 percent of projected ad valorem tax revenue, which is generally accepted by Florida municipal finance officers as a prudent practice.

State shared revenues are a combination of Municipal Revenue Sharing and Local Government Half-Cent Sales Tax and are estimated as:

Fiscal Year	Projected Revenue (3% annual increase)
2024	\$2,894,518
2025	\$2,981,353
2026	\$3,070,794
2027	\$3,162,918
2028	\$3,257,805

The FY 2024 projection uses the FY 2023 SSR value with no initial increase value for growth in population.

Franchise Fees are estimated as:

Fiscal Year	Projected Revenue (3% annual increase)
2024	\$1,731,230
2025	\$3,566,334
2026	\$3,673,324
2027	\$3,783,524
2028	\$3,897,030

The FY 2024 projection for Franchise Fees uses the Escambia County FY 2023 number with no initial increase value for growth in population.

Communication Services Tax are estimated as:

Fiscal Year	Projected Revenue (3% annual increase)
2024	\$ 607,026
2025	\$1,250,475
2026	\$1,287,989
2027	\$1,326,628
2028	\$1,366,427

The FY 2024 projection for Communication Services Tax uses the Escambia County FY 2023 number with no initial increase value for growth in population.

Business Taxes Receipts

2024	\$ 45,659
2025	\$ 94,057
2026	\$ 96,879
2027	\$ 99,785
2028	\$102,779

The FY 2024 projection for Business Tax Receipts uses the Escambia County FY 2023 number with no initial increase value for growth in population.

Interest earnings are anticipated to be \$12,500 in fiscal year 2024 and \$25,000 in FY 2025 through FY 2028

The forecast does not include any revenues from court fines or building permits, as they will continue to go to Escambia County or private sector vendor for services rendered.

Expenses

Town of Perdido Local Government Expense

Fiscal Year	Projected Cost (3% annual increase)
2024	\$1,366,709
2025	\$2,668,315
2026	\$2,748,365
2027	\$2,830,816
2028	\$2,915,740

Interlocal with County for MSTU Services

Fiscal Year	Projected Cost (3% Annual increase)
2024	\$0
2025	\$4,952,198
2026	\$5,100,764
2027	\$5,253,787
2028	\$5,411,401

The cost of all the County Interlocal Agreement for MSBU services are projected to increase annually by 3%.

Interlocal with County for MSTU Services

Fiscal Year	Projected Cost (3% Annual increase)
2024	\$0
2025	\$5,067,597
2026	\$5,219,625
2027	\$5,376,214
2028	\$5,537,500

The cost of all the County Interlocal Agreement for MSBU services are projected to increase annually by 3%.

IMPACTS OF PROPOSED INCORPORATION OF PERDIDO

On Residents and Businesses of New Incorporated Area

The initial impacts on residents of Perdido would be very limited. There would be no new ad valorem taxes. Some businesses would be charged an additional annual Business Tax Receipt (BRT) or town license annually (Escambia County BRT is currently \$26.25 per business annually). These would be businesses who operate in both Perdido and Escambia County. The new local government of Perdido would gain total control of about \$6 million annually to do capital maintenance and new projects.

On Other Escambia County Governments

Escambia County would lose \$4,952,198 of ad valorem taxes in FY 2025 and recover the entire amount through the interlocal agreement with the new city. In addition, Escambia County would lose \$2,894,518 in SSR Fees and \$3,130,928 in Communication Services Tax and Franchise Fees for an annual loss of \$6,025,446 the general fund (2.12% of FY 2023 General Fund). The County would have to find efficiencies in operations, reduce services or raise General Fund Revenues to deal with this loss. The County would also lose control over \$4,461,654 in 1% surtax funds and the responsibility to do those projects within the area proposed for incorporation.

The City of Century would lose \$24,071 in SSR (2.56% of FY 2023 General Fund) and the City of Pensacola would lose \$756,427 in SSR (1.15% of FY 2023 General Fund) to both their General Fund Revenues and would have to find efficiencies in operations, reduce services or raise General Fund Revenues to deal with this loss.

	FY 23 General Fund	General Fund Loss	% Loss
Escambia County	\$283,944,554	\$6,025,446	2.12%
City of Pensacola	\$65,683,500	\$756,427	1.15%
Town of Century	\$938,479	\$24,071	2.56%

Town of Perdido 5 year Fiscal Forecast if Local Bill is passed with SSR reporting waiver and Interlocal with County for collection of Communication Services Tax (Best Case Scenario)

	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

Town of Perdido 5 year Fiscal Forecast if Local Bill is passed without either SSR reporting waiver and Interlocal with County for the collection of Communication Service Tax (Worst Case Scenario)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues					
State Shared Revenue		\$ 2,236,015	\$ 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		\$ 268,735	\$ 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	\$ 2,449,684	\$ 15,510,145	\$ 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)	\$ 975,156	\$ 2,606,395	\$ 3,550,270	\$ 3,662,497	\$ 3,670,271
Cumulative Reserves		\$ 3,581,550	\$ 7,131,820	\$ 10,794,317	\$ 14,464,588

Town of Perdido 5 year Fiscal Forecast if Local Bill is passed with SSR reporting waiver and without an Interlocal with County for collection of the Communication Service Tax (Middle Case Scenario)

	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		\$ 268,735	\$ 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	\$ 3,896,943	\$ 16,255,484	\$ 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
	\$ 1,474,529	\$ 12,903,751	\$ 13,284,394	\$ 13,676,457	\$ 14,188,101
Total Expenses					
	\$ 2,422,415	\$ 3,351,733	\$ 3,550,270	\$ 3,662,497	\$ 3,670,271
Reserve/(Deficit)		\$ 5,774,148	\$ 9,324,417	\$ 12,986,915	\$ 16,657,186