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A Nonpartisan Civic Club
1080 Cypress Pkwy
PMB431
Kissimmee, FL 34759
October 1, 2009



Senator Paula Dockery
Post Office Drawer 2395
Lakeland, Florida 33806-2395

Re: Rebuttal to Poinciana Incorporation Feasibility Study by the University of Central Florida dated August 28, 2009

Dear Senator Dockery,

We ask you to reject the proposed incorporation of Poinciana because the subject study is noncompliant with Florida state law F.S. 165. Moreover, the subject study is incomplete, misleading, and lacks detail required for the residents to intelligently decide on the proposal. The study establishes no criteria for feasibility, does not establish feasibility and, in fact, repeatedly casts doubt on the viability of the proposed city. The study was undertaken with little effort to achieve any level of consensus of the citizens involved and with insufficient effort at informing citizens of meetings held to discuss its effect.

The Study is noncompliant with Florida Statute F.S. 165:

1. The proposed area is neither compact nor amenable to separate municipal government. It fails to meet the required population density requirement of 1.5 persons per acre and, in light of the area's and the state's decreasing population, is not likely to meet it within the time frame covered by the study. Given the cross-county nature of the proposed incorporation, a litany of problems occurs that is not adequately addressed in either the study or the accompanying draft charter. Among those problems are:

- two underlying taxing authorities, one municipality;
- two entirely different school systems, education opportunities, and bus routes for residents of one municipality;
- two fire and EMS providers, resulting in confusion as to the appropriate first response team to address emergencies within one municipality;
- two sheriff's departments addressing crime in one city;
- two state-attorneys prosecuting crimes within one municipal jurisdiction;
- different public defenders defending individuals accused of crimes within one municipal jurisdiction;
- different jails, resulting in confusion as to the appropriate jail to transfer arrestees for crimes committed within one municipality;
- confusion as to voting registration and venues due to jurisdictional authority of the counties having different Supervisors of Elections,

- compliance with interlocal agreements and the inability to enter interlocal agreements with one county covering the entire municipality;
- honoring solid waste contracts from each county, as required by law, which may have different rates and terms for persons within the same city.

2. The study states the reasons for incorporation as required, but it then fails to adequately address nearly any of those stated reasons and asserts they are unaffordable within the time frame studied. One issue cited for rationale states, “Although the APV can continue to raise the assessment to cover those that do not pay, this will drive up the cost of living in Poinciana and could force more homeowners into non-payment status, further aggravating the financial situation, and placing even greater pressure on those who do not pay their dues.” The study does not address the similar effect of higher taxes on a much larger population. Nor does it balance this concern with the \$7,000,000 in Association of Poinciana Villages (APV) reserves. Furthermore, although implied otherwise by the statement, APV has not raised assessment in nearly ten years.

3. The five year operational plan starts in 2010, but the city can not be incorporated until after 2011 is nearly half over. Thus, the plan does not include the required five year analysis. Furthermore, proposed staffing, building acquisition and construction, debt issuance, and budgets are not detailed, denying the residents any insight as to how these requirements are met.

4. Data and analysis to support the conclusions that incorporation is necessary and financially feasible are conspicuously missing. Feasibility is repeatedly cautioned as if to be high risk. The accounting methods used in the study lack detail and discipline and thus yield unrepeatable and unreliable results. Detailed analysis is included in the body of this rebuttal (enclosure (2)) and an example of a well-performed study as recommended by the Florida League of Cities is attached (Exhibit (A)).

5. No effort is made to evaluate alternatives to incorporation.

6. The minimum required distance between city boundaries is not maintained, nor is there any rationale provided for this noncompliance. Haines City was not consulted on this infringement nor provided a copy of the study until a third party sent them one to evaluate after the study had already been released.

Enclosure (1) provides a tabular summary of the extent of noncompliance.

The Study is incomplete and misleading.

Appendix 2 of the Study states that the line item estimation of expenditures was abandoned because of possible errors introduced. But the method used fails to provide clarity or insight and conceals several facts that line item analysis reveals. For example, although income is included in the Study for grants, the most commonly cited “peer city”, Deltona, has not received any grants recently. The smoothing process of averaging among various cities allows for an undisciplined analysis, which in turn allows for

unrealistic taxation estimates. This results in citizens developing expectations which can not possibly be met. An increasing population assumption belies the facts that we have seen a decreasing population and likely will continue to observe that until the economy recovers, excess local housing sells off and building can begin again. Enclosure (2) provides a detailed revenue analysis. Because cities in Florida can not operate in deficit, property taxes to maintain our current level of services will have to be around 6 mils. A 3 mil tax, used in the study, does nothing but provide false hopes and serves to misinform the voters.

Although unstated in the study, the study assumes the liquidation of the APV. Failure to do so would deprive the newly formed city of any office space or start-up funds. Since the primary goal of a housing association is to maintain property values, maintaining the APV might be the proper choice for the economic times in which we find ourselves. The funds and assets may not be available to the city in any case as those funds properly belong to people who have been paying them over the years and they could demand the funds be returned.

James D. Guth
President

Enclosures:

- (1) UCF Deficiency Analysis
- (2) Revenue Probability Analysis

Exhibits:

- (A) Excerpts from Feasibility Study of Palm Coast, FL (See Note)
- (B) Letter of Law Offices of Robert G. Fegers, P.L. dated June 17, 2009
- (C) Reference Compact Disk

Note: This document was obtained from the Florida League of Cities, which apparently scanned the document and processed it with an OCR program which rendered some tables difficult to examine; it transformed them into linear vice tabular format.

UCF Deficiency Analysis
 Non Compliance Issues – Chapter 165.041, et. seq.
 (Words in italics are for emphasis)
 Page Numbers refer to Poinciana Incorporation Feasibility Study by the
 University of Central Florida dated August 28, 2009

Florida Statutes, chapter 165.041(b) requires the Poinciana Incorporation Feasibility Study (“Poinciana Study”) to contain:

Section	Required Provision	Non-Compliance
165.041(1)(b)(2)	The major reasons for proposing the boundary change	The Poinciana Study is non-compliant. The proposed revenues will not support the additional services outlined in the Poinciana Study. See Pages 6- 8 and Pages 30-33. None of reasons cited are addressed by incorporation along the lines proposed.
165.041(1)(b)(5)	A list of current services being provided within the proposed incorporation area, including, but not limited to, water, sewer, solid waste, transportation, public works, law enforcement, fire and rescue, zoning, street lighting, parks and recreation, and library and cultural facilities, and the estimated costs for each current service.	<p>Non Compliant. Although the Analysis covers broad, general categories, it does not differentiate parks, recreational, cultural, transportation, central government, electric, garbage, flood, etc. See Pages 25-28. The revenue and expense ranges in the Five Year Estimates of Revenues and Expenditures (Table 11, Page 31) are so broad that they are meaningless. In many cases there is a 5x spread in ranges. This does not present a basis for projecting actual revenue and expenses. Taking the conservative revenue projections and liberal expense projections clearly show that the City of Poinciana would not be economically viable. The range of numbers used is so broad that it does not assist residents in their determination</p> <p>Moreover, the Study lists general revenue categories with no detail. The Study alludes to certain costs, but does not create a line item budget as is required for each service.</p>

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165.041(1)(b)(6)	A list of proposed services to be provided within the proposed incorporation area, and the estimated cost of such proposed services	The Study does not estimate the costs with any degree of precision needed for a rational decision. See comments above regarding Table 11.
165.041(1)(b)(8)	Evidence of fiscal capacity and an organizational plan as it relates to the area seeking incorporation	<p>The Study is non compliant because it does not provide evidence of fiscal capacity, nor does it contain an organizational plan. The Poinciana Incorporation Feasibility Study should be compared to the Palm Coast Incorporation Feasibility Study (Presented to Flagler County Commission, County of Flagler, Florida, November 2, 1998). The Palm Coast study is attached as Exhibit (A). It reflects the degree of detail and rigor needed to satisfy the requirements of F.S. 165.041.</p> <p>The Poinciana Study does not contain “evidence of fiscal capacity.” Instead the items are generalized with no detail. A Revenue Probability Analysis (attached as Enclosure (2)) is based on Deltona and Winter Haven as comparables and shows that a higher millage is required to meet minimum goals.</p>
165.041(1)(b)(8) a	...at a minimum, [the Poinciana Study must] include tax bases, including ad valorem taxable value, utility taxes, sales and use taxes, franchise taxes, license and permit fees, charges for services, fines and forfeitures, and other revenue sources, as appropriate.	The Poinciana Study is non-compliant because it does not include individual revenue sources with the degree of specificity required. See 165.041(1)(b)(5), above.
165.041(1)(b)(8) b	A 5-year operational plan that, at a minimum, includes proposed staffing, building acquisition and construction, debt issuance, and budgets.	<p>The Poinciana Study is non-compliant:</p> <ol style="list-style-type: none"> 1. It does not show the required 5 year period. Projections are only shown are through 2015.

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		<p>Since the earliest a city might commence operations is 2011 (and probably not until 2012), the projections should be through 2016.</p> <ol style="list-style-type: none"> 2. It does not include staffing, building acquisition and construction, debt issuance, and budgets. See Tables 10 and 11, at Pages 30 and 31, respectively. 3. The minimum additional staffing and infrastructure required for “general government” operation and access to state and federal grants is not supported by any rigorous analysis of the Poinciana Plan’s 5 year income projections. See Poinciana Study, at pages 27 and 28. 4. The revenue and expense ranges are so broad that they are meaningless and do not comply with the Statute. See our Revenue Probability Analysis attached as enclosure (2).
165.041(1)(b)(9)	<p>Data and analysis to support the conclusions that incorporation is necessary and financially feasible including population projections and population density calculations, and an explanation concerning methodologies used for such analysis.</p>	<p>The Poinciana Study does not comply with these requirements because:</p> <ol style="list-style-type: none"> 1. There is no data or analysis to support the conclusion that incorporation is necessary or economically feasible. Just the opposite is true; during a time of lowered property values, the 3 mil property tax rate and other sources of income used in the Study do not show that incorporation is “financially feasible.” This deficiency is compounded by

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		<p>ignoring the issue of hyper inflation.</p> <ol style="list-style-type: none"> 2. The Study (pages 32 and 33) acknowledges that “[i]f Poinciana wants to provide law enforcement and fire/emergency services, new revenue sources...need to be identified, and/or the <u>rate of current revenues will have to be increased.</u>” Poinciana Study at page 8. (Emphasis supplied). 3. See discussion of population density in section 165.061(1)(c), below.
165.041(1)(b)(10)	Evaluation of the alternatives available to the area to address its policy concerns.	<p>The Poinciana Study is non-compliant because it does not evaluate alternatives such as a Community Development District (CDD) or a Common Facilities District (CFD) which might permit the Association of Poinciana Villages (APV) to provide the services outlined on pages 8 and 9 of the Poinciana Study.</p> <p>One of the assumptions underlying the APV Report is the ability of the newly formed City of Poinciana to secure bond financing. Virtually, the only facility for this financing is through the Florida Municipal Loan Council’s Commercial Paper Pooled Loan Program (See Florida League of Cities, Inc.). Based on our understanding of this capacity, it is not appropriate for the City of Poinciana because:</p> <ol style="list-style-type: none"> 1. The Program typically uses 9 month notes at 7.50 percent interest rate (plus fees) for short term projects, not the funding of long term needs of a new City of Poinciana. 2. Longer term needs are usually referred to

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		<p>Bank of America (BoFA) which underwrites the Council's need for long term financing.</p> <p>3. BoFA does not currently issue bonds for a non rated entity since they are considered too risky. The new City of Poinciana would be a non-rated entity. Under current regulations these same conditions would exist with any other bank or brokerage house which might offer financing to the new City of Poinciana.</p> <p>4. BoA Stated that 12.0% interest would be a starting point for a loan to a non rated, new city. Debt service on a loan at that interest would require a substantial increase in the 3 mil rate proposed by the Poinciana Study. For example, our best information indicates that in order to issue a \$50 million general obligation bond at 12.0%, ad valorem real estate taxes would have to generate \$24 million dollars a year, necessitating a raise in taxes exceeding the current 10 mil cap set by Florida Law.</p>
165.061(1)(a)	Area must be compact and contiguous and amenable to separate municipal government	Area is not amenable to separate municipal government. The issues of a city that spans two counties invite "jurisdictional chaos." To comply with the intent of the statutory requirements, the municipal boundaries should be drawn to include territory only in Osceola County. See Fla. Stat. ch. 165, Fla. Stat. ch. 171, McGeary v. Dade County, 342 So. 2 nd 549 (3 rd DCA 1977), and letter from Law

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		Offices of Robert G, Fegers, P.L., dated June 17, 2009, attached as Exhibit (B).
165.061(1)(c)	Area must have an average population density of at least 1.5 persons per acre or have extraordinary conditions requiring the establishment of a municipal corporation with less existing density.	The Poinciana Study (Pg. 11) indicates that the area is “compact with mixed-land uses and dense development, based on the requirement of 1.5 persons per acre.” This conclusion is incorrect. Based on the most recent census, the area only has a density of 1.4 persons per acre and recent data exhibits a decreasing trend.
165.061(1)(d)	Area must have a minimum distance of any part of the area proposed for incorporation from the boundaries of an existing municipality within the county of at least 2 miles or have an extraordinary natural boundary which requires separate municipal government.	The Poinciana Study is non-compliant because boundaries on two sides are within 2 miles of an existing municipality. The boundary on the Kissimmee side overlaps with a state approved Urban Growth Border for the City of Kissimmee and the western boundary is fewer than 2 miles away from the City of Haines City boundary. The affected cities were not consulted and Haines City was not provided a copy of the study until provided by a third party.
165.061(1)(f)	In accordance with s. 10, Art. I of the State Constitution, the plan for incorporation must honor existing solid-waste contracts in the affected geographic area subject to incorporation. However, the plan for incorporation may provide for existing contracts for solid-waste-collection services to be honored only for 5 years or the remainder of the contract term, whichever is less, and may require that a copy of the pertinent portion of	The Poinciana Study is non-compliant because there are two different solid waste contracts and two counties (Polk and Osceola) involved for the area within the proposed City, and the Poinciana Study does not address the issue nor offer a resolution. See Fla. Stat. ch. 165, Fla. Stat. ch. 171, McGeary v. Dade County, 342 So. 2 nd 549 (3 rd DCA 1977), and letter from Law Offices of Robert G, Fegers, P.L., dated June 17, 2009, attached as Exhibit (B).

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	the contract or other written evidence of the duration of the contract, excluding any automatic renewals or evergreen provisions, be provided to the municipality within a reasonable time after a written request to do so.	
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Revenue Probability Analysis

Residents are being asked to approve the incorporation of the City of Poinciana without the benefit of knowing how much the true costs will be. The University of Central Florida (UCF) Study group does not define what the city budget will be and how much it will cost in taxes before residents are asked to vote. The Poinciana Incorporation Feasibility Study (The Study) has actually created more doubt about the feasibility of a city to succeed than it has answered. The range of values listed serves only to confound rather than inform. If the Study included the level of detailed information as the Palm Coast Incorporation Study (Exhibit (A)) provided their customers, there would be sufficient data to allow for an informed decision.

The timing of the proposal for the new City of Poinciana was ill-conceived considering, the current economic situation which is being experienced by most municipalities and governments alike.

As stated in the Study, the UCF Study group has had several challenges trying to forecast inflation rates and property values. Indeed, most nationally known economists/experts in this field have diverse opinions and forecasts. Many assumptions and estimates contained in the Study are contradictory and deserve scrutiny.

Analysis of Assumptions

The Study focuses on the needs of the villages currently in the Association of Poinciana Villages (APV). The purposes of the Study (as cited on Page 8 of the Study) are:

- Enhanced law enforcement
- More parks and recreation
- More bus transportation
- More sidewalks
- More Landscaping and beautification
- More signage
- Quicker response from home owners who let their homes look unkempt
- More street lighting

The Study states repeatedly that at the recommended budget, none of these concerns can be addressed.

The Study does not address potential needs of the Non-APV communities being essentially annexed into the city.

The APV published a list of reasons why incorporation is needed. Some of them are addressed below.

Enhanced Law Enforcement.

On Page 8, the Study states the following: “APV lacks the legal authority to provide the level of public security and enforcement that our residents desire. Many of our residents are unaware that Avatar was subsidizing additional law enforcement presence for Polk and Osceola Counties for quite some time, but couldn’t continue to carry the cost.” Yet on Page 33 the Study states, “Law Enforcement Services are... are assumed to be provided by the current providers – the county governments.” Still again on Page 33 the Study further states, “If Poinciana wants to provide law enforcement services...the rate of current revenue will have to be increased.” Polk County Sheriff Grady Judd at a meeting on September 1, 2009, told Solivita Residents that there will be no increase in costs if a City of Poinciana would want to continue with the current levels of law enforcement. He further stated that any increase in services would be charged at a rate of \$28.00 per hour. This means adding one deputy sheriff 24/7 will cost \$244,608 per year.

More Street lighting and Landscaping & Beautification.

Page 22 of the Study covers these types of improvements by referring to “Special Assessment Fees” to be levied on property owners who benefit from the improvement. Page 23 continues to discuss special assessments, but adds that a “village-based assessment system”, in which individual villages in Poinciana are identified as funding units, may be established for village-specific developments. No estimates are provided for the residents to evaluate.

Comparison Data

The comparison data used in the Study is three years old. Those rates were established during the 2006 budgeting process and the Study was conducted in 2009. The old data is not reliable for making assumptions for the feasibility for a city. Old data calls into question the reliability of the entire study. More current data was available and is presented on page 6.

Five Year Projection Timeframe

The projection timeframe used in the Study of 2010 – 2015 does not comply with the Statute (F.S. 165.041, et. seq.). The earliest a budget can be voted on the citizens is Spring of 2011. This means the first budget year would be FY 11/12 and the five year projection should run through FY 15/16.

Revenue Analysis

The UCF Study for the Incorporation of Poinciana contains seven (7) categories by which Poinciana could collect revenues. Each category has been evaluated to determine the likelihood of achieving the levels projected. The following table (Table 1) provides an overall evaluation with a simple Yes, if the projection in the category is considered feasible, and a No if it is not. It should be noted even though a category may have been given a Yes, that does not mean it has no issues.

Each of these areas is examined in subsequent sections along with rationale for the assessment in the table.

Revenue Category	Yes	No
Property Tax	X	
Intergovernmental Revenue		X
Permits, Licenses and Franchise Fees		X
Impact Fees and Special Assessments		X
Service Charges	X	
Local Communication Service Charges	X	
Other Revenue	X	
Forecasted Revenue		X

Table 1 Category Assessment

This analysis of the revenue section of the UCF Study leads to only one conclusion. The Study is not reliable. The Study relies on an artificially low property tax millage rate to make it financially palatable to the citizens of Poinciana. It also contains unrealistic revenue expectations for Intergovernmental Revenue, Permits, Licenses and Franchise Fees, Impact Fees and Special Assessments, along with Other Revenue. The conclusion is that a realistic property tax millage rate would be over 6.0 mils. This would still make the new city marginally viable with no increase in services. The \$23.77 Million Revenue Budget does not have any mechanism for increased revenue other than higher taxes. Table 2 factors the probability of collection of the revenue stream to arrive at a likely revenue. Table 3 shows the anticipated shortfall and, since cities are not allowed to operate in deficit, the required millage for property tax the new city commission would have to levy.

Revenue Category	Study Revenue	Study Millage	Est. %	Probable Revenue	Est'd Millage
Property Tax	\$6,200,000	3.1000	100%	\$ 6,200,000	3.1000
Intergovernmental Revenue	\$8,470,000	4.2350	50%	\$ 4,235,000	2.1175
Permits, Licenses and Franchise Fees	\$ 3,680,000	1.8400	75%	\$ 2,760,000	1.3800
Impact Fees and Special Assessments	\$ 1,350,000	0.6750	25%	\$ 337,500	0.1688
Service Charges	\$ 490,000	0.2450	50%	\$ 245,000	0.1225
Local Communication Service Charges	\$ 2,690,000	1.3450	100%	\$ 2,690,000	1.3450
Other Revenue	\$ 890,000	0.4450	100%	\$ 890,000	0.4450
Budgeted Revenue	\$23,770,000	11.8850	73%	\$ 17,357,500	8.6788

Table 2 Probable Revenue

Anticipated Shortfall	\$ 6,412,500	3.2063
Adjusted Property Tax	\$ 12,612,500	6.3063

Table 3 Predicted Property Tax Rate

The 2008/2009 Budgets for the Study comparison cities of Deltona and Winter Haven were reviewed to look at potential correlations with the UCF Poinciana Study. More specifically, the Revenue portions of those budgets were examined, because the UCF Study for Poinciana makes certain forecasts and assumes probabilities concerning revenue potential. Validation of the UCF Revenue forecast is difficult. UCF chose to use comparisons and averages and have referenced support data not submitted with the Study. The option to list ranges of revenue possibilities makes a comprehensive evaluation of the Study nearly impossible. Please refer to Study Table 11 on page 31 of the Study for revenue data. The following table (Table 4) represents each revenue line item as a percentage of the total. Again, the numbers for Deltona and Winter Haven are from their actual 2008/2009 budgets.

Revenue Shown as a Percentage	Poinciana	Deltona	Winter Haven
Property Tax	26.0%	37.2%	31.5%
Intergovernmental Revenue	36.0%	19.2%	11.5%
Permits, Licenses and Franchise Fees	15.0%	15.3%	9.7%
Impact Fees and Special Assessments	6.0%	0.0%	0.0%
Service Charges	2.0%	12.7%	16.0%
Local Communication Service Charges	11.0%	11.0%	0.0%
Other Revenue	4.0%	4.6%	27.0%
Possible Future Revenue	<u>0.0%</u>	<u>0.0%</u>	<u>4.3%</u>
Revenue Total	100.0%	100.0%	100.0%

Table 4 Revenue as Percentage of Budget

Budgeted revenue dollars were compared to find any differences between the UCF Study assumptions and the Deltona and Winter Haven City Budgets. The following table (Table 5) gives that comparison.

Revenue in \$Millions	Poinciana	Deltona	Winter Haven
Property Tax	\$ 6.20	\$ 12.10	\$ 11.24
Intergovernmental Revenue	\$ 8.47	\$ 6.25	\$ 4.09
Permits, Licenses and Franchise Fees	\$ 3.68	\$ 4.97	\$ 3.46
Impact Fees and Special Assessments	\$ 1.35	\$ -	\$ -
Service Charges	\$ 0.49	\$ 4.13	\$ 5.73
Local Communication Service Charges	\$ 2.69	\$ 3.59	\$ -
Other Revenue	\$ 0.89	\$ 1.51	\$ 9.62
Possible Future Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.56</u>
Revenue Total	\$ 23.77	\$ 32.54	\$ 35.68

Table 5 Comparison of Budgeted Dollars

Significant differences are observed in the above tables that highlight the Study's minimization of estimated property tax and overestimation of all other revenue streams. The actual budgets for Deltona and Winter Haven do not support the levels of potential revenue collections in the UCF Study.

Property Taxes (Ad Valorem) (At Value)

It is conceded that the 3.000 mil rate established in the Study can be collected, but that it is not a reasonable or realistic millage rate, nor is it the rate which would be in effect for the first five (5) years of incorporation.

The Study's property tax evaluation is not reliable. The property tax comparison in Table 5 on page 20 is titled: **Property Tax Rates in Comparable Cities (2007)**. Those rates were established during the 2006 budgeting process and the Study was conducted in 2009. Data from 2009 Budgets should have been used. Making assumptions based on three (3) year old data and attempting to forecast five (5) years ahead in these economic times is not prudent.

The Study on Page 9 discusses: "The foreclosure crisis affecting Florida is also placing a burden on APV and its dues paying members and has heightened the need to weigh the advantages and disadvantages of becoming a city." Page 32 warns that "Deterioration of the property tax base may be an important hurdle to the improvement of revenue collection potential for the city". Page 19 of the Study points out that property values in Poinciana decreased by 34.9% in 2009 (It should be noted that these figures are based on 2008 values) and are expected to lower by between 8-25% in 2010. Polk County Property Appraiser Marsha Faux spoke at a Solivita Coffee Talk in July and stated that the first half of 2009 reflected the same deterioration in values as 2008. We may well experience that same -34% property valuation in 2010. The Study does not reflect this potential and even more alarmingly maintains an unrealistic 3.0 mil taxation rate for 2011 – 2015.

Recent data on *realtytrac.com* and *foreclosure.com* show over 20% of the homes in zip codes 34758 and 34759 are in some form of financial distress. This is down considerably from over 40% in January 2009. This improvement is likely due to completion of foreclosure activities on many of the homes, not improvement in conditions. These activities further negatively affect home values.

The Study states that, given the millage in the comparable cities, a reasonable estimate for Poinciana would be between 2.0-6.0 mils. It gives no rationale for choosing 3.0 mils. When questioned on *PoincianaFuture.org*, Dr. Wang of the UCF Study group said, "One important reason that the 3 mill (a lower end of the millage range) was chosen is because policing and fire are not included. If policing and fire are included, the millage rate would be higher." Members of Poinciana Residents for Smart Change have been misleadingly quoting a 3.0 mil rate since the UCF Study was announced. Page 20 also specifically states that the millage rate will be determined by the future City of Poinciana City Government, not the Study group. It appears the Study Group chose that rate to make the Study more palatable for the residents of Poinciana.

Data in Study Table 4, Page 20 - Current Property Tax Rates in Poinciana is in error. It indicates that Poinciana-Polk is in the SW Florida Management District with a tax of 0.3866 mils. This value is incorrect. Unincorporated Polk Poinciana is in fact in the South Florida Management District, which consists of South Florida at 0.2549 mils, the Everglades Construction Project at 0.0894 mils and the Okeechobee District at 0.2797 mils, for a total of 0.6240. This is the same

rate as Unincorporated Osceola Poinciana. The Table does not include the Board of County Commissioners Debt Service Charge of 0.0600 mils. The corrected 2008 Ad Valorem for Unincorporated Polk Poinciana should be 15.7573 mils not the 15.5199 listed in the Study. Inclusion of erroneous data demonstrates the level of research done by the Study Group.

Intergovernmental Revenue

The collection of some Intergovernmental Revenue may be feasible; however, the estimated figures listed in the Study are overly optimistic. The Study states that if Poinciana becomes incorporated, the city should make a strong effort to secure sources of intergovernmental revenue. There are three (3) major revenue streams in this section. These are: **Federal & State Grants, State Revenue Sharing and a Local Half Cent Sales Tax**. The Study places significant importance on this section and, in fact, stresses that developing “Managerial Capabilities” should be considered one of the top priorities at the onset of incorporation. It goes on to say that many of these grants are earmarked for specific applications and purpose. The question is, under the current and foreseeable economic conditions, whether obtaining funds from Federal, State and County governments really is feasible. Most governmental units are experiencing shortfalls of their own. Four of the six cities in the Study have announced mil rate increases because of these shortfalls.

The Study budgets \$8.47 Million or 36% of the total budget to this item. The city of Deltona has budgeted \$6.25 Million or 19%, while Winter Haven has \$4.09 Million or 11.2% allocated to Intergovernmental Revenue. Deltona has not collected grant money in the past three (3) years, while Winter Haven’s collections of grant money are minimal. The following table (Table 6) compares the UCF Study Estimates with Deltona and Winter Haven.

The Study also contains some erroneous information in this section. In attempting to validate Intergovernmental Revenues, the Study lists Deltona revenues on page 68, Table 13 of the Study as being \$9.6 Million in 2007. The FY2008/2009 Deltona Budget lists Intergovernmental Revenue for FY 07/08 as \$6.248 Million. The numbers for Winter Haven are \$7.5 Million and \$4.086 Million respectively.

Intergovernmental Revenue	Poinciana	Deltona	Winter Haven
Federal Grants	\$ -	\$ -	\$ 0.202
State Grants	\$ -	\$ -	\$ -
County Shared Revenue	\$ -	\$ -	\$ 0.145
State Revenue Sharing	\$ 1.957	\$ 2.286	\$ 0.909
Local Half Cent Sales Tax	\$ 2.277	\$ 3.947	\$ 2.830
FF Supplemental Compensation	\$ -	\$ 0.015	\$ -
Total Intergovernmental Revenue	\$ 4.235	\$ 6.248	\$ 4.086
UCF Study Estimate	\$ 8.470		
Variance to UCF Study	\$ (4.235)		

Table 6 Intergovernmental Revenue Comparison

Revenue sharing is based on population. Using Deltona’s population of 86,540 residents, Poinciana may collect \$1.96 Million in state revenue sharing. It is highly implausible for a newly established city to obtain any funding from any government sources except sales tax for at least a few years. This Study is misleading the citizens into thinking the city may receive funds when it may not be possible. In this case, the City would probably go bankrupt before it even had a chance to begin. The city would receive its share of the Local Half Cent Sales Tax, but differences in tax per citizen between Polk and Osceola Counties results in an overestimation in the Study.

Using these facts, Intergovernmental income should be reduced by \$4.235 Million or 50% of the UCF Intergovernmental Revenue forecast and 17.8% of the \$23.77 Million Revenue Budget.

Permits, License and Franchise Fees

This category of revenue is suspect. The Study states “According to the FDFS system, this category includes business license fees, building permit fees, franchise fees, and other fees, and licenses. The fee amount depends on the type of business, number of employees and/or accommodations.” While accurate, the Poinciana area has limited businesses to charge these fees. In addition, most businesses will include these fees in their overhead costs and pass them to the consumers who are the residents of Poinciana. The Study continues as follows: “A building permit fee can be charged for new construction, adding onto pre-existing structures, and in some cases major renovations. Franchise fees are levied on a corporation for the privilege of operating in the jurisdiction. Common services subject to franchise fees (but not limited to) include electricity, telephone, cable television and natural gas.” But one must consider that the fees which may be charged to businesses may cause the business to reconsidering locating or relocating to Poinciana. Usually, most communities that wish to expand/grow, allow corporations a tax free period of at least a few years. Those fees that would be added to cable TV and the like would only be passed to the residents in Poinciana. The residents would be

supplementing the revenues because of the short fall in Millage rate. If the City is approved and the Mayor and other City officials realize that the millage rate of 3.0 is inadequate, they will have no choice but to set a higher millage rate. The end result will devastate this area which is already suffering from high unemployment and house foreclosures.

Impact Fees and Special Assessments

Review of the Study's "peer cities" budgets reveals this revenue is overestimated. In fact, the cities of Deltona and Winter Haven have \$0's budgeted for this category in their 2009 budgets. The UCF Study indicates that revenue from this category could be 6% or \$1.35 Million of the \$23.77 Million low end budget. It states that it allows developers to share the cost of needed infrastructure. It further states that Special Assessments will shift part of the cost of public improvements to the taxpayer.

The Study states on page 22 that, "Impact fees are paid by developers for improvements that local government must provide to serve the new development. Impact fees can be used to alleviate the impact of population migration on the existing public facilities by allowing developers to share the cost of public infrastructure and maintenance of roads, parks, as well as public facilities (e.g. Fire stations)." The fees will be added to the price of the houses that are built and passed onto the purchasers which will slow down further sales. The housing market is extremely depressed and there haven't been any projections to show when the market will improve.

Service Charges

The Study mentions revenue income of \$0.49 Million or nearly 2% of the estimated low end revenue of \$23.77 Million. The Study defines charges for Public Utilities, Public services and other user fees for such things as parking and park and recreation activities. It also states that collecting Public Utility and Public Service Fees in the first five years is most likely not a viable option.

The Study states these fees can be very sensitive to the economic activities of the city and expand and retract quickly in response to economic activities of a jurisdiction. Nevertheless, the Study includes these Services charges as a revenue item in the 1st five years even when it states it is not likely to happen.

Local Communications Service Taxes and Other Revenue

There are no significant issues with this section of the Study.

Start Up Cost

No start up costs are estimated anywhere in the Study. The Study does state that the new proposed city could receive assets and the cash held in reserve by the APV, but the legal process has not been identified. This statement can be misleading because they make no attempt to show what funds would be made available for any start up costs. It is an unwritten assumption is that the APV will be dissolved. Without this occurrence, there would be no office space for the city, since there are to be no capital improvements in the first five years.

APV Financial Reserve

Page 24 of the Study states, “Also important to mention is the availability of the APV financial reserve for Poinciana.” which is quite sizable in the millions. The Study also states that the funds could be transferred to the City but the legal process has not yet been determined. Since those funds were collected over a substantial period of time it is conceivable that the residents of the APV may demand the funds to be returned to the residents rather than transfer to the city. If the demand includes litigation, the legal process would take time to resolve that issue and the city may need to be formed without the benefit of those funds. If the funds are not available it raises the question of a bond issue.

Municipal Bonds

A question regarding the issuing of municipal bonds was raised at a UCF meeting where the UCF Incorporation Study was being reviewed. Ms. Marilyn Crotty suggested that the newly formed city would be able to secure bond financing through the Florida Municipal Loan Council.

The Florida Loan Council was contacted and the following information was obtained: Nine (9) month duration notes at 7.5% interest plus fees are available for short term projects. These would not be available for funding a new city. Longer duration bonds are referred to Bank of America (BoA), which underwrites the Florida Municipal Loan Council’s long term bonds.

The Bank of America was contacted and the following information was obtained. BoA has accepted \$45 Billion in Federal Stimulus loans that have not been repaid at this time. BoA could not issue bonds for a new non-rated city as they are considered too risky under current regulations. These same conditions would exist at any other bank or brokerage house. BoA did offer that if current regulations changed it may be possible to offer long duration bonds for a new non-rated city with a starting point of 12.0% interest plus fees, but cautioned: All bonds previously issued at that rate or higher have defaulted leaving massive debt in their wake.

The Bank of America comments were confirmed with a municipal bond underwriting firm, as well as a municipal bond mutual fund manager. They went on to give the following example: A \$50 Million General Obligation Bond at 12.0% interest plus fees would generate \$6.0 Million per year of interest debt.

Ad Valorem Property Tax revenue must equal or exceed 4 times the General Obligation Bond annual interest obligation. Ad Valorem Property Tax revenue would need to be at least \$24.0 Million or 12.0 mils in this example. The 12.0 mil rate would exceed the current 10.0 mil cap established by Florida law.

Future Revenue

Study Page 24 cites the possibility of future revenue sources such as “communications services taxes” and utility taxes which are levied on the consumption of public utilities such as electricity, water, gas, fuel oil and propane. These taxes are potential revenue sources for Poinciana in the future. However, it is expected that Poinciana will not develop these revenue sources in the first five years of incorporation due to the potential tax burden they may impose on Poinciana

residents. Not only will the residents be possibly paying the taxes cited above but businesses in the area will be taxed as well. This could also have a detrimental effect on businesses moving into the area when they analyze the cost of doing business and /or whether they will need to pass along these costs to their potential customers.

PALM COAST
INCORPORATION
FEASIBILITY
STUDY

Presented to:
Flagler County Commission
County of Flagler, Florida

November 2, 1998

Support Our Solivita Note:

This document was obtained from the Florida League of Cities, which apparently scanned the document and processed it with an OCR program which rendered some tables difficult to examine; it transformed them into linear vice tabular format. It is not submitted in toto, but only as an example of the detail of work which the League uses as a model.

study of the Feasibility of Incorporation
of
Palm Coast, Florida

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APPENDICES

- A-1 Census Data
- A-2 Revised population Estimates, U of F, BEBR
- A-3 Palm Coast Growth Rate
- A-4 Palm Coast Density
- A-S Palm Coast population Projections by Sections and Area
- B-1 Palm Coast Service District 1997-1998 Budget
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- C-1 Palm Coast Service District Total Taxable Value History
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- E-1 Florida League of Cities Salary Survey
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- F- 1 Palm Coast population by District in 2000

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I. EXECUTIVE SUMMARY AND OVERVIEW

Beginning in 1969, the community of Palm Coast was developed in Flagler County by the International Telephone and Telegraph Company (ITT). Since then it has grown to be a diverse community of approximately 30,000.

The current Flagler County population is approximately 43,400, of which approximately 29,360, or 68% live within Palm Coast. The median age is 47, but about 30% of the population is over age 65. The County is currently about 87% white, 10% black and 6% Hispanic (numbers are over 100% because persons of Hispanic origin may be of any race). The average household income is \$40,800. Palm Coast has been uniquely definable as a community since its inception. In 1982, Palm Coast was designated as the Palm Coast Service District (PCSD) by the Flagler County Commission. The PCSD operates under an appointed advisory board, in its own community office, with an annual budget based on a separate ad valorem tax rate.

The current boundaries of the Palm Coast Service District are, with very minor exceptions, those established in the early 1970's. The District is bounded on the north by Flagler County, on the east by the Town of Beverly Beach and the City of Flagler Beach on the west by the City of Bunnell and on the south by Flagler County. All three cities are within a two-mile radius, thus technically, Palm Coast is not in compliance with the requirements of s. 165.061, Florida Statutes. However, the unique and long-standing nature of Palm Coast, as well as the change in the boundaries, where possible, to accommodate these adjacent cities, appears to address this statutory requirement in Palm Coast's favor.

With an estimated population in 1999 of 30,828, and a total acreage of 32,315, the density of .95 does not meet the requirements of s. 165.061, Florida Statutes. However, the planned build out population of over 225,000, and the existence of infrastructure currently in place to support such a population, appears to address this statutory requirement in Palm Coast's favor.

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A Charter has been developed under the requirements of Chapter 165, Florida statutes with a Council/Manager form of government. Estimates of both revenues and expenses have been projected for five years and tables are presented. Expense estimates for year one were projected at the current costs and levels of service with either a population or inflation factor. For years two through five expenses were projected based on per capita rates developed from an analysis of the budgets of five similar cities. This was done in an attempt to bring the City of Palm Coast to the level of a full-service city by the fifth year.

Revenues have been estimated using established state and County formulas. Based on the results of this study, the incorporation of Palm Coast is feasible, and the adoption of the Charter by the State Legislature is recommended.

II. HISTORY, BACKGROUND AND SCOPE

A. History and Background

The community known as Palm Coast is located on the East Coast of Florida in Flagler County, one of the fastest growing Counties in the nation (U.S. Bureau of the Census). Originally developed beginning in 1969 by International Telephone and Telegraph Company (ITT), this Planned Unit Development (PUD) was named Palm Coast. ITT Community Development Corporation (ITT-CDC) was formed in September 1971 to become the developer of Palm Coast. The current community plan of approximately 48,000 home sites on 42,000 acres was created in 1974 and became the basis for the growth and development of the new community over a future period of some twenty to thirty years. According to Florida Magazine, (October 2, 1988, p. 10): "... the developer built the streets and the schools and the sewers first. Now a community... sits atop an urban infrastructure built to serve a population of 225,000."

B. Palm Coast Service District

Palm Coast was established in 1970 as an independent taxing district devised to levy taxes on Palm Coast taxpayers to pay for the specific needs of the community. Subsequently, in 1982 Palm Coast was formed into a Service District (PCSD) under the authority of the Flagler County Commission. An advisory board, appointed by the County Commission, acts as a recommending body to the County Commission, which serves as the Palm Coast Service District Commission. Under this governmental structure, Palm Coast has no home rule authority.

The Planned Unit Development (PUD) contract agreement, which stipulated the manner in which Palm Coast would be developed, was entered into by the developer (ITT-CDC) and the State of Florida in 1974, amended in

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1977, and is entered in the Official Records Book 96, pages 204-214, Public Records of Flagler County, Florida.

Currently, the Palm Coast Service District levies an ad valorem tax of 1.3490 mills (1998-1999 budget). This tax, together with a portion of the Ninth Cent Gas Tax and the Local Option Gas Tax, and also a cable television franchise fee, gives the PCSD an operating budget of about \$2.7 million. The services provided to Palm Coast by this budget include three fully operational departments that provide most of the services in three areas: code enforcement, fire and fescue services, and road and bridge maintenance. In addition, there is a skeletal administrative service manned by a part-time secretary, and a small capital fund and road damage fund. The remainder of the services in these areas, plus all planning and zoning, major administration, police and recreation services are provided by Flagler County.

c. Incorporation Efforts

There have been several incorporation efforts since the mid-80's. The first was a short study done in 1985 by the Palm Coast Civic Association that provided little more than unsubstantiated opinions on the subject. Other than a tentative budget, this study contained very few specifics on detailed planning or on considerations that would have to be addressed with regard to incorporation.

The second report was a professional study done in 1987 by Kelton and Associates for the County Commission. While the Kelton Study was well founded and well organized, it proposed to limit the incorporation boundaries to 15,000 acres thus disenfranchising current and future residents residing in the other 27,000 acres of the PCSD.

In 1988 incorporation efforts gained momentum because additional taxes were needed to support the PCSD and Flagler County. In May 1990 the Legislative Committee of the Flagler County Taxpayers Association studied the

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Economic Impact on Flagler County of the incorporation of the Palm Coast community as a separate municipality. The report, entitled: "The Incorporation of Palm Coast -Is Now The Time?" and the proposed Charter for City Government were submitted to the Florida state Legislature, but this effort was unsuccessful.

Finally, in January 1998, a committee of the Palm Coast Home Rule Coalition prepared the most recent study. This study was sent to the state level for preliminary review. The state review found several problems with the report, specifically: estimation of revenue; there was no expense budget; and, the report was submitted late in the legislative year, making it difficult to revise in a timely fashion. The study was therefore never slated on the legislative calendar.

However, as a result of the Coalition's study and the issues that it raised, the Flagler County Commission, on January 20, 1998, authorized an independent study be undertaken by an outside, professional group, to be selected by a competitive bid process. After a competitive bid process, Daytona Beach Community College was chosen and approved by the Commission on April 6, 1998, to undertake the current study.

This document and the accompanying Charter, which is delivered with the Study under separate cover, both dated November 2, 1998, are the product of that process authorized by the Flagler County Commission.

A current map of Flagler County showing the proposed City of Palm Coast and its relationship to surrounding cities and unincorporated areas of Flagler County is attached at the end of this chapter as Exhibit 2.1 .

III. REVIEW OF STATUTORY REQUIREMENTS FOR INCORPORATION AND COMPLIANCE

A. Statutory Requirements

The Florida Legislature, through Chapter 165, Florida Statutes, Formation of Local Governments, has established requirements and procedures regarding the incorporation of new municipalities within the State of Florida, as well as regulations dealing with mergers, consolidations, dissolution's and special districts. The purpose of these state requirements as enumerated in Section 165.021 is to:

1. Allow orderly patterns of urban growth and land use.
2. Assure adequate quality and quantity of local public services.
3. Ensure financial integrity of municipalities.
4. Eliminate or reduce avoidable and undesirable differentials in fiscal capacity among neighboring local governmental jurisdictions.
5. Promote equity in the financing of municipal services.

Section 165.061, Florida Statutes, entitled "Standards for Incorporation, Merger, and Dissolution", lists the following conditions to be met for incorporation:

1. It must be compact and contiguous and amenable to separate municipal government.
2. It must have a total population, as determined in the latest official state census, special census, or estimate of population, in the area proposed to be incorporated of at least 1,500 persons in counties with a population of less than 50,000, and of at least 5,000 population in counties with a population of more than 50,000.
3. It must have an average population density of at least 1 .5 persons per acre or have extraordinary conditions requiring the establishment of a municipal corporation with less existing density.

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4. It must have a minimum distance of any part of the area proposed for incorporation from the boundaries of an existing municipality within the county of at least two miles or have an extraordinary natural boundary which requires separate municipal government.
5. It must have a proposed municipal charter which:
 - a) Prescribes the form of government and clearly defines the responsibility for legislative and executive functions.
 - b) Does not prohibit the legislative body of the municipality from exercising its powers to levy any tax authorized by the Constitution or general law .

B. Compliance with Statutory Requirements

Palm Coast meets the requirements with regard to Section 165.021. Palm Coast has had, since its inception in 1970, an orderly plan for growth provided by a PUD agreement. There is infrastructure in place, and services are being provided to maintain the infrastructure and to address the health, safety and wellbeing of the citizens.

With regard to the requirements of Section 165.061, Palm Coast meets or exceeds all the requirements except those regarding density and a two-mile separation. The following paragraphs address each of the five requirements, and outlines mitigating circumstances with regard to the two-mile and density requirements which render them inconsequential.

1. Compact, Contiguous and Amenable Requirement.

The original boundaries of the PCSD are compact and contiguous.

The boundaries of the City of Palm Coast (hereinafter called "Palm Coast") have been drawn so that no land outside the PCSD boundaries is included; and, in two instances, portions of the original PCSD are removed from the boundaries of Palm Coast. The removal of these two parcels allows Palm Coast to more closely address areas of concerns of its neighbors. To the east of Palm Coast a

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parcel was removed in order to give the City of Flagler Beach room for growth to the west of its current boundaries. On the south of Palm Coast, removal of the parcel that includes the Flagler County airport allows the County to retain this important property which includes an industrial park. In no instance is there an enclave, and every part of Palm Coast is contiguous.

With regard to being able to self-govern, it is obvious that an area which has been operating as a Service District for close to thirty years, with a separate ad valorem tax, and with infrastructure and basic systems already in place, should be the paradigm for "amenable to separate municipal government".

2. Population Requirement.

Based on the 1990 census data as listed in the 1990 Florida Census Handbook (University Press of Florida, 1994), the population of Flagler County in 1990 was 28,701. (Refer to Appendix A-1, Census Data.) The total acreage is 322,560 acres or 504 square miles. The official adjusted population for Flagler County as of April 1, 1998 was 43,441 (Refer to Appendix A-2, Revised population Estimates from the University of Florida, Bureau of Economic and Business Research,).

Flagler County Department of Planning and Zoning figures for 1995 for the Palm Coast Service District show a population within the Service District of 25,082. At a five- percent growth rate. which is generally accepted to be a low estimate, the current Palm Coast population is 29,360.

Thus, Palm Coast far exceeds the requirement that a new city in a county with less than 50,000 population have "at least 1,500 persons".

3. Density Requirement.

Palm Coast does not meet the density requirement of at least 1.5 persons per acre, however there are mitigating conditions that allow the establishment of a municipal government.

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In 1999-2000, the population of Palm Coast is anticipated to be 30,828. This is calculated by multiplying the 1995 population of 25,082 by a 5% growth rate per year. (Refer to Appendix A-3, Palm Coast Growth Rate Based on 1995 Data.) With the elimination of the two parcels of land from the PCSD, Palm Coast will have a total acreage of 32,315. Thus, the density of Palm Coast in 1999 is anticipated to be .95 persons per acre. At the current conservative growth rate of 5%, Palm Coast will have a population of 39,345 by the end of the fifth year, 2004. At that time, the density would be 1.22. (Refer to Appendix A-4, Density Table).

However, the original PUD agreement platted homesites for a population of over 225,000 (0 density of well over 3 persons per acre). What is unusual in the development of the Palm Coast PUD by ITT-CDC is that they installed infrastructure in advance of the population's arrival. Thus, the roads and sewers are in place, and have been, for the most part, maintained. Further infrastructure includes the system of canals upon which much of Palm Coast is built. These were constructed and maintained by the development company. In addition, ITT-CDC has been a good neighbor, giving land to the Community College for a local campus, to the Flagler County School Board for a High School, building a bridge across the inland waterway, and building, among other infrastructure, a golf course, a welcome center, and a community center. People in surrounding counties assume that Palm Coast is already a city. People who have settled in Palm Coast over the past 25 years have come to feel that Palm Coast is a city-with one major exception. There is no home rule. Today, Palm Coast Service District residents comprise approximately 70% of the population of Flagler County, but have a disproportionate say in their future. They are not equally represented elect orally . They are not in charge of their own destiny.

These two issues, the fact that planning and infrastructure are currently available for build-out of a population of over 225,000, together with the issue of

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unequal representation, represent an extraordinary condition for the citizens of Palm Coast which demands that the density requirement be dismissed as moot.

4. Two-Mile Minimum Distance Requirement.

Palm Coast does not meet the two-mile minimum distance requirement from current cities in Flagler County. One of the reasons given for the two-mile limit was stated by the Secretary of the Department of Community Affairs in a letter dated March 2, 1993 to Ron Saunders, Chairman of the House of Representatives Committee on Community Affairs. In that letter, Secretary Shelley stated with regard to the two-mile separation that: "The Department ... believes the two mile requirement serves a valid purpose. In particular, it minimizes our concern about urban sprawl. . . ." Since its inception over 25 years ago, Palm Coast has been within the two-mile minimum distance of Flagler Beach, Beverly Beach, and Bunnell, and has been providing some municipal services to its approximately citizens. Thus it would appear that there is no "urban sprawl" concern with regard to Palm Coast.

A discussion of the affected cities follows:

(a) To the east, the two-mile distance from the City of Flagler Beach encroaches into Palm Coast for just under 3/4th of a mile directly north of Route 100, and about 1 /10th of a mile directly south of Route 100.

The City of Flagler Beach, with a population of approximately 4,500, has the Atlantic Ocean as its eastern boundary, and the Flagler County line as its southern boundary. Flagler Beach has expressed a concern that using the PCSD boundaries, allowing them no room for growth to the east or north, would effectively cause Flagler Beach to be locked into its current boundaries.

Therefore, the eastern Palm Coast boundary nearest Flagler Beach was drawn back west to what was felt was a natural boundary: the western property line of Graham Swamp. Some of this property was deeded to the St. John's River Water Management District (SJRWMD) by ITT-CDC as a mitigation site in 1995. Directly south of the SJRWMD property lies Florida Department of Transportation

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mitigation property, currently in the process of being joined with the SJRW MD property. These two parcels, and the northern continuation of the swamp, provide a natural boundary for that portion of the east side of Palm Coast that lies west of the City of Flagler Beach. This boundary allows Flagler Beach a growth area of approximately 1-~ miles to the west and 2 miles to the north.

(b) Also to the east, the two-mile distance from the Town of Beverly Beach encroaches approximately 2-~ miles into the southern portion of the area of Palm Coast known as Grand Haven that has been platted and is part of the Palm Coast Service District.

The Town of Beverly Beach, with a population of approximately 350, has expressed no concerns with regard to the boundaries of Palm Coast. Beverly Beach lies entirely between the Inland Waterway and the Atlantic Ocean. It appears that they have no plans for annexation west of the Waterway.

(c) To the west, the boundaries of Palm Coast and the City of Bunnell are co-existent; therefore, the two-mile distance from the City of Bunnell encroaches into Palm Coast for approximately 3 ~ miles north, east, and south of the City of Bunnell. This effectively removes approximately 1/ 4th of the current population of Palm Coast from the proposed City.

The City of Bunnell, with a population of approximately 2,100, has also expressed concerns with regard to the proposed boundaries for the City of Palm Coast. However, in this case, it is neither feasible nor appropriate to make any changes to the Palm Coast boundary. In the past several years, Bunnell has annexed property to the north directly to up to the PCSD boundary, to the north up the west side of Route One which is the western boundary of the PCSD, and to the east, along the Route 100 corridor up to the PCSD boundary. In addition, directly to the east they have a parcel under consideration for annexation, which would make the PCSD/Bunnell boundary co-existent along the entire eastern portion of Bunnell. In addition, there is currently property available to the south and west of Bunnell, which it could annex.

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Therefore, the current PCSD boundary nearest Bunnell is the same as that proposed for the City of Palm Coast. There is no encroachment into Bunnell property, or property they have planned to annex. There is no intent, nor can a finding be made, that using the current boundaries will cause Bunnell to lose its ability for further growth. However, to draw back the western boundary of Palm Coast to allow a two-mile separation from Bunnell would disenfranchise over one-fourth of the citizens who currently reside in Palm Coast.

The boundary issues between Palm Coast and Bunnell are entirely different from that of either Beverly Beach or Flagler Beach. Bunnell has actively annexed right up to the boundary with the PCSD, and has room for future annexation. Thus, on the east of Palm Coast the proposed boundaries have been drawn so as to allow Beverly Beach and Flagler Beach room to expand, while on the east, the boundaries are co-existent with Bunnell.

It can not have been the intent of the "two-mile" requirement in Section 165.061 to disenfranchise over 7,500 citizens, who have lived in, and been paying taxes to, a Service District which has been in effect, with the current boundaries, for over 25 years. It can not have been the intent of the language in Section 165.061 to give preference to an established City over an established Service District, which, because of a fluke of timing, requests sovereignty after the established city.

Flagler County is one of the fastest growing counties in Florida. Palm Coast is the fastest growing area of Flagler County. Palm Coast was developed under a unique set of circumstances by a far-sighted development company who planned a community that would be amenable to the eventual establishment of a City. For all of the above reasons, the issue of a two-mile separation from current municipalities is of no consequence and should be waived.

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5. Municipal Charter Requirement.

A Municipal Charter has been developed and is included with this Feasibility Study under separate cover. The Charter outlines the form of government, the responsibility for legislative and executive functions, and does not prohibit the legislative body from levying any tax authorized by the constitution or general law. In addition, the Charter provides the following: a legal description of the boundaries of both the City and the Districts; the dates for Referendum and Incorporation; dissolves the Palm Coast Service District; and requests that requirements with regard to earliest date of eligibility for State Revenue Share and Local Option Gas Tax be waived.

IV. STUDY AREA

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For purposes of analyzing the feasibility of Palm Coast incorporation it was first necessary to identify the study boundary area for which both revenues would be generated and expenditures would be incurred should incorporation occur. A discussion of these factors follows.

To facilitate this step, the existing boundaries of the Palm Coast Service District were reviewed. Additionally, discussion was held, in a public meeting noticed for that purpose, regarding four different variations of these boundaries which might either include or exclude areas to the south of route 100 near and around Flagler Airport.

Based upon review of the alternatives and information gained at the public meeting attended by over 250 affected citizens, a fifth alternative was developed. This fifth and final boundary alternative has become the basis for the final boundaries. As was explained in detail in Section III.B.4 above, the final City boundary encompasses the entire current PCSD boundary with two major exceptions. A map of the proposed boundaries of Palm Coast and the proposed Districts is attached at the end of this chapter as Exhibit 4.1

1. On the east, north of Route 100, the boundary was pulled back west to the western boundary of that area known Graham Swamp.
2. On the south, the boundary was pulled back north to provide an upside down "U" shaped area which leaves the Flagler Airport and industrial park, along with Palm Coast Holdings properties southwest of the Flagler Airport within the County.

The proposed Palm Coast boundary includes 32,315 acres for a total of approximately 50 square miles, with a population of 30,828 in 1999, its first year of incorporation. A map indicating the proposed boundaries for the City of Palm Coast, and the four Commission Districts within the city, appears as Exhibit 4.1 at the end of this section.

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The proposed boundaries of Palm Coast are generally as follows:

1. On the west: Beginning at the west corner of Matanzas Woods the boundary follows the Palm Coast Service District borders south (roughly along U.S. Route One) meeting the Bunnell boundary at Royal Palms Parkway and following the co-existent boundary along the Route 100 corridor. Near the Flagler County airport, the boundary continues south, still along the PCSD boundary, to Route One.
2. On the south: Continue south along Route One to the southeast point of Quail Hollow. Here begins the first exception to the PCSD boundary:
the boundary then proceeds north along Belle Terre Parkway and east along Citation Parkway around to the southern boundary of the airport, up and around the airport along Belle Terre, Route 100, and south down Seminole Woods Parkway to Route One. It then follows the jagged boundary of the PCSD toward the east to 1-95.
3. On the east: Proceed north on 1-95 along the PCSD boundary to just south of Route 100. The boundary then follows the PCSD boundary around the south side of the Flagler Regional Plaza. Here begins the second deviation from the PCSD boundary:
proceed north along the western boundary of Graham Swamp to Ditch 10, just south of Utility Drive Commerce Park. The boundary then generally follows Ditch 10 east to Colbert Lane. From Colbert Lane it proceeds south along the PCSD boundary to South Park Road. It then follows South Park Road to the Inland Waterway, and proceeds north along the Waterway to the northeastern corner of the PCSD boundary.

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4. On the North: The boundary follows the current PCSD boundary west to 1-95, north along 1-95 to the northeast corner of Matanzas Woods, and west to the point of beginning at U.S. Route One.

Flagler County includes 322,560 acres for a total of approximately 504 square miles, with a population of 45,613 in 1999. Upon incorporation, Palm Coast would therefore be approximately 10% of the total land area of Flagler County and 67% of the total population of the County. Adding the population of approximately 7,000 for the rest of the cities in Flagler County to the Palm Coast population of 30,487, one can estimate that in 1999, the incorporated portion of Flagler County would represent 82% of the total population of Flagler County. This is not unreasonable, as much of the western portion of Flagler County is rural in nature, with large timber and produce farms.

V. BASIC ASSUMPTIONS AND METHODS

A. Basic Assumptions

Certain assumptions have been made and should be considered when reviewing the expense and revenue projections contained within this report.

1. Revenue and Expense Assumptions

All the numbers for revenues and expenses are, of necessity, projections into the future: they are estimates. Therefore, early in the process, the decision was made to estimate revenues conservatively and expenses liberally; or, put another way, the study estimates revenues low and expenses high. This was done to ensure that the feasibility could be determined based on "worst case" numbers.

2. Base Year

All population, revenue and expense projections were figured based on the current FY 1997-1998. Total taxable values were figured based on historic data and the revised 1998 data.

3. Inflation

The decision was made to adjust projected revenue and expense numbers for an inflation rate of three percent (3%) per year unless otherwise noted. The exact inflationary factor can not be predicted for the five years of the projected revenues and expenses. However, 3% per year was deemed reasonable, and, if applied equally to both the revenue and the expense sides of the budgetary equations, any actual deviations from 3%, either positive or negative, would be self-correcting.

4. Franchise Fees

In estimating revenue, the decision was made to assume that the franchise fee from the Palm Coast Cablevision would continue to accrue to Palm Coast. Thus, this franchise fee will be included as a revenue source for purposes of estimating possible revenues in the attempt to determine feasibility.

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5. General Fund and Special Revenues

For purposes of estimating, only General Fund expenses and revenues will be addressed. Such revenues are those obtained from ad valorem taxes, state/county shared revenues, utility taxes, if any, franchise fees, and other miscellaneous fees which are collected for General Fund revenue such as occupational licenses, building permits and charges for services, etc. General Fund expenses are those of general governmental operation including administrative services, public works, development services, parks and recreation, and police and fire services.

It is understood that there are other sources of revenue available to a city. One source often used is a designated revenue; Le., a storm water management fee. These revenues are adopted by ordinance as a source of funds in order to accomplish a specific purpose--construct a storm water drainage system. They can only be spent for the expense to which they are dedicated, and as such, are not available for general governmental services. As dedicated revenue for a dedicated expense, they are budgeted separately, and are not counted in the General Fund revenue/expense budget. They are a 'wash'.

For information purposes, Palm Coast residents currently pay such fees to Flagler County. For instance, a millage is assessed for "Environmentally Sensitive lands", and general obligation bonds. In addition, all residents pay a refuse collection fee. Refuse collection is currently under a County contract with a private refuse collector. Any such contracts have standing, regardless of what entity governs; therefore, residents will continue to pay that fee until the end of the contract.

6. First Year's Service Provision

If the Referendum of September 1999 passes, Palm Coast will become a city on December 31, 1999. This is one quarter in to fiscal year 1999-2000. Ad valorem taxes will have been collected for the Palm Coast Service

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District, and Flagler County, and the first quarter of expenditures will be completed under the approved budgets of each entity. In addition, Palm Coast will have no mechanism for collecting any taxes until October of 2000. Finally, it is important that the provision of services to the citizens of Palm Coast not be interrupted. For all of these reasons, the assumption was made that those services provided for in the FY99-00 budget, both Palm Coast and Flagler County would continue to be provided under contract with Flagler County. This will assure continuity of services, and will allow the new City Council time to develop those departments it deems necessary in order to provide services during the first full year of operation. During years two through five, with the exception of administrative services, which will be a City department, the Palm Coast City Council will decide which services to contract for and which to provide in-house.

7. level of Service

For purposes of this study, the decision was to assume the same level of service for Palm Coast through year one as it receives currently. The assumption has been made that the level of services for years two through five should rise to that of a full-service city. This decision was made in order to figure expenses at the level of a full-service city, under the theory that by at least year five, the residents may desire a higher level of service than they are currently receiving. For instance, as a result of the fires during the summer of 1998, citizens will likely desire a higher level of service from the Fire Department. Therefore, projecting services to that of a full service city will allow citizens to see the real costs associated with such services.

8. Parks and Recreation Areas

The decision has been made to not include Parks and Recreation as a General Fund service provided by Palm Coast after incorporation. All parks are under Flagler County, and it was decided that Palm Coast residents could

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continue to utilize them, as do other Flagler County citizens, without incurring the expense of purchasing them immediately and providing for their upkeep.

B. Population Estimates and Projections

Population for the first year, FY 1999-2000, is estimated at 30,828. This figure was arrived at by utilizing figures developed by the Planning and Zoning Department of Flagler County based on actual building permits in the PCSD in 1995. (Refer to Appendix A-S for the actual Population Projections by Section and Area.)

The Palm Coast PUD was developed in a unique manner. Residents in Palm Coast live in named areas such as "Quail Hollow" or "Matanzas Woods." However, each area of the PCSD is also known by one or more sections; thus, Quail Hollow is comprised of Sections 63, 64, and 65. These are not the standard sections within a one-mile square, but rather section numbers given to subdivision areas by the developer. All of these sections are included within the proposed boundaries of Palm Coast. (These sections are listed in Appendix A-S. However, Hammock Dunes and Matanzas Shores are not included as they lie east of the Inland Waterway.) Thus, the total 1995 population was estimated to be 25,082. (Grand Haven, with a population of 324 in 1998 was factored into the population estimates from 1998.) The Planning and Zoning chart figures an average annual growth of 1,489. This is actually a 6% growth rate: $1,489 / 25,082 = .059 = 5.9\%$ rounded = 6%. However, we have chosen to use a more conservative growth rate of 5%. If the growth rate is higher, more revenues would accrue and expenses should go up at the same rate. Table 5.1 showing estimated Palm Coast population figures follows.

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Table 5.1: Estimated Population Growth

Year	Population	5% Annual Base Growth Rate
1995	25,082	
1996	26,336	
1997	27,653	
1998	+310	29,360
1999	30,828	
2000	32,369	
2001	33,987	
2002	35,687	
2003	37,471	
2004	39,345	
2005	41,312	

C. Total Taxable Value

For purposes of this study, total taxable value is estimated based on Flagler County data from years 1990 through 1998. From this data, the annual percentage increase each year from 1990 to 1998 was developed. An average was then calculated and that average was used to estimate the Total Taxable Value (TTV) from 1998 through 2003. TTV increases have ranged from +9.81 % to -1 .85%. The average is 3.25%. Using this factor is a more conservative approach than using the population increase percentage of 5%, and is in keeping with the effort to estimate revenues low and expenses high.

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Table 5.2 Total Taxable Value Estimates

Calendar FY Year TTV \$ %

Year		Increase		Increase
1990	1989-1990	\$ 1,107,496,637		
1991	1990-1991	\$ 1,228,007,454	\$ 120,510,817	9.81%
1992	1991-1992	\$ 1,263,542,226	\$ 35,534,772	2.81%
1993	1992-1993	\$ 1,240,571,532	\$ (22,970,694)	-1.85%
1994	1993-1994	\$ 1,282,033,791	\$ 41,462,259	3.23%
1995	1994-1995	\$ 1,306,163,092	\$ 24,129,301	1.85%
1996	1995-1996	\$ 1,344,848,133	\$ 38,685,041	2.88%
1997	1996-1997	\$ 1,357,888,149	\$ 13,040,016	0.96%
1998	1998-1999	\$ 1,449,186,877	\$ 91,298,728	6.30%
1999	1999-2000	\$ 1,496,285,451	\$ 47,098,574	
2000	2000-2001	\$ 1,544,914,728	\$ 48,629,277	
2001	2001-2002	\$ 1,595,124,456	\$ 50,209,729	
2002	2002-2003	\$ 1,646,966,001	\$ 51,841,545	
2003	2003-2004	\$ 1,700,492,396	\$ 53,526,395	

Note: Average % Growth 1990-1991 to 1998-1999 = 3.25%

TTV years 1999-2000 through 2003-2004 were arrived at by

Multiplying the previous year TTV by 3.25

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VI. CURRENT SERVICES

Currently, services are provided to Palm Coast by two entities: the Palm Coast Service District, and Flagler County. An assessment of these services is necessary in order to develop both levels and costs of services for the new City of Palm Coast.

A. Palm Coast Service District

The Palm Coast budget for FY 97-98 was approved by the Flagler County Commission in September 1994, and is attached as Appendix B-1. (Specific information relative to some of the PCSD departments is attached as Appendix B-2). This budget was based on an ad valorem tax rate of 1.0927. The total budget was \$2,624,484 and was spent largely in fire and public works services. A similar budget was just approved for the PCSD for 1998-1999 at an ad valorem tax rate of 1.3490. However, all budget figures discussed below use FY97-98 as a base year.

The budgeted expenses for FY 97-98 were for the following:

1. Administration, including maintenance of the PCSD office in the Palm Coast Community Center with a half-time secretary, and supplies; and Property Appraiser fees and an Animal Control contract. The budgeted amount was \$464,544.
2. A pro-active Code Enforcement department with one code officer, one and one-half inspectors, a half-time secretary and a three-quarters supervisor/inspector. (The 98-99 budget was approved for one more inspector and one more secretary.) The budgeted amount was \$106,478.
3. Fire and Rescue services are provided through a staff of 17 at two Flagler County fire stations within the PCSD. The budgeted amount was \$979,576.

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4. The PCSD Road and Bridge Department currently maintains 431.3 road miles (863 lane miles) of local roads within the District with a staff of over 17. The budgeted amount was \$1,073,886.

5. There is a Capital Fund that was established for future improvements, and includes a dedicated millage of .001 for Pedestrian Pathways.

This amount of \$209,471 will transfer to Palm Coast; however, it has not been listed in the General Fund Revenue or Expense Tables, as it is a dedicated fund.

6. There is a Road Damage fund established to charge developers who damage roads. The current charge is \$10.00 per square foot, and the fund is currently at \$85,313. While this will transfer to Palm Coast, it has not been included in the General Fund Revenue or Expense Tables as it is also a dedicated fund.

While the PCSD as a district will cease to exist if and when Palm Coast becomes a City on December 31, 1999; the history of service and budgeting will serve the new City well.

7. Flagler County Services

In addition to the services provided to the District by the peso budgeted departments, the County of Flagler through its various departments provides major services to Palm Coast. According to current accounting principles, the expenses for serving the community of Palm Coast are not separately listed. However, the various departments were able to estimate with a fair degree of certainty that portion of expenses that was spent for services to the District. These estimates are shown in several different letters attached as Appendix B-3. It is these documents, combined with conversations with the various department heads that has provided much of the basis for the estimation of the cost to maintain the current level of service within the new City of Palm Coast.

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Five main departmental areas were investigated: Public Works;

Development Services, including Planning and Zoning, and Building and Inspection Department; Parks and Recreation; Law Enforcement provided by the Sheriff's Department; and Fire and Emergency Management Services.

1. Public Works

The County currently maintains all of the 91.5 road miles (183 lane miles) of arterial roads within the PCSD. Local roads are maintained by the district. For at least year one, this will continue under contract with the County. The department estimated their costs for 97-98 to be \$148,196. They further estimated that after incorporation, they expected to be responsible for about 12.5% of that cost due to a reduction in roads under their responsibility. In addition, they provide an extra \$10,000 worth of ditch mowing to the PCSD.

2. Development Services

For the first year, as provided in the Palm Coast Charter, Palm Coast will look to Flagler County for provision of all growth management services (zoning, code compliance, building inspection, and land development) at the same level as currently provided.

2. It is understood that the City of Palm Coast will have to develop a Comprehensive Growth Management Plan. The Charter states that portion of the current Flagler County Comprehensive Growth Management Plan which pertains to Palm Coast will continue to serve Palm Coast until a new Plan is developed and submitted to the proper State authorities. It is anticipated that this will take place during year two. For purposes of the Feasibility Study, the Committee included projected costs for developing a Comprehensive Plan provided by the Volusia Council of Governments. (See Appendix B-3 for a breakdown of services and costs.)
- The Director of Planning stated that approximately 75% of the zoning fees and planning review fees were generated in the PCSD. However, only about 25% of the budget was specifically spent for the Service District. In addition, the

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Building department estimated that 80% of that department's work took place in the PCSD.

3. Parks and Recreation

There are three recreational facilities in Palm Coast: Belle Terre Community Park, Palm Coast Community Park, and Palm Coast Community Center. The cost to the County to maintain and improve those parks was \$90,795. There is some question as to how much of the impact fees collected in the PCSD went into the building of these parks. For the purposes of this study, it is assumed that these parks will continue to be County parks until, and unless, the City of Palm Coast wishes to investigate that portion of ownership and perhaps work out a purchase price with the County. Until that time, neither revenue nor expense for these parks will be factored into the budget for the city of Palm Coast.

4. Law Enforcement

The Flagler County Sheriff provides police protection for the area of Palm Coast. This protection will continue, under the terms of the Charter, at least during year one of the City operation. The Sheriff has estimated a contract price for 1999-2000 of \$1,660,673 for the full year. This will provide the following:

- A total of 17 posts or six deputies for the day shift, six for the night shift and five for the midnight shift.
- Supervisory services.
- Equipment and vehicle expense.
- Start-up costs for ten deputies.

5. Fire and EMS

Currently, the PCSD is served through two fire stations paid for by its own ad valorem tax. However, countywide, EMS and Disaster services are paid for by Flagler County, including in the PCSD. It is anticipated that such services would continue as provided.

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In addition to these two fire stations, Flagler County has a first response contract with surrounding cities. Flagler Beach is the first responder to the Seminole Woods area and that eastern part of the District near I-95 at Route 100. Korona, a volunteer fire department, also has first response in the southern part of Seminole Woods and Quail Hollow. The City of Bunnell has first response to the northwestern portion of Quail Hollow and to that part of the PCSD that abuts its borders near Route 100. It is anticipated that the City of Palm Coast would have to enter into such agreements in year two.

One result of the recent fires in Seminole Woods is a desire for a new fire station to better serve that area. Therefore, included in Appendix B-3 is a letter from the County Fire Services outlining the cost of such a new station. It would be up to the new City to decide whether or not to build such a station. If they choose to build, they will have to bond for the capital expenses. However, the expenses budgeted for years two through five should cover the added cost of personnel.

VII. REVENUE PROJECTION METHODS

Several methods were used in conservatively estimating the revenues expected to accrue to the City of Palm Coast. No figures were rounded.

A. Ad Valorem Projection Methods

1. Year One, FY 99-2000

Ad valorem taxes were conservatively estimated, based on the past history as shown in Table 5.2: Total Taxable Estimates, presented on page 25 of this document. Information from the Tax Assessor's Office that was used to produce these revenue projections is attached in Appendix C-1 .

The ad valorem tax rates for year one, FY 99-00, will be established for the PCSD by the County Commission during budget hearings for that fiscal year.

However, for purposes of this study, the millage rate recently established for FY 98-99 was used for year-one revenue estimates since it has been approved. That millage rate is 1 .3490.

2. Years Two through Five

For years two through five, it was necessary, for the purposes of this study, to raise the ad valorem tax rate. That rate goes up by increments until it is 3.7000 by year five. It should be noted that this is approximately what local full-service cities are using today, so it does not appear to be out of line. It is acknowledged that the final ad valorem tax rate will be established by the new City Council for years two through five.

B. Projection Methods -- Other Revenues

Population-driven revenues were figured on a per-capita rate obtained from year-one revenue, multiplied by the population for the relevant year. State revenue share was projected based on information from the Department of Revenue. Conservatively using the DOR information as year one

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(even though the estimate is for the year before year one) successive years were estimated as follows: 1 % per year growth for Municipal Revenue Share; 3% per year growth for the Sales Tax Y2 Cent Revenue; and the Municipal Financial Assistance Trust Fund was projected flat. The Local Option Gas Tax was also projected flat.

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VIII. GENERAL FUND REVENUE PROJECTIONS

General Fund revenues were projected, using the methods described previously, for years one through five. Revenue projections for year one are shown in Table 8.1 and those for years two through five are shown in Table 8.2. Both are at the end of this chapter, and are printed so that the reader may fold the table out to review while reading the documentation.

A. Ad Valorem Tax Projections

Ad Valorem Taxes for year one were computed for the full year for the Palm Coast Service District based on the millage rate approved by the County for 1998-1999, and were projected based on a 95% collection rate. This tax will accrue to the PCSD for the first quarter of the year, and to the City of Palm Coast for the second, third and fourth quarters of the year.

- B. For years two through five, ad valorem taxes will be set by the City Council. It is anticipated that ad valorem taxes will rise from year one's rate of 1.3490 to approximately 3.7000 by year five. However, it is understood that this decision will be a City Council decision, and will be based upon many factors, including: the cost to contract for services; the desire to provide full-city services; a higher or lower than anticipated growth in population; or higher or lower revenues from other sources.

B. State Revenue Share Projections

State revenue share is comprised of the Half-Cent Sales Tax distribution, a distribution of the Municipal Financial Assistance Trust Fund, and the Municipal Revenue Share. The Office of Research and Analysis, Department of Revenue, provided a revenue estimate for 1998-1999, based on information given to them by the consultant: an estimated population of 30,487 and a Total Taxable Value (TTV) of \$1,443,174,965. Both of these figures are low due to recent revaluation;

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however, the only result is that the estimates are conservative. This initial estimate is attached as Appendix D-1 , state Revenue Share Estimate.

For years one through five, very conservative estimates were also established, based on a one percent growth in the Municipal Revenue Share, a 3% growth in the Half-Cent Sales Tax revenue, and a flat projection of the

Municipal Trust Fund. The basis for these projection formulas was a memorandum from the Office of the Governor to the House Community Affairs Committee dated February 11, 1998, that reviewed the State Revenue Share methodology of the January 1998 Feasibility Study submitted by the Palm Coast Home Rule Coalition. A copy of this letter is attached as Appendix D-2. A clause has been inserted in the Charter for the City of Palm Coast that when passed, will waive the requirements of Section 218.23(1) and of Section 218.26(3), Florida Statutes for the purpose of eligibility to receive revenue sharing funds from the date of incorporation. This will enable the City to receive these funds early, in time for the FY 2000-2001 budget year.

C. Ninth Cent Gas Tax

During year one Palm Coast will receive the 9th cent distribution from the County because it will have already been apportioned and figured into the 1999-2000 budget. However, in succeeding years, this source of revenue will not be available to Palm Coast because it is a County tax which counties have sole discretion over, and historically, Flagler County has not shared this revenue with municipalities.

D. Local Option Gas Tax

Flagler County shares the Local Option Gas Tax with current municipalities. It is also shared with the PCSD. The share has historically been population driven. However, the purpose of the gas tax is to fund transportation issues. Thus it can be distributed on the basis of lane (or road) miles. It is Flagler County's intention

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to redistribute this tax based on road miles maintained. Based on the Palm Coast lane miles of 863, compared to the County miles of 483, it is estimated that Palm Coast will be responsible for 64.1 % of the road maintenance, leaving 35.9% for the County. The current distribution to Flagler County is \$1,268,664. If Palm Coast received 64.1 % of this distribution, it would equate to \$813,214. Thus, this figure was used for year two through year five, as it is perceived that the gas tax will remain flat. (See Appendix D-3 for information on the Local Option Gas Tax.)

E. Charges for Services

Charges for services such as DRI's (Development of Regional Impact), Zoning Fees and Plan Review Fees were figured for year one based on the Director's estimate of the level of revenue that is associated with development in Palm Coast. From these figures, per capita rates were established. These revenues were then projected for years two through five based on the per capita rate times the estimated population.

F. Franchise Fees

The only franchise fee currently collected within Palm Coast is for Palm Coast Cablevision. A per capita figure was figured for this revenue, and subsequent year's revenues were projected based on the per capita rate times the estimated population.

G. Licenses and Permits

County department heads estimated occupational Licenses and Building Permits collected from within Palm Coast. Per capita figures were developed for these revenues, and subsequent year's revenues were projected based on the per capita rate times the estimated population.

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H. Reserve Accounts

Currently, the PCSD has a variety of reserve accounts within the General Fund: for contingencies, for future capital outlay, and for salary adjustments. These will be included in the FY 1999-2000 PCSD budget. However, it can not be definitively predicted that they will be available to the city after year one. It may be that these accounts will be drawn down in year one. Therefore, there is no allowance for such revenue in years two through five.

I. Cash Balance Forward

Since these are only estimates, every effort has been made to provide for a cash balance at the end of each year, from year one through five.

J. Loan

It is estimated that the City of Palm Coast will need to borrow \$1,000,000 in order to provide for first year expenses. This will be necessary since the ad valorem tax will have already been set, and thus there will be no other source of income for operating during the first year. A clause has been inserted in the Charter, which will allow the Council to arrange for such a loan. No loan is anticipated past the first year.

Table 8.1 General Fund Revenue

Palm Coast Service District and City of Palm Coast
Year One

PALM COAST Note 3 Per
LINE ITEM PCSO INCORP. Total Cap
Population Year One 10/1/99 1/1/00 Revenue Rate
30828 12/31/99 9/30/00 Year 1 Year1

TOTAL. REVENUES See Note 1 \$ 1,151,955 \$ 4,812,393 \$ 5,964,348

Ad Valorem Taxes \$479,391 \$1,438,173 \$1,917,565

Palm Coast Service District @ 95'10 collection rate

\$1,496,285,451 TIVI1000 x 1.3490 mills x 95'10 collection rate S 479,391 \$ 1,438,173

Cash Balance Forward S 90,526 S 271,579 S 362,105 11.75

@ FY 97-98 figure of \$362,105 \$ 90,526 \$ 271,579 \$ 362,105

Gas Tax S 151,664 S 454,993 S 606,657 19.68

9th Cent @ 97 -98 Tax Rev to FCSD of \$98,955 \$ 24,739 \$ 74,216 5 98,955 3.21

Local Option @ 97.98 Tax Rev to PCSO of \$507,702 5 126,926 \$ 380,777 \$ 507,702
16.47

State Revenue Share See Note 2 S 319,667 S 959,002 S 1,278,669 41.48

Municipal Revenue Share @ 1'10 x 98-99 projection of 5448.856 5 113,336 \$ 340,008 \$
453,345 1471

Sales Tax 1/2 Cent Revenue @ 3'10 x 98-99 projection of 5757,528 5 195,063 5 585,190
\$ 790,254 25.31

Municipal Fin. Assist. Trust Fund @ Flat projection of \$45,071 5 11,268 \$ 33.803 \$
45,071 146

Charges for Services Note 3 \$ - S 27,642 S 27,642 0.90

DRI Fees & Other Charges @ 97 -98 bud of \$5,000 5 5 3,750 \$ 3,750 0.12

Exhibit (A) to Support Our Solivita Letter dated October 1, 2009

Zoning Fees @ 75'10 of 97-98 collected total of 514,974 \$ \$ 8,423 5 8,423 0.27

Planning Review Fees @ 75'10 of 97-98 collected total of 527,500 S - \$ 15,469 \$ 15,469 0.50

Franchise Fees S 29,089 S 87,266 S 116,354 3.77

Palm Cable Franchise Fee @ 97-98 Budget of S 116, 354 \$ 29,089 \$ 87,266 \$ 116,354

License/Permits Note 3 5 . S 328,886 S 328,886 10.67

Occupational Licenses @ 75'10 of 70'10 of 97-98 total of \$22,500 x 10'10 \$ \$ 12,994 \$ - 0.00

Building Permits @ 75'10 of 70'10 of 97-98 total of \$547,000 x 10'10 pop 5 S 315,893 \$ - 0.00

Reserve Accounts Forward S 81,618 S 244,853 S 326,470 10.59

Reserve for Contingency @ 97.98 budget of \$100,000 \$ 25,000 \$ 75,000 \$ 100,000 3.24

Reserve for Future Capital Outlay @ 97-98 budget of \$1,000 \$ 250 \$ 750 \$ 1,000 0.03

Reserve Adjustment Reserve @ 97.98 budget of 5146,578 5 36,645 \$ 109,934 \$ 146,578 4.75

Reserve for Future Capital in Fund 703 @97-98 budget of \$78,892 5 19,723 \$ 59,169 \$ 78,892 2.56

Loan \$ 1,000,000 \$ 1,000,000

Note 1: It is assumed that all revenues collected and budgeted for the FY 1999.2000 Will remain the same throughout the budget year, whether under the PCSD or the City, and are based as noted. All revenue in the first quarter is figured @ 25'10 of the total; that for the last 3/4 IS @ 75'10 of the total.

Note 2: State Rev Share is based on estimates from OOR for State FY 98.99. State FY is July through June. Municipal FY is Oct through Sept. Therefore, State Revenue share is figured @ 50'10 of the 99.00 Slate FY25'10 of the 00-01 State FY. All figures are based on a 1'10 increase in receipts over the FY 98.99 estimates.

Note 3: The per rate for Charges for Services, Franchise Fees and License/Permits is not a true figure as only 75'10 of some revenue was Included in year one.

Table 8.2 Palm Coast General Fund Revenue Estimates

Years Two through Five

LINE ITEM	Year 1	Year 1	Year 2	Year 3	Year 4	Year 5
Per Cap	1999.2000	2000-2001	2001.2002	2002.2003	2003.2004	
Population	30828	30828	32369	33987	35687	37471
TOTAL REVENUE .S.. Note 1	\$ 5,964,348	\$ 8,724,018	\$ 10,050,134	\$ 10,555,291	\$ 10,712,988	
Ad Valorem Taxes @ 95% Collection	\$ 1,917,565	\$ 5,136,841	\$ 5,303,789	\$ 5,476,162	\$ 5,977,231	
Total Taxable Value	\$ 1,496,285,451	\$ 1,544,914,728	\$ 1,595,124,456	\$ 1,646,966,001	\$ 1,700,492,396	
Millage	\$. 1.3490	\$ 3.5000	\$ 3.5000	\$ 3.5000	\$ 3.7000	
Cash Balance Forward	\$ 362,105	\$ 698,367	\$ 1,790,368	\$ 2,053,265	\$ 1,637,217	
Gas Tax	\$ 606,657	\$ 813,214	\$ 813,214	\$ 813,214	\$ 813,214	
9th Cent (Co. tax not shared with cities)	\$.	\$.	\$.	\$.	\$.	
Local Option (flat projections of \$813.214)	\$ 813,214	\$ 813,214	\$ 813,214	\$ 813,214	\$ 813,214	
State Revenue Share	\$ 1,278,669	\$ 1,305,611	\$ 1,334,290	\$ 1,363,737	\$ 1,393,976	
State Revenue Share @ 1 % growth	\$ 456,878	\$ 461,447	\$ 466,062	\$ 470,722		
Sales Tax 1/2 Cent Revenue @ 3% growth	\$ 803,662	\$ 827,771	\$ 852,605	\$ 878,183		
Municipal Fin Assist Trust Fund @ flat growth	\$ 45,071	\$ 45,071	\$ 45,071	\$ 45,071		
Charges for Services Note 2	\$ 27,642	\$ 49,847	\$ 52,339	\$ 54,957	\$ 57,704	
DRI Fees & Other Charges (Full year = \$5,000)	0.16	\$ 5,250	\$ 5,512	\$ 5,788	\$ 6,077	
Zoning Fees (Full year = \$14,974)	0.49	\$ 15,723	\$ 16,508	\$ 17,334	\$ 18,201	
Planning Review Fees (Full Year = \$27,500)	0.89	\$ 28,875	\$ 30,318	\$ 31,834	\$ 33,426	
Franchise Fees	\$ 116,354	\$ 122,170	\$ 128,277	\$ 134,693	\$ 141,427	
Palm Cable (Full Year = \$116,354)	3.77	\$ 122,170	\$ 128,277	\$ 134,693	\$ 141,427	
License/Permits	\$ 328,886	\$ 597,968	\$ 627,858	\$ 659,263	\$ 692,219	
Occ. Licenses (Full Year = \$22,500)	0.73	\$ 23,625	\$ 24,806	\$ 26,046	\$ 27,348	
Building Permits (Full Year = 547,000)	17.74	\$ 574,343	\$ 603,052	\$ 633,216	\$ 664,871	
Reserve Accounts Forward	\$ 326,470					
Loan	\$ 1,000,000					

Note 1: Ad valorem taxes are figured according to formula: 95% of (TTV/1000 x millage).

Palm Coast will not receive the 9th cent Gas Tax which is reserved to the county. The Local Option gas tax will rise based on additional lane miles maintained by the City. State shared revenue is projected as listed based on 98-99 OOR estimates. All other revenue items are anticipated to grow based upon population growth and are therefore figured by multiplying the year one per cap rate times the current year population estimate.

Note 2: Per capita rates for Charges for Services and License/Permits are based on 12 months revenue to obtain a true rate. They are also figured with no population or inflation to be conservative. Thus, the rate is different from Year One Rate.

IX. EXPENSE PROJECTIONS AND METHODS

Expenses for the City of Palm Coast were computed for only the General Fund budget. As with the revenue budgets, special funds and Enterprise funds were not included. Expense projections for year one are shown in Table 9.1 and those for years two through five are shown in Table 9.2. Both are at the end of this chapter, and are printed so that the reader may fold the table out to review while reading the documentation.

A. Year One, FY 99-2000

Expenses for Year One were developed using two methods: current budgeted expenses; and estimated new expenses.

Expenses for those services currently being provided to Palm Coast by Flagler County were projected based on estimates of current year expenses provided by the County during a series of meetings. These expenses have been reviewed previously, and are included in this report as Appendix B-3. In addition, services are currently being provided based on the Palm Coast Service District as listed in the Budget included as Appendix B-1.

For administrative salaries that will be new to the City of Palm Coast, information and costs were taken from the Florida League of Cities, "Cooperative Salary Survey, Group II: Cities 10,000 - 50,000 Population" published in February 1998. The relevant pages are submitted in Appendix E-1 .

B. Years Two through Five: Five-City Per Capita Method

Expenses for Years Two through Five were developed using the Five-City per capita method. This method was used in order to bring the cost of doing business in Palm Coast up to the cost of a full-service city by year five. This is in keeping with the basic assumption that expenses should be estimated high.

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Five Florida cities were chosen. Each of the five was comparable to Palm Coast in some manner; i.e., location--near a coast; size--square miles; population; or developer-built. A detailed analysis of each city's FY 97-98 General Fund revenues and expenses and a comparative analysis of all five was performed. Information gained from the comparison of these cities was valuable in the computation of anticipated expenses. The General Fund Revenue/Expense budget analysis of the five cities and the comparison study is attached as Appendix E-2. The five cities chosen were, in alphabetical order:

- . DeBary
- . Deltona
- . New Smyrna Beach
- . North Port
- . Port Orange

While it is accepted that the cities vary in size and levels of services, the average per capita rate for General Fund services is a valid benchmark to utilize to evaluate the feasibility question. Consider the following:

- . One of the five cities analyzed was developer built, as was Palm Coast, and three are either on or near a coast.
- . The five cities range in population from 13,200 to 59,000, for an average of 29,633. Palm Coast's population estimate for year one of operation is 30,828.
- . The surface area ranges from 19.6 square miles to 76 square miles, for an average of 36 square miles. Palm Coast's proposed square mileage is 50.
- . The total taxable value ranges from \$571,433,540 to \$1,710,743,303. The average is \$917,089,967. The total taxable value for Palm Coast in its first year of operation is estimated to be \$1,496,285,451

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Reviewing individual city statistics produces a profile against which to measure Palm Coast, and therefore provides a reasonable guideline for comparison of both revenues and expenses.

In analyzing the budget information from the five cities, certain decisions were made. First, it was decided to study and compare only the General Fund revenue and expense budgets, since proprietary funds vary from city to city and are dedicated forms of revenue/expense. Second, every attempt was made, both through review of the budgets and through conversations with representatives of the various finance departments, to compare "apples to apples". For instance, some cities combine zoning with planning, etc. Tables of information regarding the five cities were developed comparing the 1997-1998 revenue and expense budgets by line item, and comparing the per capita revenue and expense by line item. Averages of the line item expense/revenue and per capita were computed.

The information so gained was used to project the second through fifth year expenses for Palm Coast. For all General Fund categories, with the exception of the Law Enforcement, some combination of the per capita rate for expenses developed through the Five-City study was used.

General Government and Development Services.

Port Orange's per capita rate was used for year five expenses in the areas of General Government (\$38.12) and Development Services (\$26.30). With an inflation factor of 6%, these became \$40.40 for Government Services and \$27.88 for Development Services. Years two through four were raised incrementally in order to get from the year one per capita rate to the year five per capita rate.

Instead of the per capita average of all five cities, Port Orange's per capita rate was picked for the following reasons:

. The population of 41,464 is near to what Palm Coast will be by year five.

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1. Port Orange is known for its excellent services in both areas.

2. Public Works.

Initially Port Orange was to be used for the per capita rate in Public Works. However, that rate was \$43.09, and Port Orange has just less than half of the square miles that Palm Coast will have. After more thought, the Public Works area was raised to \$50.00 per capita. It is believed that, because Palm Coast has infrastructure roads in place, the average per capita rate of \$56.62 might be too high. However, since some of the roads need repair, a mid-point between Port Orange and the Five-City average was picked. As above, the per capita rate was raised incrementally from year one to year five to obtain the final rate.

3. Fire Services.

In the area of Fire Services, the \$49.94 per capita rate of Deltona was used. Deltona has much the same configuration as Palm Coast: miles of curved roads over a large area. They have had a fully operational fire department since before their incorporation. Therefore, the per capita rate for Palm Coast Fire Services in year five was set at \$50.00. Once again, the rate was raised by increments from year one through year five to reach this figure.

4. Law Enforcement

The decision of how to project Law Enforcement expenses was more difficult. The per capita rate for year one under the Sheriff's proposed contract was \$53.86. The nine months per capita rate shown in Table 9.1 is \$40.40, but the full year per capita rate was \$53.86. Therefore, in order to match year one's twelve-month expense plus inflation, year two must be at least \$55.47 per capita.

In the Five City Study, the average for law enforcement was \$116.64. However, this is not a true picture, because the per capita rate ranged from a high of \$197.98 in New Smyrna Beach with a population of only 18,500 to a low of \$53.65 in Deltona where services are being provided under contract for a

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population of 59,000 for \$53.65. With this range, an arbitrary per capita rate of \$75.00 for year five was chosen.

c. Loan Repayment

Even though current loan rates are extremely low, and local cities are able to borrow at a lower rate today, an arbitrary interest rate of 6% for repayment of the \$1,000,000 loan was used. This was used in order to estimate this expense on the high side, in keeping with the basic assumption of estimating expenses high and revenues low. At this rate, the annual repayment would be \$281,820.

Table 9.1 General Fund Expense
Palm Coast Service District + Flagler County and City of Palm Coast
Year One

COLUMN 1	COLUMN 2	COLUMN 3
(Note 1)	TOTAL	(Note 2)
LINE ITEM	PALM COAST FL CO. SERVICE	FY 99-00
See Note 1	SERV DISTRICT (No chg to PCSD)	BUDGET
10/1/99 -12/31/99	10/1/99 - 12/31/99	FC + PCSD
(25% of PCSD	(25% of Fl Co Bud	10/1/99 - 12/31/99
Bud or Per capita)	(Cols 1 + 2)	
TOTAL EXPENSES	See Note 3	\$ 752,912 \$ 719,143 \$ 1,472,055
Administrative Services	\$ 59,012	\$ 79,749 \$ 138,761
PCSD Admin @ 25% of ((\$216,966 - Tax Coll- Animal Cont) x 6%)	\$ 32,076 \$ -
Mayor/Council	\$ - \$ -	
County Administration @ 25% of 70''' of (\$429,913 x 6%)	\$ -	\$ 79,749
Tax Assessor/Prop App @ 25% of (\$57,194 x 6% x 10% pop)	\$ 16,672	\$ -
Animal Control @ 25% of \$38,732 x 6%	\$ 10,264	\$ -
Public Works	\$ 284,580	\$ 48,620 \$ 333,199
Road/Drainage Maint @ 25''' of (1,073,886 x 6%)	\$ 284,580	\$ -
R &B County@25%of(\$148,196x6%)	\$ -	\$ 39,272
Ditch/Mowing @ 25% of (\$10,000 x 6%)	\$ -	\$ 2,650
Road and Bridge Admin A Co @ 25% of (}25,274 x 6%)	\$ -	\$ 6,698
Development Services	\$ 41,059	\$ 151,546 \$ 192,604
p&z @ 25''' of 70% of (\$441,972 x 6%)	\$ -	\$ 81,986
Code @25''' of [(\$106,478) + (\$26,975) + (\$21,486)] x 6%	Note 4	\$ 41,059
Inspection & Building Dept @ 25% of 80% of (\$328,112 x 6''')	\$ -	\$ 69,560
Parks & Recreation	\$.	\$ 24,061 \$ 24,061
P&R @25% of (\$90,795) x 6%)	\$ -	\$ 24,061
Law Enforcement	\$ -	\$ 415,168 \$ 415,168
Sheriffs Contract @ 25% of \$1,660,673	\$ -	\$ 415,168
Fire	\$ 250,550	\$ - \$ 250,550
Palm Coast Fire Dept @ 25% of (\$945,473 x 6%)	\$ 250,550	\$ -
Miscellaneous	\$ 117,711	\$ - \$ 117,711
Reserve for Contingence @ 25% of (\$100,000 x 6%)	\$ 26,500	\$ -
Pay Plan Reserve @ 25% of (\$146,578 x 6%)	\$ 38,843	
Reserve for Future Cap to Fund 703: assume no increase	\$ 52,368	
Note 1; Expenses In Column 2 (and Column 3) are shown merely to show the true cost of the first 1/4 year expenses.		
Column 2 services will be provided at no extra charge for the County ad valorem tax collected.		
Note 2: Discrepancies among totals are due to rounding differences.		
Note 3: All data for Year One are on a base year of 1997-1998. Where noted, data is corrected for 3% inflation/year (6% total).		
Note 4: \$26,975 is expense for one more inspector; \$21,486 is expense for one secretary anticipated in 98-99 budget.		

Table 9.1 General Fund Expense

Palm Coast Service District + Flagler County and City of Palm Coast

Year One

COLUMN 4 COLUMN 5 COLUMN 6 COLUMN 7

TOTAL

LINE ITEM PALM COAST PALM COAST PALM COAST FY 99-00

INCORPORATED INCORPORATED BUDGET BUDGET

1/1/00 - 9130/00 1/1/00 . 9130/00 1/1/00 - 9130/00 PCSD/City

(Service Provided (Service Provided (Cole. + 5) (Cols 1 + 8)

by City) by Contract) See Note 7

TOTAL EXPENSES \$ 2,637,886 \$ 1,875,184 \$ 4,513,070 \$ 5,265,982

Administrative Services See Note 5 \$ 543,465 \$. \$ 543,465 \$ 602,477
 Mayor/Council @ \$1,800 for Mayor & \$1,200 Per council person \$ 6,600 \$.
 City Manager @ 75% of Salary of \$83,246 x 6% \$ 66,181 \$ -
 City Attorney @ 75% of Salary of \$60,322 x 6% \$ 47,956 \$ -
 City Clerk @ 75% of Salary of \$48,595 x 6% \$ 38,633 \$.
 Auditor (Ave of Port Orange @ \$32,000 & DeBary @ \$15,000) \$ 23,500 \$ -
 Budget Analyst @ 50% of Salary of \$31,527 x 6% \$ 16,709 \$ -
 personnel Officer @ 50% of Salary of \$35,548 x 6% \$ 18,840 \$ -
 Benefits all personnel @ 35% \$ 68,222 \$.
 Tax Ass/Prop Apprais @ 75% of (\$57194 x 6% x 10% pop) \$ 50,016 \$ -
 Animal Control @ 75% of (\$38,732 x 6%) \$ 30,792 \$ -
 Rent for City Offices for nine months See Note 6 \$ 26,016 \$ -
 Operational Expenses @\$150,000 \$ 150,000 \$ -
 Public Works \$ 853,739 \$ 175,042 \$ 1,028,782 \$ 1,313,361
 Road/Drainage Maint @ 75% of (\$1,073,886 x 6%) \$ 853,739 \$ -
 R & B County Contract @ 75% of 12.5% of (\$148,196 x 6%) \$ - \$ 14,727
 Ditch/Mowing @ 75% of (\$10,000 x 6%) \$ - \$ 7,950
 Prof Eng & tech review @ 75% of 52.8% of (362,982 x 6%) 0 \$ 152,365
 Development Services \$ 135,898 \$ 454,637 \$ 590,534 \$ 631,593
 P&Z Services with Co @ 75% of 70% of (\$441,972 x 6%) \$. \$ 245,957

Code @ 75% of [(\$106,478 + \$26,975 + \$21,486) x 6%] \$ 123,177 \$ -
Inspection & Building Dept @ 75% of 80% of (\$328,112 x 6%) \$. \$ 208,680
Benefits for Code Sec and Insp @ 35% for 75% of year \$ 12,721 \$.
Parks & Recreation S . \$ - \$ - \$.
County Property \$ - \$ - \$. \$.
Law Enforcement \$ - \$ 1,245,505 \$ 1,245,505 \$ 1,245,505
Sheriffs Contract @ 75% of \$1,660,673 \$. \$ 1,245,505
Fire and EMS \$ 751,651 \$ - \$ 751,651 \$ 1,002,201
Palm Coast Fire Dept @ 75% of (\$945,473 x 6%) \$ 751,651 \$ -
Miscellaneous \$ 353,133 \$ - S 353,133 S 470,844

Reserve for Contingence @ 75% of (\$100,000 x 6%) \$ 79,500 \$ -
Pay Plan Reserve @ 75% of (\$146,578 x 6%) \$ 116,530 \$ -
Reserve for Future Cap to Fund 703: assume no increase \$ 157,103 \$ -

Note 5: All professional salaries are the average taken from the 1998 Comparison Study published by the Florida League of Cities.

Note 6: Rent was estimated based on local realtor information for 1800 sq ft @ \$\$18.00 per sq ft with 7% tax.

Note 7: In order to represent only those expenses Palm Coast will have to pay for, the total expense shown in Column 7 is the total of Columns 1 and 6-NOT Columns 3 and 6.

Table 9.2 Palm Coast General Fund Expense Estimates

Years Two through Five

LINE ITEM	Year One	Year Two	Year Three	Year Four	Year Five
1999.2000	2000.2001	2001.2002	2002-2003	2003-2004	
Population	30828	32369	33987	35687	37471
TOTAL EXPENSES S.. Note 1	\$ 5,285,981	\$ 6,933,660	\$ 7,996,869	\$ 8,918,074	\$ 9,997,301
General Government	\$ 602,477	\$ 809,225	\$ 1,019,610	\$ 1,249,046	\$ 1,513,828
Per Cap Rate	\$ 19.54	\$ 25.00	\$ 30.00	\$ 35.00	\$ 40.40
General Government					
Mayor and Council					
City Manager/Administration					
City Attorney/Legal Services					
City Clerk					
Finance & Auditor					
Personnel Human Resources					
Data Processing					
Rent for City Offices					
Public Works	\$ 1,313,361	\$ 1,424,236	\$ 1,563,402	\$ 1,712,976	\$ 1,873,550
Per Cap Rate	\$ 42.60	\$ 44.00	\$ 46.00	\$ 48.00	\$ 50.00
See Note 2 Per Cap Rate	\$ 43.68				
Administration					
Engineering					
Traffic Engineering/Control					
Streets/R OW Maintenance/Other Public Works					
Development Services	\$ 631,593	\$ 857,779	\$ 917,649	\$ 963,549	\$ 1,044,691

Per Cap Rate \$ 20.49 \$ 26.50 \$ 27.00 \$ 27.00 \$ 27.88

See Note 2 Per Cap Rate \$ 25.40

Planning & Zoning
Comprehensive Plan @ Contract with VCOG
Code
Inspection & Building Dept
Parks & Recreation \$ - \$. \$ - \$ - \$ -
All County Parks & Rec Under FI Co Ad Valorum

Law Enforcement \$ 1,245,505 \$ 1,780,295 \$ 2,209,155 \$ 2,498,090 \$ 2,810,325
Per Cap Rate \$ 40.40 \$ 55.00 \$ 65.00 \$ 70.00 \$ 75.00

See Note 2 Per Cap Rate \$ 53.87

Fire \$ 1,002,201 \$ 1,262,391 \$ 1,461,441 \$ 1,641,602 \$ 1,873,550

Per Cap Rate \$ 32.51 \$ 39.00 \$ 43.00 \$ 46.00 \$ 50.00

Miscellaneous \$ 470,844 \$ 517,904 \$ 543,792 \$ 570,992 \$ 599,536

Per Cap Rate 15.27 \$ 16.00 \$ 16.00 \$ 16.00 \$ 16.00

Reserve for Contingence

Pay Plan Reserve

Debt Service \$281,820 \$281,820 \$281,820 \$281,820

\$1,000,000 @ under 8% interest rate \$281,820 \$281,820 \$281,820 \$281,820

Note 1: FY 1999-2000 Expense Total includes first 3 months under PCSO and last 9 months as a city.

Note 2: This per cap rate includes the cost of county services during the first quarter of year one,

as such, it is closer to the true cost of full services for year one and is added for information only.

x. IMPACT ANALYSIS

There is the potential for a major impact on Flagler County, and a small impact on the current municipalities within the County.

A. Impact on Flagler County

1. Revenue Share and Local Option Gas Tax

The impact on the County as a result of reduced revenue share will amount to about \$1,426,000. The reduction will be in the following areas:

- . Reduction in the Half-Cent Sales Tax will be about \$684,000.
- . Reduction in the County's Revenue Share as a result of the increased Municipal Share will be about \$442,000.
- . In addition, the County will lose about \$300,000 in Local Option Gas Tax.

2. Ad Valorem Taxes

The County will lose no ad valorem taxes as a result of the incorporation of Palm Coast.

3. Other Lost Revenue

The County will also lose revenue from charges for services and license and permits. This will amount to about \$356,500.

4. Mitigating Circumstances

There are some mitigating circumstances, which will reduce this dollar impact.

- . The County will gain \$99,000 by the return of the 9th cent. In addition, the \$300,000 lost in Local Option Gas Tax will be mitigated by the fact that the County will no longer be responsible for maintaining \$300,000 worth of roads. These circumstances represent a total mitigation to the County in real dollars of approximately \$400,000. Thus, the total dollar impact

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on the county as a result of lost revenue share will be \$1,1)26,000.

. The county will no longer be responsible for many services,
which they currently provide to over 66% of the population.

. The County will receive back from Palm Coast approximately
\$1,875,000 in contract service revenue.

Thus, it appears that the County will have a net gain in year one of about
\$406,500.

In years two through five the County will have adequate time to prepare
for the loss of contract revenue as Palm Coast gradually transfers over to a full-
service city. The loss of revenue will be offset by the reduction in services
provided. Thus, Flagler County should ultimately have no net gain or loss.

B. Impact on Current Municipalities

1. Dollar Impact

The dollar impact on current cities as a result of Palm Coast receiving
a portion of the revenue share allotted to the County will be about \$5,800 for
Beverly Beach, \$37,000 for Bunnell, and \$77,000 for Flagler Beach. The impact
on their respective budgets will be negative, but the result can not be
estimated. What is known is the following example: Bunnell's expense budget
for 1998-1999 was \$1,220,913. Had they received \$37,000 less during the FY 98-99,
their budget would have been reduced by a mere 3%.

2. Other Impacts

As was discussed in Section III, Bunnell and Flagler Beach have
concerns regarding their ability to grow if Palm Coast is incorporated. It
appears that both cities will have room to grow: Flagler Beach to the west and
Bunnell to the west and south.

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XI. CONCLUSIONS AND RECOMMENDATION

Based on the information contained within this Feasibility Report, reviewed at five stages of the preparation by the citizens of Palm Coast, the conclusion is that incorporation of Palm Coast is feasible. In fact, it has been said that the City of Palm Coast will be a:

" . . . showcase community, with beautiful parks and no rush-hour traffic jams. . . , Palm Coast will doubtless never be an other Cleveland. And most of the people who live there will doubtless be very glad." (Florida Magazine (October 2, 1998, p. 15)
the following paragraphs support the conclusion, and in addition, a time-line is provided.

A. Legal

Palm Coast meets all of the requirements for incorporation prescribed in the statutes of the State of Florida, except two: the two-mile separation and the density requirement. However, both issues are inconsequential due to unique circumstances: 1) Palm Coast has operated within the current boundaries, which have been within the two-mile separation for over 25 years: 2) Palm Coast has made every effort to be cognizant of the needs of the other municipalities by changing the boundaries where possible: and 3) Palm Coast was developed under a PUD agreement which has provided infra-structure for an anticipated build out at over 225,000 citizens, well over the requirement.

In addition, the Legislature has waived such requirements before, specifically in the case of DeBary and Deltona, both neighbors of Palm Coast. If the Legislature agrees to a waiver in the present Charter, incorporation is feasible from a legal point of view.

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B. Financial

In the first fiscal year the City will require a short-term loan or credit line in order to accomplish the business of government. The projected revenues and expenses anticipate a rise in the level of services to that of a full city by year five. Therefore, in years two through five, the City can only operate under a balanced budget by moderately raising taxes to a level commensurate with other local cities. In addition, in order to arrive at these figures, revenues were projected very conservatively, and expenses very liberally. (Table 11.1 is a composite of the revenues and expenses for all five years.) Therefore, there is a high degree of confidence in the ability of the City to operate effectively in all but an unpredictable catastrophic situation. However, these figures do not represent actual revenues and expenditures. If incorporation takes place, it will be the responsibility of the elected Council to develop annual budgets based on conditions at the time.

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Table 11.1 Revenues and Expenses for Years One through Five

	Year 1	Year 2	Year 3	Year 4	Year 5
Population	30,828	32,369	33,987	35,687	37,471
Fiscal Year	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
REVENUES					
Total Taxable Value	1,496,285,451	1,544,914,728	1,595,124,456	1,646,966,001	1,700,492,39
Millage	1.3490	3.5000	3.5000	3.5000	3.7000
Ad Valorem Tax	1,917,565	5,136,841	5,303,789	5,476,162	5,977,231
State Revenue Share	1,278,669	1,305,611	1,334,290	1,363,737	1,393,976
Gas Tax	606,657	813,214	813,214	813,214	813,214
Charges for Services	27,642	49,847	52,339	54,957	57,704
Franchise Fees	116,354	122,170	128,277	134,693	141,427
Licenses/Permits	328,886	597,968	627,858	659,263	692,219
Reserve Accounts	326,470	-	-	-	-
Loan	1,000,000	-	-	-	-
Cash Balance Forward	362,105	698,367	1,790,368	2,053,265	1,637,219
Total Revenues	5,964,348	8,724,018	10,050,135	10,555,291	10,712,988
EXPENSES					
General Government	602,477	809,225	1,019,610	1,249,045	1,513,828
Public Works	1,313,361	1,424,236	1,563,402	1,712,976	1,873,55C
Development Services	631,593	857,779	917,649	963,549	1,044,691
Law Enforcement	1,245,505	1,780,295	2,209,155	2,498,090	2,810,32~
Fire	1,002,201	1,262,391	1,461,441	1,641,602	1,873,55C
Miscellaneous	470,844	517,904	543,792	570,992	599,536
Debt Service	281,820	281,820	281,820	281,820	281,82C
Total Expenses	5,265,98J	6,933,650	7,996,869	8,9J8,074	9,997,300
SURPLUS)	698,367	1,790,368	2,053,266	1,637,217	715,688

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C. Citizen Impact

The dollar impact on the citizens of Palm Coast will be higher than continuing to operate as a Service District. However, it is anticipated that for the citizens, the opportunity to have home rule with local representation and responsibility over their own future will be worth the added dollar amount. The following table, Table 11.2 Residential Tax Impact on Palm Coast, outlines possible dollar impacts on various homes.

Table 11.2 Residential Tax Impact on Palm Coast Homes
 Year and Actual Taxes for Actual Taxes for Actual Taxes for
 Millage Property Value of Property Value of Property Value of
 Tax Rate \$60,000 Minus \$80,000 Minus \$100,000 Minus

Homestead = Homestead = Homestead =

\$35,000 \$55,000 \$75,000

Current PCSD

1 .3490 47.21 74.19 101.17

Year One

1.3490 \$47.21 \$74.19 \$101.17

Year Two

3.5000 \$122.50 \$192.50 \$262.50

Year Three

3.5000 \$122.50 \$192.50 \$262.50

Year Four

3.5000 \$122.50 \$192.50 \$262.50

Year Five

3.7000 \$129.50 \$203.50 \$277.50

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D. Charter

A Charter for Palm Coast has been prepared and is submitted along with this Feasibility Study. Included in the Charter is information regarding the formation and governance of the City. The manner of elections is outlined, the duties and requirements of all public officials, both elected and appointed, is detailed. The City and district boundaries are detailed. (For a breakdown of the population by district, refer to Appendix F-1.) Finally, provision is made for the ability of the new City to borrow, set transition ordinances and receive early eligibility for State Revenue Share.

E. Time Line

A time line for the incorporation of Palm Coast is included as Table 11.3.
Table 11.3 Time Line for Incorporation of Palm Coast

DATE ACTIVITY

September 14, 1999	Referendum on Incorporation
September 21 to October 1, 1999	Qualifying for City Elections
November 9, 1999	Primary Election if Needed
December 14, 1999	General Election
December 16, 1999	First Council Meeting
December 31, 1999	PCSD Dissolved
December 31, 1999	City of Palm Coast Incorporated
December 31, 1999	Palm Coast Eligible for State Revenue Share Programs
September 30, 2000	First Full City Budget Adopted

APPENDIX A

97Cl_12.txt at www.census.gov

Appendix A-I
CENSUS DATA

(CO-97-1) Estimates of the Population of Counties (alphabetical list) for
July 1, 1997, and Population Change: April 1, 1990 to July 1, 1997

Source: Population Estimates Program, Population Division, U.S. Bureau of the Cen
Contact: Statistical Information Staff, Population Division, U.S. Bureau of the C
Internet Release date: March 17, 1998

FIPS State/County Code and Area Name

12
12001
12003
12005
12007
12009
12011
12013
12015
12017
12019
12021
12023
12025
12027
12029
12031
1203
12041
12043
12045
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6/26/98

Florida.....

Alachua County, FL.....
Baker County, FL.....
Bay County, FL.....
Bradford County, FL.....
Brevard County, FL.....
Broward County, FL.....
Calhoun County, FL.....
Charlotte County, FL.....
Citrus County, FL.....
Clay County, FL.....
Collier County, FL.....
Columbia County, FL.....
Dade County, FL.....
DeSoto County, FL.....
Dixie County, FL.....
Duval County, FL.....
Escambia County, FL.....
Flagler County,
Franklin County,
Gadsden County, FL.....
Gilchrist County, FL.....
Glades County, FL.....

Gulf County, FL.....
 Hamilton County, FL.....
 Hardee County, FL.....
 Hendry County, FL.....
 Hernando County, FL.....
 Highlands County, FL.....
 HillsboroughCounty, FL.....
 Holmes County, FL.....
 Indian River County, FL.....
 Jackson County, FL.....
 Jefferson County, FL.....
 Lafayette County, FL.....
 Lake County, FL.....
 Lee County, FL.....
 Leon County, FL.....
 Levy County, FL.....
 Liberty County, FL....
 Madison County, FL.....
 Manatee County, FL.
 Marion County, FL.....
 Martin County, FL.....
 Monroe County, FL.....
 Nassau County, FL.....
 Okaloosa County, FL.....
 Okeechobee County, FL.....
 Orange County, FL.....
 Osceola County, FL.....
 Palm Beach.County, "FL.....
 Pasco County, FL.....

Revised
 4/1/90

Census

12,938,071
 181,596
 18,486
 126,994
 22,515
 398,978
 1,255,531
 11,011
 110,975
 93,513
 105,986

152,099
42,613
1,937,194
23,865
10,585
672,971
262,798
28,701
8,967
41,116
9,667
7,591
11,504
10,930
19,499
25,773
101,115
68,432
834,054
15,778
90,208
41,375
11,296
5,578
152,104
335,113
192,493
25,912
5,569
16,569
211,707
194,835
100,900
78,024
43,941
143,777
29,627
677,491
107,728
863,503
281,131

7/1/97
Estimate

14,653,945 1
198,326
20,761
146,223
24,646
460,977
1,470,758
12,337
133,681
112,454
135,179
195,731
52,856
2,044,600
26,259
12,563
732,622
45,441
13,367
9,698
13,926
12,521
22,113
31,634
125,537
76, 854
909,444
18,382
99,215
45,706
13,232
6,289
196,214
387,091
215,170
32,254
6,703
17,558
237,139
237,308
116,087
81,919
54,096

167,580
33,102
783,974
142,128
1,018,524.
320,253

Appendix A- 2 .

REVISED POPUIATION ESTIMATES. U OF F BEBR

FLAGLER

PRELIMINARY POPULATION ESTIMATE (PERMANENT RESIDENTS) APRIL 1,
1999

CENSUS
4/1/90

TOTAL
POPULATION
CHANGE

PRELIMINARY
ESTIMATE
4/1/98

INMATES
4/1/98

PRELIMINARY EST.
LESS ~TES
4/1/98

28,701

14,740

43,441

0

43,441

THE POPULATION ESTIMATE PROPOSED FOR STATE REVENUE SHARING,
1999-2000 FISCAL YEAR IS 43,441.

YOUR PRELIMINARY POPULATION ESTIMATE FOP.. APRIL 1, 1999 IS *

43,441 "**

(SEE ENCLOSED SHEET FOR AN EXPLANATION OF TERMS.)

Appendix A-2

FLAGLER COUNTY GROWTH RATES BASED ON 1990 REVISED CENSUS

1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005

1990
Census

1998
Adjusted
BEBR Pop. 5% growth

28,701
30,136
31,643
33,225
34,886
36,631
38,462
40,385
42,404

43,441
45,613
47,894
50,288
52,803
55,443
58,215

61,126

43,441

NOTE: BEBR adjusted population estimate for Flagler
County as of 4/1/98. This has been appended.

Appendix A-3
PALM COAST GROWTH RATES BASED ON 1995 DATA
Population 5% Annual

Base Growth Rate

1995

1996

1997

**1998

1999

2000

2001

2002

2003

2004

2005

25,082

26,336

27,653

29,360

30,828

32,369

33,987

35,687

37,471

39,345

41,312

* 1995 Estimated by Flagler County Planning
Department based on Actual Building Permits
**310 population for Grand Haven added in.

Appendix A-4

DENSITY OF PALM COAST

Year

1995
1996
1997
*1998
1999
2000
2001
2002
2003
2004
2005

Population

25,082
26,336
27,653
29,360
30,828
32,369
33,988
35,687
37,472
39,345
41,312

Acreage

39,575
39,575
39,575
39,575
32,315
32,315
32,315
32,315

32,315
32,315
32,315

Density

0.63
0.67
0.70
0.74
0.95
1.00
1.05
1.10
1.16
1.22
1.28

* Population of 310 added in for Grand Haven.

NOTE: 640 acres = 1 square mile
32,315 acres = 50 square miles

Taxes

Ad Valorem Taxes
"Delinquent Ad Valorem Taxes
Ninth Cent Gas Tax
Local Option Gas Tax.
Palm Cable Franchise Fees
Licenses and Permits
Fire Inspection Fees
Intergovernmental Revenue
Firefighters Supp Compensation
Charges for Services
Fire Rescue Fees
Animal Licensing
Animal Control Fees
Fines & Forfeits
Animal Control Fees
Miscellaneous Revenue
Interest Income
Insurance Proceeds/Loss
Reimbursement Labor-Vehicles/other
Refund, Prior Year

Miscellaneous

NON-REVENUES
Interfund Transfers
Excess Fees-Property Appraiser
Excess Fees-Tax Collector

Balance Forward

Subtotal

TOTAL

311100 1,376,023 1,469,442 1,410,664 1,572,450

311200 1,616 0 1,000 1,000

312300 92,928 96,073 96,073 98,955

312400 478,262 . 492,915 492,915 507,702

313501 99,232 104,194. 112,965 116,354

ANNUAL BUDGET

FUND: Palm Coast Service District
DEPARTMENT: Administration
DIVISION: SECTION: 701-400-519

BUDGET NARRATIVE

The budget consists of three items that are administered for the Service District overall. A part-time secretary's time is allocated to Administration.

The fees payable to the Property Appraiser and the Tax Collector are estimated at \$57,194 for FY 1997/98. Other operating expenses include the Animal Control Contract in the amount of \$38,731.

The Reserve Accounts include the following:

Reserve for Contingency	100,000
Salary Adjustment Reserve	146,578
Reserve for Future Capital Outlay	1.000
Total:	\$247,578

The balance for Reserve for Future Capital in the amount of \$78,892 has been transferred to a Special Capital Fund (703).

DIVISION SUMMARY

DEPARTMENT
PALM COAST SERVICE DISTRICT
DIVISION FUND SOURCE
Administration 701-400-519

ACCT. DESCRIPTION	1995-96	1996-97	1997-98	
ACTUAL BUDGET EST. EXP. ADOPTED				
Personal Services	\$6,016	\$10,687	\$10,919	\$13,609
Operating Expenses	\$149,028	\$192,487	\$184,351	\$203,351
Capital Outlay	\$0	\$2,340	\$2,238	\$0
Debt Service				
Grants and Aids				
Non-Operating	\$0	\$212,831	\$89,037	
TOTAL	\$155,044	\$418,345	\$286,545	\$464,544

PROGRAM	1995-96	1996-97	1997-98	
ACTUAL BUDGET EST. EXP. ADOPTED				
I TOTAL	\$155,044	\$478,345	\$286,545	\$464,544

NUMBER OF POSITIONS

PROGRAM STAFFING ALLOCATION 1995-96 1996-97 1997 -98

ACTUAL BUDGET ADOPTED

I

,-..

Secretary III 0.50 0.50 0.50

ANNUAL BUDGET

FUND: peso DEPARTMENT: PCSD ADMINISTRATION

DIVISION: PCSO Code Enforcement SECTION: 701

BUDGET NARRATIVE

The Palm Coast Service District (PCSO) Code Enforcement Division provides technical, professional and administrative support necessary to enforce County codes, ordinances and land development regulations in the Palm Coast Service District. In 1992, the Palm Coast Service District hired its first Code Officer for the Service District.

The current service level funding for Palm Coast Service District (PCSD) - Code Enforcement will provide continued technical, professional and administrative support to the Palm Coast Service District.

An additional Code Enforcement Inspector has been added and the Code Enforcement Officer has been reclassified to a Code Enforcement Supervisor/Inspector (75%).

A compact truck has been approved at 75% Palm Coast Service District and 25% General Fund (total cost - \$12,000). Additionally, a personal computer for the Supervisor/Inspector is included at 75% Palm Coast Service District and 25% General Fund (total cost - \$1,800).

ANNUAL BUDGET

FUND: Palm Coast Service District
DIVISION: PC SO Code Enforcement
DEPARTMENT: PCSD Administration
SECTION:

MISSION STATEMENT

The Palm Coast Service District (PCSO) Code Enforcement Division provides technical, professional and administrative support to the Palm Coast Service District, Palm Coast Ordinance Committee, Flagler County Code Enforcement Board and general public as necessary to enforce County codes and ordinances and land development regulations. The Code Enforcement Program also assists in the review of ordinance changes and helps implement effective Code Enforcement procedures.

GOALS AND OBJECTIVES

1. To investigate and resolve 80 Code Enforcement cases each month;
2. To prepare violation notices and appropriate Code Enforcement Board cases;
3. To provide and initiate 30 inspection services each month in order to ensure Code compliance;
4. To assist the County Planning and Legal Departments in the implementation of an effective Code Citation system;
5. To respond to 60 public inquiries regarding Code requirements each month.

WORKLOAD

1. Investigate and resolve Code Enforcement cases each month;
2. Prepare violation notices and Code Enforcement cases;
3. Initiate inspection services each month;
4. Assist in the implementation of the Civil Citation system.
5. Respond to public inquiries regarding Code Enforcement requirements each month.

PROJECTED 1998

80

As Deemed Appropriate

30

As Necessary

60

DEPARTMENT
PCSD ADMINISTRATION & COMMUNITY SERVICES

DIVISION FUND SOURCE

PCSD Code Enforcement 701-401-515 I
ACCT. DESCRIPTION 1995-96 1996-97 1997 -98
ACTUAL BUDGET EST. EXP. ADOPTED
Personal Services \$42,240 \$60,628 \$64,285 \$89,839
Operating Expenses \$4,305 \$5,598 \$4,444 \$6,289
Capital Outlay \$6,528 \$0 \$0 \$10,350
Debt Service
Grants and Aids
Non-Operating
TOTAL \$53,073 \$66,226 \$68,729 ~ D~/
1 -"

PROGRAM 1995-96 1996-97 1997 -98 I

ACTUAL BUDGET EST. EXP. ADOPTED I

Palm Coast

Code Enforcement

TOTAL \$53,073 \$66,226 \$68,729 \$106,478

NUMBER OF POSITIONS I

PROGRAM STAFFING ALLOCATION 1995-96 1996-97 I 1997-98 I

ACTUAL BUDGET ADOPTED I

I

Code Enforcement Officer 1.00 1.00 0.00 \
Code Enforcement Inspector 0.50 0.50 1.50
Secretary III 0.00 0.50 0,50 I
Code Enforcement Supervisor/Inspector 0.00 0.75 0.75 I

ANNUAL BUDGET

FUND: Palm Coast Service District DEPARTMENT: Public Safety

DIVISION: Fire/Rescue Services SECTION: 701-380-522

BUDGET NARRATIVE

The adopted budget for the Palm Coast Service District Fire/Rescue Services represents an increase of \$44,455 (4.8%).

The secretarial position has been approved at 100% whereas it was 80% funded. The staffing for FY 1997/98 is 17, which includes a Station Officer, 3 Firefighter/Emergency Medical Technicians, Shift Commanders, 1 Firefighter/Paramedic, 11 Firefighters Emergency Medical Technicians and one Secretary.

Operating Expenses have increase \$12,080, with the majority of the cost in small tools.

Capital Expenses include hoses, storage facilities and carpet, .for a total of \$12,954.

ANNUAL BUDGET.

FUND: Palm Coast Service District

DIVISION: .Fire/Rescue

DEPARTMENT: Public Safety

SECTION: 701-380-522

MISSION STATEMENT

The purpose of the Palm Coast Fire/Rescue Department is to protect the lives, property and environment of the citizens and visitors of Flagler County by providing the highest possible level of service through fire prevention, public education, fire suppression, emergency medical services, and the mitigation of the effects of natural and man-made disasters consistent with the resources and funding available.

GOALS AND OBJECTIVES

1. Incorporate into a five year plan how to achieve an acceptable level of service that can be maintained during growth. 2. Continue to standardize by replacing outdated and broken equipment. 3. Establish a minimum manning guideline to keep engine companies at a level of at least three personnel that would give same level of service as the community grows. 4. Decrease response time to an average of less than 5 minutes for first due engines within the service district. 5. Continue to set minimum standards for training of all firefighters by achieving certifications as Driver Pump Operators and Fire Officer I as recognized by the State of Florida. 6. Set a standardized organization structure that would incorporate officers for supervision of each fire station. 7. Build more community involvement by starting community emergency response teams for post disaster response. 8. Continue to build volunteer involvement to supplement the career personnel for the most efficient operation of emergency service.

WORKLOAD

The Palm Coast Fire Rescue Department responded to 1,433 calls for emergency assistance. This is an average of 120 responses a month. We conducted station tours for private schools and day care centers of Palm Coast. Fire prevention instruction was given to every elementary class in the Flagler County School System. Continuous mandated training of EMT's,

Hazardous Materials, Blood Borne Pathogens, confined space and high angle rescue and fire suppression techniques is being done. Members have also been trained as part of a county search and rescue team.

PROJECTED 1998

Call load was down by approximately 200 runs due to fewer responses to non-trauma calls. Trauma calls and major accidents increased.

Maintenance of station and fire equipment increased by 50% with the opening of Station 2 Easton a full-time basis.

DIVISION
DIVISION SUMMARY
DEPARTMENT
PUBLIC SAFETY
FUND SOURCE

Palm Coast FireIRescue
701-380-522

ACCT. DESCRIPTION 1995-96 1996.97 1997-98

ACTUAL BUDGET EST. EXP. ADOPTED

Personal Services \$523,705 \$638,344 \$638,344 . \$688,595

Operating Expenses \$214,998 \$231,844 \$228,132 \$243,924

Capital Outlay \$28,554 \$30,830 \$30,830 \$12,954

Debt Service \$11,477

Grants and Aids

Non-Operating \$34,103 \$34,103 \$34,103 \$34,103

TOTAL \$812,837 \$935,121 \$931,409 \$979,576

ANNUAL BUDGET

FUND: 701-391-541 DEPARTMENT: Public Works

DIVISION: Palm Coast Road & Bridge SECTION: Roadside Drainage Maint.

BUDGET NARRATIVE

The Palm Coast Road Department was created in December 1987. The department is responsible for the effective and efficient management of the 435. miles of local roads within Palm Coast.

The Department has a computerized road and sign inventory and a Preventive ..- Maintenance Program for effectively managing the road system. .. Approximately 11.21 miles of road will be resurfaced in Fiscal Year 1997/98.

By action of the Board of County Commissioners on March 1, 1993, the Palm Coast Road Department repairs pavement damage caused by developers, according to Flagler County Code. Drainage improvements are also provided, through ditchmaster use, on local roads and on County roads within Palm Coast upon request.

The Department manages the inspection of residential contractor pavement damage and utility work within Palm Coast. The "Adopt-a-Road" Program is also managed by this Department to encourage businesses, service clubs and other organizations to provide roadside litter control, assisting in lessening the tax burden to provide this service.

The adopted budget for Fiscal Year 1997/98 reflects a decrease of \$84,599, which includes both operating and capital outlay expenses.

ANNUAL BUDGET

FUND: 701-391-541
DIVISION: Palm Coast Road & Bridge
DEPARTMENT: Public Works
SECTION: Roadside Drainage Maint.

MISSION STATEMENT

Provide effective, yet efficient, maintenance of the roads, roadsides and drainage systems within the Palm Coast Service District, including installation, repair and replacement of traffic and street signs, pavement patching, crack sealing, roadside vegetation management, regrading roadside swales, ditchmastering swales, repairing drainage structures such as inlets and outfalls, guard rail and bridge repair, maintenance of the vehicle and equipment fleet and litter control within the public right-of-way. Administer all of the above programs.

GOALS AND OBJECTIVES

Patch 3,000 sq. yds. and seal 50,000 sq. yds of pavement per year.
Make, install, repair or replace 500 traffic & street signs per year.
Mow all roadsides each 2 months during growing season (4 times per year).
Clean, shape and rebuild 2 miles of roadside swales with grader crew.
Clean, repair and rebuild 40 inlets and outfall structures.
Herbicide 100% of streets with vegetation growing through pavement, drainage structures and guardrail.
Brush trim for safety sight distance (280 intersections).
Provide vehicle and equipment maintenance & repair (475 work orders).
Inspect all residential building sites for pavement, & swale damage per Flagler County Code Section 26 and Utility Construction within Palm Coast right-of-way. Administer all of the above and respond to public requests in a timely manner.

WORKLOAD

- (1) Make, install, replace street name & traffic signs
- (2) Patch Pavement
- (3) Crack Seal Pavement
- (4) Fleet Maintenance
- (5) Grader-Ditchmaster Rd/Swale Maintenance
- (6) Clean/Repair Inlets
- (7) Shoulder Repair for Safety
- (8) Mow Roadsides
- (9) Inspection Utility & Residential Construction

- (10) Vegetation Management
- (11) Bridge/Guardrail Maintenance
- (12) Litter Control & Adopt-a-Road Program

PROJECTED 1998

- 500 Signs
- 3000 SY Patched
- 50,000 SY Sealed
- 475 Work Orders
- 40 Miles per Year
- 40 per Year
- 3 Miles per Year
- 6000 Acres (4 rounds)
- Approx. 850 Sites
- 870 Locations
- 8 Locations
- 50 Work Orders
- 3%
- 24%
- 9%
- 9%
- 14%
- 5%
- 6%
- 13%
- 7%
- 7%
- 2%
- 1%

DEPARTMENT SUMMARY

DEPARTMENT

PUBLIC WORKS

FUND SOURCE

Palm Coast Road and Bridge
701-391-541

ACCT. DESCRIPTION 1995-96 1996-97 1997-98

ACTUAL BUDGET. EST. EXP. ADOPTED

Personal Services \$452,183 \$494,817 \$493,508 \$519,911

Operating Expenses \$108,919 \$220,628 \$179,371 \$209,675

Capital Outlay \$220,950 \$443,040 \$329,806 \$344,300

Debt Service

Grants and Aids ..-

Non-Operating

TOTAL \$782,052 \$1,158,485 \$1,002,685 \$1,073,886

PROGRAM

1995-96

ACTUAL

1996-97

BUDGET EST. EXP. ADOPTED

1997-98

ROAD DRAINAGE

\$782,052

\$1,158,485

\$1,002,685

\$1,073,886

TOTAL

\$782,052

\$1,158,485

\$1,002,685

NUMBER OF POSITIONS

PROGRAM STAFFING ALLOCATION 1995-96 1996-97 1997 -98

ACTUAL BUDGET ADOPTED

Director* 1.00 1.00 1.00

Assistant Director 1.00 1.00 1.00

Administrative Secretary 1.00 1.00 1.00

Secretary 1** 1.00 1.00 1.00

Secretary ill 0.20 0.20 0.00

Sign Technician 1.00 1.00 1.00

Mechanic n 1.00 1.00 1.00

Crew Leader II 2.00 2.00 2.00

I Equipment Operator IV 1.00 1.00 1.00 I

I Equipment Operator III 1.00 1.00 1.00

Equipment Operator 1 3.00 3.00 3.00

I Tradesworker II 1.00 1.00 1.00

! Maintenance Technician II 1.00 1.00 1.00 I

I

i Maintenance Technician I 1.00 1.00 1.00 I

I

I Maintenance Tech. II (24 Hrs/week) 1.20 1.20 1.20 I

I

"" Safety Coordinator I

I.. 25% Safety Secretary -0.25 -0.25 \ -0.25 \ I

I,

.. ANNUAL BUDGET

FUND: Capital DEPARTMENT: Palm Coast Service District

DIVISION: SECTION: 703

BUDGET NARRATIVE

The Palm Coast Advisory Board recommended to the Board of County Commissioners that a Capital Fund be established for future improvements. which was approved August 22, 1997. with a dedicated millage on an annual basis for Pedestrian Pathways.

This fund has been established with a transfer of \$78,892 during FY 1996/97. and a millage rate of .001 dedicated to the Pedestrian Pathways in the amount of \$137,452 (less 5%) for a total budget of \$209,471 for FY 1997/98.

COUNTY ROAD & BRIDGE MILEAGE

FOR FROM 12 LANE/MILES

8elle Terre US1 Matanzas Wds Pkwy 2\$.1240

Whippoorwill Dr Ben. T.rrro Pkwy Whlteview Pkwy 2.3088

Bird of Paradise Belle Terre Pkwy MetenzIs Wds Pkwy 4.8203

Clubhouse Or Palm Harbor Pkwy Palm Coast Pkwy EB 3.5837

Colbert In Palm Coast Pkwy WB SR100 13.8071

Farmsworth Or Palm Harbor Pkwy Old Kings Rd 1.8026

Fellowship Or Palm Harbor PkWy Old Kings Rd . 1.875-4

Fleetwood Or Florida Park Dr Old Kings Rd 1.8700

Florida Park Dr Palm Coast Pkwy EB Palm HarbOr Pkwy 3.8480

Frontier Dr Palm Harbor Dr Old Kings Rd 2.1893

Hargrove Gr US1 West End Pav' 1.8206

Matanzas Woods Dr US1 Bird of Paradise 3.6982

Old Kings Rd Forest Grove Or Ditch 10. 9.2817

Palm Coast Pkwy Palm Harbor Pkwy US1 15.2472

Palm Harbor Pkwy Palm Coast Pkwy Forest Grove Or 8.1315

Parkvlew Dr Belle Terre Pkwy N Belle Terre Pkwy S 3.5514

. Pine Grove Or Whltevlew Pkwy Belle Terre Pkwy 4.2894

Pine Lakes Pkwy Bel., Terre PkWy N Belle Terre Pkwy S 10.0303

Point Pleasant Or Royal Palm Pkwy Belle Te0'8 Pkwy 3.2388

Pritchard Or Bette Terre Whltevlew Pkwy 3.6892

Royal Palms Pkwy US1 Point Pleasant Or 5.4488

Rymfire Or Royal Palms Pkwy Belle Terre Pkwy 8.1040

Wellington Or Pine Lakes Pkwy E Pine Lakes Pkwy W 3.9200

Westhampton Or Pine Likes Pkwy E Pine Lakes Pkwy W 2.\$147

Whlteview Pkwy Prltchald Or US1 8.8052

Wynnfield Or Pme LIkes Pkwy E Pine lakes Pkwy W 3.0194

TOTAL 111.71

South of SR100 Would be Outllde City

Citation Pkwy Sesame Blvd Seminole Woods Pkwy 1.5430

Laguna Forest Tr Belle Te0'8 Pkwy Citation Blvd 2.2434

sesame Blvd Seminole Woods Blvd Citation Pkwy 5.8428

Seminole Woods Pkwy SR100 US1 14.5404

TOTAL 24.17

North of SR100

South of SR100

GRAND TOTAL LANE MILES

158.71

24.17

112.11

.

Appendix B- 3

FIAGLER COUNTY DEPARTMENT EXPENSE INFORMATION

TO: Lois Wescott, President

Wescott Management Services

FROM: ~~Benjie Cauley, Public Works Director

~ Road and Bridge Department

SUBJECT: Cost of Performing Maintenance in palm Coast

DATB: September 14, 1998

In response to your request for information regarding the total cost that is associated with this department's maintenance of various Palm Coast County roads and recreational facilities, I offer the following:

Presently, this department maintains 30 roads in the Palm Coast vicinity.

Listed below are the man and equipment hour costs that were expended in the past two years (FY1996-1997 and FY1997-1998) for road related maintenance:

Exhibit (A) to Support Our Solivita Letter dated October 1, 2009

Man Hours

Equip Hours

\$ 35,340.00

\$ 79,943.75

Total

\$ 58,343.75

\$148,196.25

FY1996-1997

FY1997-1998

subtotal

\$ 23,003.75

\$ 68,252.50

120 CITY, COUNTY CLERK

ACTUAL L/S/H #

CITY MINIMUM MAXIMUM AVERAGE MATCH INC ABOVE TITLE

Royal Palm Beach 29270 39061 38674 S 1 Y Village Clk

Safety Harbor 35360 54350 49192 S 1 Y City Clk

Sanford 31942 47913 47913 S 1 Y City Clk/Sec-City Mgr

South Daytona 32947 49421 43037 S 1 Y Dpty City Clk

Stuart 39146 39146 39146 1 City Clk

Tarpon Springs 34751 49214 46374 S 1 City Clk/Collector

Temple Terrace 56000 S 1 City Clk

Titusville 30472 47237 42557 S 1 Y City Clk

Vero Beach 36992 S 1 Y City Clk ~

Wellington 51250 71750 51914 H 1 Y Village Clk

Wilton Manors 41933 58968

Winter Haven 29556 42543 35194 S 1 Y City Clk

Winter Park 39306 58177 41271 S 1 Y City Clk

Average 37230 53282 48595

204 BUDGET ANALYST

CITY

ACTUAL L/S/H #

MINIMUM MAXIMUM AVERAGE MATCH INC ABOVE

TITLE

-----,-----

Belle Glade 25000 28941 28940 S 1 Financial Analyst

Fort Pierce 25706 37274 S 1 N Fiscal Mgr

Naples 34564 50463 37163 S 1 Y Budget/Investment Mgr

New Port Richey 22844

Ocala 26430 41682 27222 S 1

Riviera Beach 33128 49029 39449 S 1 Y Budget/Mgmt Spec

Sanford 29954 44931 35639 S 1 Y Budget Analyst

Titusville 20342 31387 29515 S 1 Y Internal Auditor

Wellington 25448 37417 31447 S 1 Y Budget Analyst

-----,-----

Average 27572 40141 31527

Appenu1.X E- 2

FIVE CITIES STUDY

Schedule A General Information On Selected Cities for FY 97/98 Budget

DeBary Deltona New Smyrna Beach North Port Port Orange

General Fund Budget \$ 4,488,183 \$ 17,323,424 \$ 12,517,038 \$ 6,446,689 \$ 14,319,499

General Fund Millage Rate 2.5876 4.198 5.32896 5.2 4.40707

Total Assessed Property Value \$ 608,029,153 \$ 1,710,743,303 \$ 1,275,231,796 \$ 763,482,675 \$ 1,473,059,888

Total Taxable Property Value \$ 571,433,540 \$ 1,270,530,951 \$ 1,084,476,000 \$ 585,566,647 \$ 1,073,442,698

% Taxable Property Value 94% 74% 85.04% 77% 72.87%

to Assessed Value

Population 13,200 59,000 18,500 16,000 41 ,464

Square Miles 25 19.6 76 21.5

Developer Built? No Yes No No No

Page 1 (J)

Schedule B Comparison of General Fund Revenues of Selected Cities for FY 97/98
Budget

DeBary Deltona New Smyrna Beach North Port Port Orange

Taxes

Ad Valorem Taxes \$ 1,392,224 \$ 5,067,000 \$ 5,342,900 \$ 2,591,584 \$ 4,673,200

Utility Taxes \$ 735,000 \$ 2,859,589 \$ 641,800 \$ 201,600 \$ 2,620,300

Franchise Fees \$ 25,750 \$ 160,000 \$ 163,000 \$ 505,400 \$ 1,723,000

Local Option Gas Tax \$ 190,000 \$ 1,284,577 \$ 376,000 \$ \$

Subtotal \$ 2,342,974 \$ 9,371,166 \$ 6,523,700 \$ 3,298,584 \$ 9,016,500

Licenses & Permits

Occupational Licenses \$ 11 ,000 \$ \$ 155,650 \$ 27,000 \$ 72,200

Occupational Licenses-County \$ \$ 30,000 \$ \$ 4,000 \$ 40,900

Building Permits/Inspections \$ 113,000 \$ 350,000 \$ 120,000 \$ 462,500 \$ 297,500

Other Licenses & Permits \$ \$ 25,000 \$ 49,700 \$ 13,450 \$

Subtotal \$ 124,000 \$ 405,000 \$ 325,350 \$ 506,950 \$ 410,600

State Shared Revenues

State Revenue Sharing \$ 186,396 \$ 1,250,493 \$ \$ \$ 885,300

State Sales Tax \$ 466,575 \$ \$ 725,000 \$ \$ 1,536,900

Municipal Gas Tax \$ \$ \$ 110,000 \$ \$

1/2 Cent Sales Tax \$ \$ 2,303,150 \$ \$ 1,003,000 \$

Fuel Tax Refund \$ \$ \$ \$ \$ 14,800

State/Federal Grants \$ \$ 40,000 \$ 263,268 \$ \$ 22,998

Cigarette Tax	\$ 34,665	\$ 171,115	\$ 275,000	\$ 297,900	\$ 134,300
Alcoholic Beverage License	\$ 4,000	\$ 12,000	\$ 22,000	\$ ~,500	\$ 8,200
Mobil Home Licenses	\$ 8,000	\$ 5,000	\$ 100	\$ 75,000	
Other Shared Revenue	\$ 21,000	\$ 2,063,690	\$		
Subtotal	\$ 699,636	\$ 3,797,758	\$ 3,463,958	\$ 1,304,500	\$ 2,677,498
Charges For Services					
Planning& Zoning/Development Fee	\$ 54,500	\$ 24,300	\$ 4,000	\$	
Animal Control Fees	\$ 2,480	\$	\$ 112,500		
General Government	\$ 16,300	\$ 514,500	\$		
Culture/Parks/Recreation Fees	\$ 3,000	\$ 80,000	\$ 204,100	\$ 7,000	\$ 132,100
Public Safety	\$ 3,200	\$ 37,500	\$ 278,200		
Physical Environment	\$ 1,000	\$ 5,000	\$		
Misc. Charges for Service	\$ 17,200	\$ 1,000	\$		
Subtotal	\$ 59,980	\$ 100,400	\$ 283,200	\$ 531,500	\$ 522,800

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Fines & Forfeitures

Court Fines \$ 15,000 \$ 120,000 \$ 84,000 \$ 156,000 \$ 308,800

Local Ordinance Citations \$ \$ 5,000 \$ 2,500 \$ 1,200 \$

Miscellaneous Fines \$ \$ 7,000 \$ \$ 1,075 \$

Subtotal \$ 15,000 \$ 132,000 \$ 86,500 \$ 158,275 \$ 308,800

Miscellaneous Revenues

Interest Income \$ 104,200 \$ 200,000 \$ 280,000 \$ 150,000 \$ 267,200

Rents and Royalties \$ \$ \$ 35,000 \$ 3,300 \$

Land Leases \$ \$ \$ 100,870 \$ \$

Sale of Maps \$ 200 \$ \$ \$ \$

Sale of Assets \$ \$ \$ 17,000 \$ 10,000 \$

Firefighters Supplement \$ \$ \$ 4,000 \$ \$

Miscellaneous \$ 2,000 \$ 87,000 \$ 19,100 \$ 10,000 \$ 71,100

Subtotal \$ 106,400 \$ 287,000 \$ 455,970 \$ 173,300 \$ 338,300

Non-Revenues

Appropriated Fund Balance \$ 1,010,093 \$ 3,048,000 \$ \$ 373,580 \$

Appropriated Reserves \$ \$ \$ 1,034,120 \$ \$

Transfers from Other Funds \$ \$ 182,100 \$ 344,240 \$ 100,000 \$ 1,045,001

Contributions/Donations \$ 100 \$ \$ \$ \$

Escrow \$ 130,000 \$ \$ \$ \$

Subtotal \$ 1,140,193 \$ 3,230,100 \$ 1,378,360 \$ 473,580 \$ 1,045,001

TOTALS \$ 4,488,183 \$ 17,323,424 \$ 12,517,038 \$ 6,446,689 \$ 14,319,499

NOTES

DeBary - No notes.

Deltona - "Licenses & Permits" revenue source entitled 'Other Licenses & Permits' is \$25,000 for Animal Control Fees.

"State Shared Revenues" revenue source entitled 'Other Shared Revenues' includes \$17,000 - County Contributions & \$4000-

Other Fire Dept. Charges.

"Charges for Services" revenue source entitled 'Public Safety' includes \$3,100 - Haz Mat Services and \$100 Fire Witness Fees.

The revenue source entitled 'Misc. Charges for Service' include \$17,000 - County Contributions and \$200 - Facilities Fees.

"Fines & Forfeitures" revenue source entitled 'Local Ordinance Citations' reflects Code Enforcement fines collected and

Miscellaneous Revenues' is Law Enforcement Education monies.

"Miscellaneous Revenues" entitled 'Miscellaneous' includes \$15,000 - Sidewalk Impact Fees, \$60,000 - Recycling Proceeds, and

\$12,000 - Other. Non-Revenue revenue source entitled 'Transfers From Other Funds' is an Administrative Service Charge

to the Stormwater and Solid Waste Management Funds.

New Smyrna Beach - "Licenses & Permits" revenue source 'Other Licenses & Permits' includes monies for plumbing, mechanical,

sign, fire inspection, garage sale permits, etc.

"State Shared Revenues" revenue source entitled 'Other Shared Revenue' includes \$2.0 million, 6% Utilities Commission,

which is a required payment from the Utilities Fund.

"Charges For Services" revenue source entitled 'General Government' includes fees received from charges related to planning

and development activities. The revenue source 'Public Safety' includes fees from charges for funeral detail, fingerprinting,

and overtime detail.

"Non-Revenues" revenue source 'Transfers From Other Fund' includes monies from administrative service charges to the

Sanitation and Community Redevelopment Funds.

North Port - "Licenses & Permits" revenue source 'Building Permits/Inspections' includes \$350,00 - Bldg. Permits, \$42,000 -

Planning & Zoning Insp. Fees, \$70,000 - Certificate of Compliance fees, and \$500 - Certificate of Occupancy fees.

"State Shared Revenues" revenue source 'Cigarette Tax' is as follows: \$100,100 - 2 cents tax and \$197,800 -11 cents tax.

Municipal Gas Tax' monies, identified in this revenue category, are deposited directly into the Road & Drainage District Fund.

"Charges for Services" revenue source entitled 'General Government' is for administrative charges to the following

Enterprise funds: \$130,000 - Road and Drainage, \$95,000 - Fire Rescue, \$114,500 - Solid Waste, and \$175,000 - Utilities.

"Non-Revenues" revenue source 'Transfers from Other Fund' is monies transferred from the Capital Improvement,

Construction, and Land Acquisition Fund.

Port Orange - "State Shared Revenues" revenue source entitled 'State/Federal Grants' is for "Great Kids" grant program.

"Charges for Services" revenue source entitled 'Culture/Parks/Recreation Fees' includes monies collected from sponsor fees,

park/facility rentals, program registration, child care programs, etc. The 'Public Safety' revenue source if for monies from special

fire services, ambulance assistance, fire permits, fire plans review, etc.

"Non-Revenues" revenue source entitled 'Transfers From Other Funds' includes \$661,830 from the Water & Sewer Fund, \$75,000

from the Solid Waste Fund and \$151, 453 - Garbage Administrative Fee.

Schedule C Comparison of General Fund Revenues Per Capita of Selected Cities for FY 97/98 Budget

DeBary Deltona New Smyrna Beach North Port Port Orange

Population 13,200 59,000 18,500 16,000 41 ,464

Taxes

Ad Valorem Taxes \$ 105.47 \$ 85.88 \$ 288.81 \$ 161.97 \$ 112.70

Utility Taxes \$ 55.68 \$ 48.47 \$ 34.69 \$ 12.60 \$ 63.19

Franchise Fees \$ 1.95 \$ 2.71 \$ 8.81 \$ 31.59 \$ 41.55

Local Option Gas Tax \$ 14.39 \$ 21.77 \$ 20.32 \$ \$

Subtotal \$ 177.50 \$ 158.83 \$ 352.63 \$ 206.16 \$ 217.45

Licenses & Permits \$ \$ \$ \$ \$

Occupational Licenses \$ 0.83 \$ \$ 8.41 \$ 1.69 \$ 1.74

Occupational Licenses-County \$ \$ 0.51 \$ \$ 0.25 \$ 0.99

Building Permits/Inspections \$ 8.56 \$ 5.93 \$ 6.49 \$ 28.91 \$ 7.17

Other Licenses & Permits \$ \$ 0.42 \$ 2.69 \$ 0.84 \$

Subtotal \$ 9.39 \$ 6.86 \$ 17.59 \$ 31.68 \$ 9.90

State Shared Revenues

State Revenue Sharing \$ 14.12 \$ 21.19 \$ \$ \$ 21.35

State Sales Tax \$ 35.35 \$ \$ 39.19 \$ \$ 37.07

Municipal Gas Tax \$ \$ \$ 5.95 \$ \$

1/2 Cent Sales Tax \$ \$ 39.04 \$ \$ 62.69 \$

Fuel Tax Refund \$ \$ \$ \$ \$ 0.36

State/Federal Grants \$ \$ 0.68 \$ 14.23 \$ \$ 0.55
 Cigarette Tax \$ 2.63 \$ 2.90 \$ 14.86 \$ 18.62 \$ 3.24
 Alcoholic Beverage License \$ 0.30 \$ 0.20 \$ 1.19 \$ 0.22 \$ 0.20
 Mobil Home Licenses \$ 0.61 \$ \$ 0.27 \$ 0.01 \$ 1.81
 Other Shared Revenue \$ \$ 0.36 \$ 111.55 \$ \$
 Subtotal \$ 53.00 \$ 64.37 \$ 187.24 \$ 81.53 \$ 64.57
 Charges For Services
 Planning& Zoning/Development Fee \$ 4.13 \$ \$ 1.31 \$ 0.25 \$
 Animal Control Fees \$ 0.19 \$ \$ \$ \$ 2.71
 General Government \$ \$ \$ 0.88 \$ 32.16 \$
 Culture/Parks/Recreation Fees \$ 0.23 \$ 1.36 \$ 11.03 \$ 0.44 \$ 3.19
 Public Safety \$ \$ 0.05 \$ 2.03 \$ \$ 6.71
 Physical Environment \$ \$ \$ 0.05 \$ 0.31 \$
 Misc. Charges for Service \$ \$ 0.29 \$ \$ 0.06 \$
 Subtotal \$ 4.54 \$ 1.70 \$ (1/31 \$ 33.22 \$ 12.61

Fine!> ... Forfeitures

Court Fines \$ 1.14 \$ 2.03 \$ 4.54 \$ 9.75 \$ 7.45

Local Ordinance Citations \$ \$ 0.08 \$ 0.14 \$ 0.08 \$

Miscellaneous Fines \$ \$ 0.12 \$ \$ 0.07 \$

Subtotal \$ 1.14 \$ 2.24 \$ 4.68 \$ 9.89 \$ 7.45

Miscellaneous Revenues

Interest Income \$ 7.89 \$ 3.39 \$ 15.14 \$ 9.38 \$ 6.44

Rents and Royalties \$ \$ \$ 1.89 \$ 0.21 \$

Land Leases \$ \$ \$ 5.45 \$ \$

Sale of Maps \$ 0.02 \$ \$ \$ \$

Sale of Assets \$ \$ \$ 0.92 \$ 0.63 \$

Firefighters Supplement \$ \$ \$ 0.22 \$ \$

Miscellaneous \$ 0.15 \$ 1.47 \$ 1.03 \$ 0.63 \$ 1.71

Subtotal \$ 8.06 \$ 4.86 \$ 24.65 \$ 10.83 \$ 8.16

Non-Revenues

Appropriated Fund Balance \$ 76.52 \$ 51.66 \$ \$ 23.35 \$

Appropriated Reserves \$ \$ \$ 55.90 \$ \$

Transfers from Other Funds \$ \$ 3.09 \$ 18.61 \$ 6.25 \$ 25.20

Contributions/Donations \$ 0.01 \$ \$ \$ \$

Escrow \$ 9.85 \$ \$ \$ \$

Subtotal \$ 86.38 \$ 54.75 \$ 74.51 \$ 29.60 \$ 25.20

TOTALS \$ 340.01 \$ 293.62 \$ 676.60 \$ 402.92 \$ 345.35

Schedule 0 Comparison of General Fund Expenditures of Selected Cities for FY 97/98
Budget

DeBary Deltona New Smyrna Beach North Port Port Orange

General Government \$ 469,814 \$ 342,629 \$ \$

Mayor and Council/Commission \$ 66,562 \$ 109,977 \$ 89,274 \$ 140,943

City Manager/Admin. \$ 264,664 \$ 187,171 \$ 192,203 \$ 270,543

City Attorney/Legal Services \$ 208,500 \$ 165,212 \$ 168,000 \$ 249,406

City Clerk \$ 154,595 \$ 296,156 \$ 234,810

Administrative Services \$ 990,278 \$ \$

Finance \$ 307,443 \$ 788,204 \$ 414,550

Data Processing/Info. Services \$ \$

Personnel/Human Resources \$ 147,237 \$ 270,269

Development Services \$ 354,162 \$ 1,186,985 \$ 697,392 \$ 975,481 \$ 1,090,624

Police/Law Enforcement \$ 708,240 \$ 3,461,437 \$ 3,662,700 \$ 2,759,316 \$ 4,164,067

Fire \$ 508,870 \$ 2,946,430 \$ 2,325,183 \$ 15,900 \$ 2,919,971

Animal Control \$ 31,407 \$ 117,465 \$ \$

Library Services \$ 3,000 \$ \$

Parks and Recreation \$ 132,819 \$ 822,906 \$ 1,460,998 \$ 1,518,227

Public Works

Administration \$ 214,832 \$ 67,322 \$ 52,887

Engineering \$ 42,329 \$ 344,084 \$ \$

Traffic Engineering/Control \$ 58,509 \$ 263,529

Streets/ROW Maintenance	\$ 686,728	\$ 894,267	\$ 1,325,962	\$ 960,206
Facilities/Bldg. Maintenance	\$ \$ 359,710	\$ 274,627	\$ 442,253	
Other Public Works	\$ 99,000	\$ 1,637,700	\$ 67,733	
Non-Departmental				
Transfers to Other Funds	\$ \$ 285,089	\$ 150,517	\$ 922,585	
Contingency	\$ 123,613	\$ 556,386	\$ 522,452	\$ 231,822
Reserves	\$ 1,102,692	\$ 1,500,000	\$ \$	
Debt Service	\$ \$ 386,630	\$ 102,074		
Grants and Aids	\$ \$ 25,000	\$ 275	\$ 3,000	
Payments to other Govts.	\$ 60,000	\$ \$		
Miscellaneous	\$ 110,000	\$ 2,829,000	\$ \$	
TOTALS	\$ 4,488,183	\$ 11,323,424	\$ 12,511,038	\$ 6,446,689 \$ 14,319,499

NOTES:

DeBary -Since incorporation on 12-31-93, services have been provided by Volusia County via an Interlocal Agreement.

The agreement is negotiated annually with County Manager Larry Arrington for general services and with Sheriff Robert Vogel for law

enforcement services.

"Development Services" expenditures include the following functions: \$182,232 - Code Administration Inspections,

\$51,158 - Zoning Compliance, \$120,772 - Development Services.

"Public Works" expenditures for the function 'Other Public Works' include: \$85,000 - Sidewalks, \$4,000 - Solid Waste,

and \$10,000 - Mosquito/Aquatic Weed Control.

Deltona - "City Attorney" expenses are contract services and the "Finance" department includes monies for the Personnel function.

"Development Services" expenditures include \$444,423 - Growth Management and \$742,562 - Code Compliance.

"Police/Law Enforcement" services are provided by the Volusia County Sheriffs Office via interlocal agreement.

"Public Works" expenditures for 'Other Public Works' are for contract services with Volusia County and private sector contractors.

Services include asphalt resurfacing, sidewalk construction, retention area maintenance, tree removal, signage, mosquito control,

and public works related studies & analyses.

Expenditures for 'Streets/ROW Maintenance' is Field Operations which includes crews for road maintenance, litter control, etc.

"Non-Departmental" expenditures in the 'Miscellaneous' category include \$2,250,000 appropriated for capital improvements and

\$579,000 for miscellaneous contracts/contributions/expenses.

New Smyrna Beach - "General Government" includes expenses that cannot be allocated to specific departments.

"Administrative Services" includes expenses for the following functions: Finance, Personnel and City Clerk.

"Development Services" includes expenses for building, permitting, licensing, and development related activities.

"Parks and Recreation" includes the following: \$816,704 - Recreation and \$644,294 - Parks/Ball Parks

The "Public Works" function 'Streets/ROW Maintenance' also includes marina maintenance.

North Port - The "Finance" department includes monies for two divisions: Finance - \$691,759 and Human Services - \$96,445.

The Finance function includes Purchasing, Payroll, Accounting and Information Services. The Human Services function provides assistance to those residents in need of food, shelter, etc.

"Development Services" includes monies for two divisions: Planning & Zoning - \$535,575 and Building - \$439,906. The

Planning & Zoning function is responsible for all long range planning, zoning review, and various development related services.

Building is responsible for all permitting for construction and regulation of licenses for contractors and businesses.

"Fire" expenditures are for Emergency Management services only. A Fire Rescue District Fund, with a \$3,323,741 budget, covers all general fire and rescue services.

"Public Works" expenditures for all road maintenance/repair, stormwater management, road signage, lighting and landscaping

are included in a separate Road and Drainage Fund.

"Non-Departmental" expenditures for 'Transfers to other Funds' is to the Fleet ~ce Fund

Port Orange - "Development Services" includes the following functions:\$180,340 - Building Permits & Inspections,

\$93,284 - Licensing & Permitting, \$153,168 - Code Enforcement, \$91,254 - City Council,etc. Support, \$28,937 - Engineering

Permit Review & Issuance, \$149,104 - Engineering Inspection Services, \$90,505 - Geographic Information System,

\$ 183,174 - Comprehensive and Current Planning, \$60,470 - Zoning Regulation, and \$60,388 - Urban/Architectural/Landscape

Design.

"Parks and Recreation" expenditures include: \$791,995 - Parks Maintenance, \$465,032 - Recreation, and \$352,647 - Athletics.

"Public Works" expenditures for the 'Facilities/Building Maintenance' function include: \$89,605 for actual maintenance

of facilities and \$352,648 for facilities maintenance contracts such as custodial, pest control and window cleaning.

"Public Works" expenditures for the 'Streets/ROW Maintenance' function include \$554,014 for maintenance and \$406,192 for

maintaining the right of way.

"Public Works" expenditures for the 'Other Public Works' function include: \$37,694 - Customer Service, \$16,353 - Training and

Development, and \$13,686 - Capital Improvement Program Administration.

Schedule E Comparison of General Fund Expenditures Per Capita for Selected Cities for FY 97/98 Budget

	DeBary	Deltona	New Smyrna Beach	North Port	Port Orange
Population	13,200	59,000	18,500	16,000	41,464
General Government	\$ 35.59	\$ 18.52	\$ 18.52	\$ 18.52	\$ 18.52
Mayor and Council/Commission	\$ 1.13	\$ 5.94	\$ 5.58	\$ 3.40	\$ 3.40
City Manager/Admin.	\$ 4.49	\$ 10.12	\$ 12.01	\$ 6.52	\$ 6.52
City Attorney/Legal Services	\$ 3.53	\$ 8.93	\$ 10.50	\$ 6.02	\$ 6.02
City Clerk	\$ 2.62	\$ 18.51	\$ 5.66		
Administrative Services	\$ 53.53	\$ 53.53	\$ 53.53	\$ 53.53	\$ 53.53
Finance	\$ 5.21	\$ 49.26	\$ 10.00		
Data Processing/Info. Services	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Personnel/Human Resources	\$ 9.20	\$ 9.20	\$ 9.20	\$ 9.20	\$ 9.20
Development Services	\$ 26.83	\$ 20.12	\$ 37.70	\$ 60.97	\$ 26.30
Police/Law Enforcement	\$ 53.65	\$ 58.67	\$ 197.98	\$ 172.46	\$ 100.43
Fire	\$ 38.55	\$ 49.94	\$ 125.69	\$ 0.99	\$ 70.42
Animal Control	\$ 2.38	\$ 1.99	\$ 1.99	\$ 1.99	\$ 1.99
Library Services	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16
Parks and Recreation	\$ 10.06	\$ 13.95	\$ 78.97	\$ 36.62	\$ 36.62
Public Works					
Administration	\$ 11.61	\$ 4.21	\$ 1.28		
Engineering	\$ 3.21	\$ 5.83	\$ 5.83	\$ 5.83	\$ 5.83

Traffic Engineering/Control	\$ 4.43	\$ \$ \$	\$ 6.36
Streets/ROW Maintenance	\$ 52.02	\$ 15.16	\$ 71.67 \$ \$ 23.16
Facilities/Bldg. Maintenance	\$ \$ \$	19.44	\$ 17.16 \$ 10.67
Other Public Works	\$ 7.50	\$ 27.76	\$ \$ \$ 1.63
Non-Departmental			
Transfers to Other Funds	\$ \$ \$	15.41	\$ 9.41 \$ 22.25
Contingency	\$ 9.36	\$ 9.43	\$ \$ 32.65 \$ 5.59
Reserves	\$ 83.54	\$ 25.42	\$ \$ \$
Debt Service	\$ \$ \$	20.90	\$ \$ 2.46
Grants and Aids	\$ \$	0.42	\$ 0.01 \$ \$ 0.07
Payments to other Govts.	\$ 4.55	\$ \$ \$	\$ \$ \$
Miscellaneous	\$ 8.33	\$ 47.95	\$ \$ \$
TOTALS	\$ 340.01	\$ 293.62	\$ 676.60 \$ 402.92 \$ 345.35

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June 17, 2009

Senator Paula Dockery
Post Office Drawer 2395
Lakeland, Florida 33806-2395

Representative John Wood
702 Jones Avenue
Haines City, Florida 33844

Commissioner Jean Reed
Polk County Commission
Post Office Box 9005, Drawer BC01
Bartow, Florida 33831

Jeanette Coughenour, Manager
Associated Villages of Poinciana, Inc.
401 Walnut Street
Poinciana, Florida 34759

Re: Solivita residents' petition to opt-out of municipal incorporation as
proposed by Association of Poinciana Villages.

Dear Friends:

Please be advised I represent the interests of Michael Weitz and Jim Guth, steering committee members of what will soon become the Support Our Solivita Club, which consists of approximately 1,200 Solivita residents (and growing) whose interests are consistent herewith. Pursuant to Representative Wood's directive to Mr. Weitz and Mr. Guth in a recent meeting, please consider this communication my Clients' request to "opt-out" of any proposed municipal incorporation of the Poinciana area.

In May 2009, Association of Poinciana Villages, Inc. ("APV") issued an article within the "Poinciana Pioneer" detailing purported reasons supporting APV's decision to conduct a feasibility study potentially as a first step towards municipal incorporation. The land area sought for inclusion in the incorporation is within both Osceola and Polk Counties. APV's listed reasons for incorporation include the following:

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Representative John Wood
Commissioner Jean Reed
Jeanette Coughenour, Manager
June 17, 2009
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- enhanced law enforcement;
- more parks and recreation;
- more bus transportation;
- more sidewalks;
- more landscaping and beautification;
- more signage;
- quicker response from owners who let their homes look unkempt;
- more street lighting on main thoroughfares.

The article goes on to describe the problem of increased foreclosures limiting APV's ability to secure unpaid association dues for foreclosed properties. In this regard, the foreclosure repercussions affecting APV are not unlike the foreclosure problems resonating within communities nationwide. I think all of us can agree the foreclosure struggles of today's economy will run its course. In this regard we should guard against taking a permanent, knee-jerk reaction, such as starting a municipality, in an attempt to solve a transitory event.

While some of the reasons set forth by APV may be valid and commendable, candidly, the community of Solivita is not in need of any of the proposed improvements and my Clients, quite reasonably, do not desire to subsidize the above listed services to non-residents.

Solivita is a planned "over 55 community" that is unique to many nearby communities in that it has been set up as a self-contained community providing for quality and longevity. By way of example:

- Solivita residents pay upwards of \$3,400 per year in homeowner's association and club dues;
- Solivita already boasts beautifully maintained landscaping, lighting, roadways, sidewalks, parks and recreation;
- Solivita does not allow unkempt property conditions;
- Solivita maintains its own security company that is a supplement to the Polk County Sheriff's Office;
- The foreclosure rate within Solivita, even in today's economic downturn, is less than 1 percent.

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Furthermore, as Solivita is developed, in part, with Community Development District (CDD) bonds, the residents therein continue to finance their basic community development services such as infrastructure and recreational facilities. As such, Solivita is structured to bear its own burden; a municipal incorporation that absorbs Solivita will serve only to create an additional tax burden that subsidizes community services for non-Solivita communities at an additional expense to Solivita residents.¹

Notwithstanding the common-sense basis underlying my Clients' desire to opt-out of the proposed municipality, the concept of formation of a city that spans two counties is riddled with policy flaws. When envisioning municipal incorporation across county lines, seemingly limitless examples of the accompanying jurisdictional chaos come to mind, for example:

- two underlying taxing authorities, one municipality;
- two entirely different school systems, education opportunities, and bus routes for residents of one municipality;
- two fire and EMS providers, resulting in confusion as to the appropriate first response team to address emergencies within one municipality;
- two sheriff's departments addressing crime in one city;
- two state-attorneys prosecuting crimes within one municipal jurisdiction;
- different public defenders defending individuals accused of crimes within one municipal jurisdiction;
- different jails, resulting in confusion as to the appropriate jail to transfer arrestees for crimes committed within one municipality;
- two library systems given Polk County has a shared county/municipal library arrangement;
- confusion as to voting registration and venues due to jurisdictional authority of the counties having different Supervisors of Elections,
- compliance with interlocal agreements and the inability to enter interlocal agreements with one county covering the entire municipality;
- honoring solid waste contracts from each county, as required by law, which may have different rates and terms for persons within the same city.

¹ It is noteworthy a legislative purpose of Florida Statute 190, Community Development Districts, governing the establishment of CDDs, is to provide these services "without overburdening other governments and their taxpayers."

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By way of a more detailed example, incorporating across county boundaries creates problems as to compliance with the standards for incorporation as set forth in Chapter 165, Florida Statutes, Formation of Local Governments, specifically F.S. 165.061(1)(f), relating to solid waste collection contracts. (See also s. 10, Art. I of the State Constitution). In addition, cross-county incorporation will create jurisdictional confusion with residents as to court proceedings, not only as to two different county courts, but also as to circuit courts and district courts of appeals, as the proposed city would lie in two different judicial circuits and appellate jurisdictions. In this regard, there will exist legal confusion as to the “home venue privilege” for the proposed municipality. In addition to a multiplicity of lawsuits, this could also result in potentially conflicting judicial decisions from the different circuit courts relative to the same city.

Such chaos should not intentionally be perpetuated, the mere entertainment of such, quite frankly, defies logic. Municipal boundaries, if any, should be drawn to only include territory within Osceola County, which houses the lion’s share of the population governed by APV.

Certainly, we should also heed the policy behind the prohibition of annexation across county boundaries as set forth in F.S. 171.045, governing municipal annexation and contraction, which provides that municipal “annexation must take place within the boundaries of a single county.” Moreover, as reflected by the Third District Court of Appeal in *McGeary v. Dade County*, 342 So.2d 549 (3rd DCA 1977),

According to the codified version of that Act (Chapter 171, Florida Statutes), annexation must take place within the boundaries of a single county. Section 171.045, Florida Statutes (1975). When the Municipal Annexation or Contraction Act, Fla. Stat. ch. 171.045 (1975), is considered in conjunction with the legislative history of former Fla. Stat. ch. 171.04 (1973), **a continuous long term legislative prohibition against annexation across county lines may be discerned.** [Emphasis added].

The *McGeary* court additionally opines,

A municipality lying wholly in one county generally may not extend its territorial limits into another county without express statutory

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Commissioner Jean Reed
Jeanette Coughenour, Manager
June 17, 2009
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authority. **Such an extension is attended with such manifest and practical inconveniences growing out of the relation of the municipality and county governments**, that an intention to authorize an extension of city boundaries across county boundaries should not be lightly inferred. [Emphasis added].

While we recognize Florida Statute 165, which governs the formation of local governments, does not expressly prohibit incorporation across county lines, Florida Statute 165 does specifically require the area incorporated be “compact, contiguous and amenable to separate municipal government” In light of the litany of issues above, it becomes clear the Polk County line creates an insurmountable division for purposes of contiguity, such that the municipality, as proposed, will not function properly as a unified whole with respect to municipal services, social and economic trading (See the definition of “contiguous” in Chapter 171, Local Government Boundaries, specifically Florida Statute 171.031(11)). Moreover, this area is not “amenable”, which is commonly defined as “suited”, to be one cohesive municipality when careful consideration is given to the above examples. Accordingly, the incorporation of lands straddling county lines may not be legally sustainable.

For all the foregoing reasons, my Clients respectfully desire to opt-out of the proposed municipal incorporation of the Poinciana area. I trust you will understand the implications of municipal incorporation of the proposed area, as discussed, and the gravity of same. As such, I also trust my continued involvement will no longer be necessary; I will, however, be delighted to step in at a later date should there be a need. Accordingly, you are welcome to direct your responsive communications to Mr. Guth and Mr. Weitz.

Thank you in advance for your consideration in this matter.

Sincerely,

Heather R. Christman
For the Firm

Senator Paula Dockery
Representative John Wood
Commissioner Jean Reed
Jeanette Coughenour, Manager
June 17, 2009
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cc: Polk County Commissioners:

Commissioner Bob English, District 1
Commissioner Randy Wilkinson, District 2
Commissioner Ed Smith, District 3
Commissioner Sam Johnson, District 5
Post Office Box 9005, Drawer BC01
Bartow, Florida 33831