

Ruskin
Incorporation Feasibility Study

Prepared by

BJM Consulting, Inc.



Joseph M. Mazurkiewicz, Jr.
President
PO Box 101655
Cape Coral, FL 33910-1655
239-282-2186

Preface

Community leaders in Ruskin are exploring the viability of incorporation with the following primary goals:

1. "Home Rule" which would allow area residents to control the future land use and other matters within the community
2. Preservation of the community environment and quality of life
3. Take a long-range look at what future impacts and outside forces will have on the community
4. Return a greater share of their Hillsborough County tax dollars to the community
5. To build a community centered land use plan to maintain the environment and other needs of the residents, under the control of Ruskin

A goal of incorporation would be to maintain a minimal level of staffing wherever possible, municipal services would be contracted, based on cost effectiveness and the ability to provide a desired level of service. The intent would be to work with the Hillsborough County Government to continue services provided at the present time. Law enforcement would remain a function of the Hillsborough County Sheriff's Office, with the levels of service maintained as at present. Planning, zoning, building inspections and code enforcement would remain a function of Hillsborough County Government, but provided on a contractual basis. Library, roads, fire and stormwater functions would remain as at present.

Florida statutes establish certain standards for incorporation that have to be met by new communities trying to incorporate. Ruskin meets the standard of

being a compact, contiguous, and amenable to separate municipal government. The area proposed for incorporation meets the minimum population of 5000. The area has a population density less than the required 1.5 persons per acre, its population density is .85 persons per acre. The area proposed for incorporation does have a minimum distance of at least 2 miles from a boundary of an existing municipality within the county.

The proposed area for incorporation meets all but one standard for incorporation. Ruskin does not meet the minimum population density per acre standard. However the Legislature has included guidance as to the meaning and application of the stated requirements in the Florida Local Government Formation Manual. That Manual states:

"In recent years several special acts have been passed by the Florida Legislature that do not meet the incorporation standards of chapter 165, Florida Statutes. The Florida Legislature is bound by the provisions of the Florida Constitution and cannot enact laws that conflict with the Constitution. However, one legislature cannot tie the hands of future legislatures. Therefore, the current acting legislature may enact general laws or special acts that conflict with prior laws adopted by past legislatures. Since incorporation laws are not part of the Florida Constitution, the standards for incorporation listed in chapter 165, Florida Statutes, are considered to be guidelines when the legislature passes a special act to incorporate a new city. As such, the Legislature can approve incorporation even if the standards are not met by the proposed city."

These requirements as set forth in Section 165.061(1) F.S., are subject to amendment by a later special act. The Legislature has both the authority to enact requirements and to amend or waive such requirements by subsequent legislative action.

As to the density requirements, Section 165.061 (1c) has a disjunctive "or" built into the requirement. It reads as follows:

"(c) 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. "

The methodology of computing population density has only marginal meaning in terms of an agricultural area as Ruskin that is rapidly changing to a suburban community. The addition for the standards allowing for extraordinary conditions is designed for precisely this type of community whose future population density is guaranteed to meet the 1.5 persons per acre requirement by the existence of thousands of already plated single-family home sites that soon will be developed and owned by individual property owners.

Therefore, this study proposes that this wavier by the legislature is consistence with its past actions.

On May 6, 2004 the Ruskin Community Development Foundation signed a letter of engagement with BJM Consulting, Inc. This agreement directed BJM Consulting, Inc. to review a series of tasks approved by the Committee and to provide an impartial assessment of the tasks and present the findings to the community leaders. The assigned task was to develop a "Feasibility Study" of the incorporation of Ruskin under the requirements of the Florida State Legislature. Some of those requirements are:

- A review of the existing services presently being provided on Ruskin.
- Development of proposed incorporation revenue timeline and work with charter attorney to coordinate charter with feasibility study.
- Development of revenue analysis for proposed incorporated area.
- Development of expenditure analysis for proposed incorporated area.
- A pro forma presentation of revenue vs. expenditures, forecasted for a period of five years.

Financial projections by BJM Consulting, Inc. are based on information provided by Hillsborough County Governmental Agencies and compared to projections provided by the State of Florida. In addition to developing these financial projections, BJM Consulting, Inc. conducted a series of interviews with parties involved in the Ruskin community, or with entities that conceivably would provide services to the Ruskin community on a contractual basis should the community become a city.

In preparation for this report BJM Consulting, Inc. reviewed the following documents: Hillsborough County Budget for FY 2004, City of Palmetto Budget for FY 2004 and Proposed Budget for FY 2005, The Ruskin Community Plan (Draft), The Little Manatee River Watershed Land/Water Linkage Project, A Brief History of the Community of Ruskin, Florida, and The State of Florida Local Government Formation Manual.

In addition to providing an independent assessment of the scope of services developed by the Committee, BJM Consulting, Inc. has completed a SWOT (strengths, weaknesses, opportunities and threats) Analysis of incorporation for the Ruskin Community. The intent has been to provide a concise yet thorough analysis of factors that the Ruskin residents would need to consider when formulating a decision on whether to pursue incorporation of their community.

BJM Consulting, Inc. extends their appreciation to the numerous individuals who cooperated with their efforts in completing this report.

EXECUTIVE SUMMARY

SWOT ANALYSIS

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

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

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

Overall Issues

Strengths

- Ruskin is an established community with some of the necessary infrastructure in place.
- Ruskin has an ad valorem tax base that has shown good growth in the recent past.
- Community leaders are knowledgeable and experienced in providing existing public services.
- The community has demonstrated the ability to work together to accomplish a common goal.
- The citizens are generally happy with the draft vision for the community plan.
- The community has the ability to incorporate the existing special land use conditions of the County into the zoning regulations of a new city.

- There is existing support for a business-like look at incorporation by local residents.
- As proposed, the new municipality would not need a large number of employees to provide a high quality of life and good levels of service.
- There is a great sense of hometown close-knit community among the residents.
- There is a feeling within the business community that Ruskin is still a land of opportunity, and one that supports the entrepreneurial spirit.
- The community is located near I 75 between Tampa and Sarasota with access to the airports both to the north and south.
- Ruskin is the bedroom labor community for South Hillsborough County and Tampa.
- Existing road system is in place with necessary right of way to support growth. The cross street grid pattern provides for good interior traffic flows in the downtown business district.
- The community is presently experiencing a lower cost of living when compared to others in Hillsborough County.
- There is available land to support future growth.
- The growth is driving a change in demographics dropping the average age and increasing the disposal income.
- The community is away from the more congested traffic patterns in the county.
- The number of newly planned residential properties who will be paying taxes without creating an immediate demand on existing services.
- In an effort to "control future land use" from within the community the proposal contemplates the Ruskin City Council setting a land use policy and controlling zoning while using Hillsborough County's administrative staff, through an interlocal agreement to carry out the day to day issues of local land control.
- There are large areas of government lands available for public purposes.

Weaknesses

- Ruskin never has been through the State of Florida Comprehensive planning process required of cities. While it is anticipated by this study that the County Planning staff will prepare the new city's comprehensive plan, this still will be a new exercise for the town.
- The City of Ruskin will have to establish a working relationship with State and Federal agencies.

- Because of plans to provide many key services (code enforcement, planning and zoning), through inter-governmental agreements, quality control becomes a key issue.
- There is an under-funded liability in the area of disaster funds for costal communities throughout Florida. These are the local government funds necessary to meet the immediate needs of the community, before State and Federal help can be mobilized.
- The community has yet to adopt a common vision for its future.
- There is a lack of commercial and industrial zoned land available to meet the present needs of the people for retail, service and industry.
- There is a lack of jobs available in the community.
- The community lacks political clout with Hillsborough County government.
- There is an absence of elected leaders who are ready to take up the cause of the citizens.
- At present new growth is younger with an absence of community pride.
- There is a lack of code enforcement and zoning control being done by the county.
- There are unmet needs of elderly community.
- Lack of County investment in public infrastructure.
- Uncertainty over newly approved gated communities.
- The ad valorem tax base is weaker then other areas recently incorporated within the State.
- There is a loss of jobs due to a drop in agri-business

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

Opportunities

- Local governmental agencies (Hillsborough County governmental staff) may be willing to negotiate for the provision of services. This would allow Ruskin to determine the levels of service desired for the community rather than rely on outside boards or elected officials.
- Incorporation would give Ruskin "home rule" powers, as defined in the Florida Constitution, to protect the environment, other interests of the community and define how the community will evolve in the future.

- The city could negotiate with Hillsborough County for control of county impact fees collected within the incorporated area.
- A local government located within the community could react to citizens' concerns much sooner than the existing situation.
- The establishment of a city government would lessen the influences of non-residents and outside special interest groups.
- The Community could develop a plan to entice economic development with a focus in ecotourism.
- As a city government Ruskin would have more clout with county government.
- Incorporation could be a possibility once the tax base is grown to support it.
- Maximize the potential in growing from the existing to the build out population.
- Taking control of growth to enhance the quality of life by increasing business, choice of housing products, and lifestyles.
- Large areas to develop passive natural parks.
- The value of the property is growing with few non-performing vacant residential lots.

Threats

- Members of the local delegation to the Florida House of Representatives and Florida Senate have not come out in favor of votes on incorporation.
- The availability of a government body within the community would give easy access to local special interest groups and possibly increase their influence on the process of governing.
- Will there be enough qualified residents willing to serve as local government officials, and will they possess the leadership skill to run the city?
- Lack of organization to support the incorporation proposal.
- The additional cost to the business community in having to deal with another local government.
- The possibility of becoming the county's area for affordable housing.
- Commercial growth not happening causing the tax burden of city government to rest on residential property owners.
- Lack of Code enforcement causing property values to decline.
- Problems of remaining a bedroom community to the rest of the county. (Traffic, lack of services, increasing taxes)
- Ruskin may at one time been a contributing community to Hillsborough County now it is receiving more dollars back then it is paying in taxes.

- The loss of dollars that are presently in the Hillsborough County Capital Improvement Program for improvements

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

Expenses

Strengths

- The existence of conservative expenditure estimates and projections.
- The existence of a financial plan that includes budget contingencies or reserves.
- A service-delivery plan that limits allocation of city staff while emphasizing contractual services/private sector competition.

Weaknesses

- Existing local elected policy boards may not favor entering into contractual agreements to provide services, without a change in political leadership the City of Ruskin would have to provide all services in-house or pay high costs to continue the services.

Opportunities

- Ruskin would have the ability to implement an innovative, lean and progressive municipal government organization focused on supplying specific levels of service.
- The city would have the ability to negotiate specific levels of service from other governmental or private organizations that already provide services to the community (i.e. Impact Fees).

Threats

- There is a potential need to establish in-house service providers in the future.
- There are limited dollars identified in the budget to meet the Disaster Reserve needs in the early years of the study.

Revenue

Strengths

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

Weaknesses

- Overall reliance of property tax to balance the budget.

Opportunities

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

Threats

- The inability to initiate revenue-raising capability if the timeline in the report is not adhered to.

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

Strengths

- The ability to utilize the strengths and sizes of other agencies in terms of manpower, training and equipment.
- The ability to avoid extensive capital costs necessary to begin departments such as police, fire and dispatch for fire and police and geo-processing capabilities for planning and zoning.
- The ability to avoid the need to hire support personnel for law enforcement, fire and planning and zoning staff.
- The ability to negotiate with both Hillsborough County and others for services.

Weaknesses

- The County's elected policy makers and administration were less than enthusiastic in their support for serving the needs on a new local government in Ruskin through interlocal agreement. The relationship for services from Hillsborough County described in the study is based on both conversations with county administration and a review of the existing interlocal agreements for similar services between Lee County, the Town of Fort Myers Beach and the City of Bonita Springs.
- The inabilities to control policy decisions made by agencies with who contracts are formed. County government staffs have outside interests that could conflict with the interests of Ruskin and its residents. While contractual provisions could be incorporated into the agreement for services, day-to-day policy is too cumbersome to be part of the agreement. Contractual agreements would guarantee that certain levels of service would be provided. Immediate demands or changes in desired levels of service or the focus of efforts would not be as easily changed when compared to in-house staff.

Opportunities

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

Threats

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

REVIEW OF EXISTING AREA AND SERVICES

The Ruskin area that is being proposed for incorporation is 17.64 square miles or 11,292.08 acres. According to Hillsborough County land use classifications the area is made up of mostly residential uses: Residential - 1,2,4,6,12, Public/Quasi Public, Community Mix Use – 12, Suburban Mixed Use – 6, Office Commercial, Light Industrial, Light Industrial Planned. The areas identified with Commercial and Industrial land use are very limited. As of August 2, 2004 there were an undetermined number of pending land use or zoning cases in the proposed area of incorporation.

The residents of Ruskin are currently receiving services from Hillsborough County Government. These services include maintenance of right-of-ways, parks, all developmental services, code enforcement, environmental services, animal control, library, human services and other general governmental services. The County also provides fire protection and provides surface water management services. Law enforcement is the responsibility of the Hillsborough County Sheriff's Department, and emergency medical services are being provided by the County's Fire Department. Tampa Electric provides electric service to the community. Hillsborough County Utilities are providing water and sewer service to some areas of the Ruskin. Verizon provides communication services, and Brighthouse provides Cable TV.

It is projected by this study that after incorporation, all governmental services would continue to be provided by the current agencies. The method of paying for Hillsborough County MSTU services would be changed to utilize revenues collected by the new local government through a contractual relationship in lieu of unincorporated taxes being collected by the county.

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

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

Local public agencies: Hillsborough County Government (General County Operating, Children's Board, **Library-Service**, Transit Authority, Port Authority, and Water Management, have taxing authority within the territory proposed for incorporation that are on record with the Hillsborough County Property

Appraisers Office. The proposed incorporation will have no effect on those agencies with county wide taxing authority.

Public agencies that will be providing services to Ruskin have projected expenditures very much in line with communities of similar sizes. The following is a projection of the necessary expenditures for these agencies in FY 2005 as compared to Palmetto, Florida.

	<u>Expenditures</u>
Ruskin City Government	\$817,400
Contract for General Government w/County	\$3,105,424
Contract for Public Safety w/Sheriff	<u>\$766,422</u>
Total for Ruskin General Government	\$4,689,246
Cost per capita	\$488.31
Palmetto General Government	\$6,570,133
Cost per capita	\$509.31

Of the four options available to the citizens of Ruskin for governing themselves in the future the following could be said:

- The status quo of remaining part of unincorporated Hillsborough County does not provide the local control of land use and government services that are of interest to the residents
- The development of a community plan for Ruskin while remaining part of unincorporated Hillsborough County does give residents more input in the comprehensive planning process, but it does not prevent future changes in land use caused by outside influences, nor does it provide for local control of level of government services
- The annexation of the entire community into another incorporated area is not possible as there is no municipality abutting the proposed area for incorporation.
- The incorporation of Ruskin will provide local control of land use and assure the citizens they will be in control of the level of local government services they receive, **but the fiscal forecast of revenues vs. expenditures show that a tax increase will be necessary in the fifth year to balance the budget.**

**DEVELOPMENT OF A POSSIBLE
INCORPORATION/REVENUE TIMELINE
FOR RUSKIN**

This study assumes the following incorporation/revenue timeline for Ruskin:

<u>Date</u>	<u>Activity</u>
August 2003	The Ruskin Community Development Foundation starts to facilitate community debate, and develop options of governing.
July 2004	Initial Fiscal and SWOT Analysis Report on incorporation is completed.
August 2004	Feasibility Report on incorporation is completed.
September 2004	Committee presents Feasibility Report and Charter in the form of a local bill to the Chair of Hillsborough County Legislative Delegation for review by legislative staff.
December 2004	Committee presents Feasibility Report and Charter in the form of a local bill to the Hillsborough County Legislative Delegation meeting, and if passed.
March 2005	Local bill goes to Florida Legislature, and if passed.
Spring and Summer 2005	Community debates the pro's and con's of incorporation.
Fall 2005	Incorporation referendum, and if passed
Fall/Winter 2005	Council elections held.
December 31, 2005	City becomes a legal entity.

March 2006	City begins receiving revenue sharing and sales tax (provided city charter is approved).
January 2007	City begins receiving ad valorem tax revenue.
July 2007	Town receives first revenue sharing and sales tax if strict statutory timeline is followed.

Local governments run on an October 1-September 30 fiscal cycles. The state of Florida however, follows a July 1-June 30 fiscal cycles. In order for newly incorporated Ruskin to qualify for ad valorem taxes and various types of state shared revenues, it must meet property appraiser deadlines and comply with state-mandated criteria for state shared revenues.

If Ruskin does become a legal entity by December 2005, it should begin receiving property tax revenues collected by the Hillsborough County Tax Collectors in January 2007. Unlike other attempted incorporation, Ruskin is a clearly established independent taxing district with clearly identified boundaries. This should make cooperation and coordination with the Hillsborough County Property Appraisers that much easier.

The important dates to remember for revenue purposes are:

Establishment of a tentative millage (following public hearings) on or before July 31, 2006.

Adoption of a final millage rate (following two public hearings) on or before September 30, 2006.

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

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

- A) Reported its finances for its most recently completed fiscal year to the Department of Banking and Finance pursuant to s. 218.32.
- B) Made provisions for annual post audits of its financial accounts in accordance with provisions of law.
- C) Levied, as shown on its most recent financial report pursuant to s.218.32, ad valorem taxes, exclusive of taxes levied for debt service or other special millage authorized by voters, to produce the revenue equivalent

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

Remember that the state operates on a July 1-June 30 fiscal year. Ruskin may not be eligible for state shared revenues until July 1, 2007, because of that time lag.

Revenue Timeline Findings

The City of Ruskin proposed revenue timeline projects state shared revenue as of March 2006, pending approval of the necessary language in the City Charter. If this does not occur, the July 2007 date is well into the proposed city's second fiscal year, the city should then be able to meet the criteria established F.S. 218.33(1). Thereafter, state shared revenue is distributed on a monthly basis. This revenue timeline appears accurate, provided incorporation and other steps toward becoming a legal entity are completed within the proposed incorporation calendar.

DEVELOPMENT OF REVENUE ANALYSIS FOR RUSKIN

For the purpose of this study the revenue analysis is based on the population and taxable value of the Ruskin Planning Area only.

Municipal Revenues

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

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

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

Ad Valorem Property Tax

Property taxes are based on the value of real and personal property. Each year the county property appraiser determines the total value of each parcel of property. The value of residential property is based solely on the value of the real estate, which includes the buildings and improvements, while commercial property includes these values in addition to all relevant personal property. This value is called "assessed value." After subtracting all lawful exemptions (i.e. Homestead, \$25,000; widow, \$500; widower, \$500; disability \$500), the remaining value is called "taxable value."

Ad valorem taxes are based on taxable value. The property tax is calculated by multiplying taxable value of property by .001, and then multiplying that number by the rate of taxation, which is referred as "mills" or "millage rate." For example, for a home assessed at \$225,000 by the county property appraiser, the taxable value would be \$200,000 after deducting the \$25,000 Homestead exemption. If the municipality's millage rate were 5.0 mills, the property taxes would be \$1,000 ($\$200,000 \times .001 = \$200 \times 5.0 \text{ mills} = \$1,000$.)

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

Ruskin Community Planning Area received its estimate of taxable value for the 2004 tax year in July 14, 2004. The taxable value is \$ 344,058,215. Based on this estimate, Ruskin tax revenues for fiscal year 2004 per one mill levied can be projected as follows:

Taxable value	\$295,673,802
x the percent	0.95
Revised Taxable Rate	\$280,890,112
x millage rate	.001
Estimated Property Tax	\$280,890.11
Revenues at 1 mill	

Ad Valorem Property Tax Findings

Historically, Ruskin property owners have taken advantage of the various discounts offered by the Hillsborough County Tax Collector. The certificate of taxable value does not account for such discounts; therefore, a 95 percent projection represents a reasonable and prudent estimate technique used by numerous local Florida governments. Property tax revenues account for only 32% percent of the total Ruskin revenue base projected in this fiscal analysis.

Public Service Tax

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

Section 166.231 of the Florida Statutes provides authority to assess a tax based on the purchase of electricity, telephone and telegraph, water and heating fuels (natural gas, propane, fuel oil and kerosene) at a rate not to exceed 10 percent. Many municipalities apply this tax on a broader definition of telecommunications, which include intrastate long distance, cellular, pagers, etc. In this case the maximum rate allowed is 7 percent on all applicable telecommunications. This option does not include the 10 percent cap on other utilities.

Public Service Tax Findings

Because this tax does not exist in unincorporated Hillsborough County the Ruskin incorporation analysis does not include revenues associated with a Public Service Tax; therefore implementation of the tax at a later date could produce two results--additional revenues to either support programs or reduce ad valorem property taxes.

Franchise Fees

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

A 1987 Florida League of Cities survey indicates that franchise fees are levied on electricity, telephone (1 percent maximum), water, sewer, natural gas, cable television (5 percent maximum), solid waste collection, taxis, marinas, mass transit and golf courses. These fees are generally levied at rates of up to 6 percent of gross billings, except where noted above.

Franchise Fees Findings

Hillsborough County does levy franchise fees (Solid Waste, Electric & Cable TV), but the county retains the revenues derived from the collection of these fees. If Ruskin were incorporated, it would be exempt from county franchise fees. Adoption of these fees by Ruskin would produce revenue to the City with no additional fiscal impact on community residents. Additional or increased fees adopted at a later date could produce two results -- additional revenues to either support programs or reduce ad valorem property taxes.

Based on projections developed from using a mixture of three other cities in Hillsborough County and the Palmetto Florida franchise fees revenue for Ruskin in fiscal year 2004 are estimated at **\$364,720**.

User Fees

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

User fees have substantially increased as a proportionate share of a municipal budget since the 1970's. For some services, fees are charged at rates

below the actual cost and partially are offset by taxes. This is necessary for some services so that residents on fixed incomes are not excluded due to high prices. For other services, user fees cover the full cost of service delivery; these services are called enterprise operations. A golf course would be a typical example of an enterprise operation.

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

User Fees Findings

The Ruskin analysis does not include revenues associated with user fees.

Intergovernmental Revenue

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

Municipal Revenue Sharing

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

"Eligibility Requirements

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

- 1) Report its finances for the most recently completed fiscal year to the Department of Banking and Finance, pursuant to s 218.32 F.S., (s. 218.23(1)(a), F.S.).
- 2) Make provisions for annual post audits of its financial accounts in accordance with law, pursuant to chapter 10.500 Rules of the Auditor General (s. 218.23 (1)(b), F.S.).
- 3) For local governments eligible in 1972, levy ad valorem taxes (excluding debt service and other special millage) that will produce the equivalent of three mills per dollar of assessed valuation, based on 1973 taxable values as certified by the property appraiser, or collect an equivalent amount of revenue from occupational license tax, or a utility tax (or both) in combination with the ad valorem tax; or for municipalities eligible after 1972, the three mill equivalency requirements will be based

upon the per dollar of assessed valuation in the year of incorporation (s.218.23(1)(c), F.S.).

4) Certify that its law enforcement officers, as defined in s. 943.10(1), F.S. meet the qualifications established by the Criminal Justice Standards and Training Commissions, its salary structure and salary plans meet the provisions of Chapter 943, Florida Statutes, and no law enforcement officer receives an annual salary less than \$6,000. However, the Department of Revenue may waive the minimum law enforcement salary requirements, if the municipality or county certifies that it is levying ad valorem taxes at 10 mills (s.218.23(1)(d), F.S.).

5) Certify that its firefighters, as defined in s. 633.30(1), F.S. meet the qualifications for employment established by the Division of State Fire Marshal pursuant to ss.633.34 and 633.35, F.S. and that provisions of s.633.382, F.S. have been met (s.218.23(1)(e), F.S.).

6) Certify that each dependent special district that is budgeted separately from the general budget of the local governing authority has met the provision for an annual post audit of its financial accounts in accordance with the provisions of law (s.218.23(1)(f), F.S.).

7) Certify to the Department of Revenue that the requirements of s.200.065, F.S. ("TRIM") are met, if applicable. This certification is made annually within 30 days of adoption of an ordinance or resolution establishing the final property tax levy, or if no property tax is levied, not later than November 1 (s.218.23 (1)(f), F.S.).

8) Notwithstanding the requirement that municipalities produce revenues equivalent to a millage rate of three mills per dollar of assessed value (as described in paragraph three), no unit of local government that was eligible to participate in revenue sharing in the three years prior to participating in the Local Government Half-Cent Sales Tax shall be ineligible to participate in revenue sharing, solely due to a millage or a public service tax reduction afforded by the Local Government Half-Cent Sales Tax (s.218.23(3), F.S.)."

Pursuant to s. 218.21(3), F.S., all municipalities created pursuant to general or special law and metropolitan and consolidated governments as provided in Section 6(e) and (f) of Article VIII, Florida Constitution (i.e. Metro-Dade and Jacksonville-Duval,) are eligible to participate in Municipal Revenue Sharing Program if they fulfill the necessary eligibility requirements.

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

municipal revenue sharing dollars.

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

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

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

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

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

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

Summary

In summary, the total annual distribution to a municipality, depending on the formula, will yield various combinations of guaranteed entitlement and/or

growth money (associated with new construction):

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

However, the final distribution is dependent on actual collections.

Authorized Uses

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

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

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

Municipal Revenue Sharing Findings

Based on projections from the State of Florida Department of Revenue--Office of Tax Research, municipal revenue sharing money for Ruskin in fiscal year 2004 are estimated at **\$238,715**.

Local Government Half-Cent Sales Tax

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

Eligibility Requirements

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

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

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

Local Government Half-Cent Sales Tax Findings

Based on projections from the State of Florida Department of Revenue--Office of Tax Research, the half-cent local government sales tax distribution to Ruskin in fiscal year 2004 is estimated at **\$764,575**.

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

Licenses and Permits

Municipal Occupational License Tax

According to Section 205.042, Florida Statutes, "The governing body of an incorporated municipality may levy, by appropriate ordinance or resolution, an occupational license tax for the privilege of engaging or managing any business, profession or occupation within its jurisdiction."

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

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

County Occupational Licenses

Revenues are distributed to municipalities based upon percent of population.

Insurance Agent Licenses

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

Alcohol Beverage License

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

Permits

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

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

Licenses and Permits Findings

This report does not include revenues associated with permits because these fees typically are revenue neutral. Revenues raised from this source would pay for inspections, processing and plan review functions that will be provided by Hillsborough County staff through interlocal agreement. The report does include license fee revenues for FY 2005 of **\$50,000**.

Fines and Forfeitures

This revenue category includes receipts from fines and penalties imposed from the commission of statutory offenses, violation of lawful administrative rules

and regulations and for neglect of official duty. Fines include court fines, library fines, pollution control violations and violations of local ordinances. Forfeitures include revenues resulting from confiscation of deposits or bonds held as performance guarantees and proceeds from sale of contraband property seized by law enforcement agencies.

Fines and Forfeitures Findings

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

Motor Fuel Tax Refund

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

Motor Fuel Tax Refund Findings

This revenue source will not be significant to Ruskin due to the proposed limitation on city vehicular equipment.

Investment Income

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

Investment Income Findings

This incorporates investment income of **\$50,000** annually from fiscal year 2005 to fiscal year 2009.

Contributions and Donations

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

Contributions and Donations Findings

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

or services.

Miscellaneous Revenue

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

Miscellaneous Revenue Findings

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

Local Option Gas Tax

Cities in Hillsborough County share in the county's 6-cent local option tax on motor fuel and special fuel. The county uses its portion for debt service on bonds and maintenance of existing roads. The cities use their share for general transportation purposes. There is a statutory formula that establishes a minimum portion to be shared with each city. Hillsborough County imposed an additional 5-cent gas tax, with the cities participating through interlocal agreements. This portion of the gas tax can only be used for transportation projects that meet the requirements of the capital improvements element of an adopted comprehensive plan.

Local Option Gas Tax Findings

This report considers Local Option Gas Tax as revenue. However it is believed that the amount that could be developed through an interlocal agreement, along with the restrictions that are tied to the source of funds would be insufficient to meet the transportation needs of the area, therefore it is suggested that all road right of ways remain the responsibility of the county and Local Option Gas Tax is not considered a revenue source for this study.

DEVELOPMENT OF EXPENDITURE ANALYSIS FOR RUSKIN

Municipal Expenditures

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

General Government

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

Public Safety

This category also includes police and sheriff's department services, corrections, fire prevention, municipal fire services and/or contractual payments for fire fighting services from other entities. Public safety is the largest single expense area for Florida's municipalities and has shown sizable increases during the past several years. With Florida's growing population and increased demands for improved law enforcement and fire protection, this area is expected to continue to grow. Because of the limited growth potential on Ruskin this is not expected to have a large impact.

Utilities

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

Solid Waste

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

The collection aspect can take several forms. Many years ago, back door collection was the primary method. As personnel costs steadily grew, municipalities were forced to find cheaper and more cost efficient methods.

Today, the majority of municipalities utilize curbside collection or they contract with a private hauler to perform all or part of the operation. In larger multi-family complexes, dumpster service is now the norm.

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

While recycling of discarded goods has been performed for many years in Florida, the passage of the state's Solid Waste Management Act in 1988 has prompted the emergence of highly organized recycling programs. This act requires, among many other things that communities initiate and achieve specified levels of recycling to reduce the volume of solid waste taken to landfills by 30 percent by the end of 1994.

Roads and Streets

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

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

Stormwater and Environment

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

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

water and sewer bills or as a separate stormwater bill.

Economic Improvement

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

Human Services

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

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

Culture and Recreation

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

Debt Service

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

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

G.O. bonds also are known as "full faith and credit bonds" because their repayment is unconditional and based on general credit and taxing powers of the borrowing government. Since the power to levy and collect property taxes provides the basic security to these bonds, they require voter approval. G.O.

bonds generally carry the lowest interest rates, and typically are used to finance general-purpose public buildings, roads, and criminal justice complexes.

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

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

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

Miscellaneous Expense

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

Findings for Expenditure Analysis

This report includes **\$642,400** in administrative and finance expenditures, an additional **\$3,105,424** for growth management, code enforcement, professional planning services, and general government support from Hillsborough County, **\$175,000** in contract services, and **\$766,424** for public safety from Hillsborough County Sheriff Department. These expenditures are for a combination of municipal employees and contractual services as shown below.

Municipal Employees

Position	Proposed Salary
City Manager	\$85,000
Finance Director/Comptroller	\$75,000
City Clerk/Treasurer	\$65,000
Administrative Assistant	<u>\$35,000</u>
Total Salaries	\$260,000
<u>Benefits @ 35%</u>	<u>\$91,000</u>
Total Salary and Benefits	\$351,000

Contractual Services

Contract Services	Proposed Cost
Legal Services	\$75,000
Growth Management	50,000
Professional Services	<u>\$50,000</u>
Total	\$175,000

The projected salaries for administrative staff are within the average salary for Florida cities with population between 10,000 and 15,000 residents. The projected contract costs for growth management, planning and code compliance could employ one full-time planner and operating costs, rather than contracting for services.

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

Personnel w/benefits	\$351,000
Operating/rent	86,400
Insurance	75,000
Audit	35,000
Capital (one time)	75,000
Contingency	<u>20,000</u>
Total	\$642,400

The above costs include all relevant expenditure categories and coupled with the 5 percent contingency factor, appear reasonable to assume the administrative and financial activities for Ruskin.

The final major expenditure category--parks and recreation--will continue to be provided by Hillsborough County and be paid for through the interlocal agreement with Hillsborough County.

The following is the first full year (FY/2005) projections for revenues and expenditures necessary for the City of Ruskin. The City will only come into existence in the fourth month of the fiscal year; therefore the new municipality would realize only 75% of the annual projected budget.

Revenues

State Shared Revenue	\$1,067,885
Franchise Fees and Communication Service Tax	789,710
Local Option 1% Sales Tax	663,930
Interest Earnings and Licenses	101,500
Bridge Loan	2,000,000
Ad Valorem Property Taxes	<u>1,434,674</u>
Total	\$6,057,699

Expenditures

Salary and Benefits	\$351,000
Contract Services	175,000
Operations/rent	86,400
Insurance	75,000
Audit	35,000
Hillsborough County Intergovernmental Contract	3,105,424
Hillsborough County Sheriff	766,422
Capital Equipment (One Time)	75,000
Contingency	<u>20,000</u>
Total	\$4,689,246

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

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

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

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

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

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

Benefits and Limitations

Benefits of Forecasting

The major benefits of multi-year forecasting include:

- Identification of possible consequences of various economic policy scenarios.
- Identification of future fiscal problems.
- Development of sound financial management policies and practices.

- Provision of information to all parties in the incorporation process (government agencies, the press, business, community, neighborhood organizations and the general public) that explains the relationship between program expansion and anticipated revenues.

Limitations of Forecasting

Multi-year forecasts have inherent limitations.

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

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

This study has developed a Five-year financial projection for an incorporated City of Ruskin based on fiscal years 2005 through 2009. BJM Consulting, Inc. developed the assumptions used in this financial forecast.

Population

The current permanent population is estimated at 10,542 and total population (with seasonal residents) is estimated to approach 13,000. The growth in population is projected to increase to 12,815 in FY 2009, with a peak population of 15,200. The population growth is based on the projected growth of the approved developments already approved in the study area. This projection is consistent with previous growth patterns and other studies of Ruskin.

Property Tax Base

The property tax base is projected to increase an average 12 percent from fiscal year 2005 through 2009. The taxable assessed value in Ruskin is projected at \$326,855,304 for fiscal year 2005 and is expected to increase to \$514,313,148 in fiscal year 2009.

Expenditures

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

Service	Provider	Average Annual Increase
Other Contract Services	Others	3%
County Contract Services	Hillsborough County Government	4%

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

Internal administrative and finance services increase approximately 3 percent each year. In addition, an annual 5 percent contingency factor has been included.

Revenues

The projected millage rate replaces the Hillsborough County unincorporated MSTU ad valorem tax of 5.06210 mills, and the Hillsborough County Park Bonds - Unincorporated ad valorem tax of 0.04550 mills.

The forecast assumes the following Ruskin millage rates and property tax revenues:

Fiscal Year	Millage Rate	Property Tax Revenues @ 95%
2005	5.1076	\$1,434,674
2006	5.1076	\$1,606,835
2007	5.1076	\$1,799,655
2008	5.1076	\$2,015,614
2009	5.1076	\$2,257,487

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

Local Option Sales Tax revenues are estimated as:

Fiscal Year	Projected Revenue (4% Annual Increase)
2005	\$663,930
2006	\$690,487
2007	\$718,107
2008	\$746,831
2009	\$776,704

State shared revenues are estimated as:

Fiscal Year	Projected Revenue (4% annual increase)
2005	\$1,067,885
2006	\$1,110,600
2007	\$1,155,024
2008	\$1,201,225
2009	\$1,249,274

Franchise Fees and Communication Service Tax are estimated as:

Fiscal Year	Projected Revenue (3% annual increase)
2005	\$789,710
2006	\$813,397
2007	\$837,799
2008	\$862,933
2009	\$888,821

The revenue projection of \$789,710 from Franchise Fees and Communication Service Tax was developed on the experience of the Town of Palmetto Florida adjusted for population and community profile.

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

Interest rate earnings and County Occupational Licenses are anticipated to be \$101,500 in fiscal year 2005 and continue through fiscal year 2009.

Expenses

Contract for general government services with Hillsborough County

Fiscal Year	Projected Cost (4% annual increase)
2005	\$3,105,424
2006	\$3,229,641
2007	\$3,358,827
2008	\$3,493,180
2009	\$3,632,907

Contract for public safety services with Hillsborough County Sheriff

Fiscal Year	Projected Cost (4% annual increase)
2005	\$766,422
2006	\$797,079
2007	\$828,962
2008	\$862,121
2009	\$896,605

Ruskin Local Government Expense

Fiscal Year	Projected Cost (3% annual increase)
2005	\$817,400
2006	\$841,920
2007	\$867,180
2008	\$893,195
2009	\$919,990

Based on assumptions prepared by BJM Consulting, Inc., and the acquisition of a \$2,000,000 bridge loan, the financial forecast is delineated below:

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues					
State Shared Revenue	\$1,067,885.00	\$ 1,110,600.00	\$1,155,024.00	\$1,201,225.00	\$ 1,249,274.00
Franchise Fees and Communication Service Tax	\$ 789,710.00	\$ 813,397.00	\$ 837,799.00	\$ 862,933.00	\$ 888,821.00
Local Option Sales Tax	\$ 663,930.00	\$ 690,487.00	\$ 718,107.00	\$ 746,831.00	\$ 776,704.00
Interest Earnings and Licenses	\$ 101,500.00	\$ 101,500.00	\$ 101,500.00	\$ 101,500.00	\$ 101,500.00
Bridge Loan	\$2,000,000.00				
Ad Valorem Property Taxes	\$1,434,674.00	\$ 1,606,835.00	\$1,799,655.00	\$2,015,614.00	\$ 2,257,487.00
Total Revenues	\$6,057,699.00	\$ 4,322,819.00	\$4,612,085.00	\$4,928,103.00	\$ 5,273,786.00
Expenses					
Ruskin Local Government Expense	\$ 817,400.00	\$ 841,920.00	\$ 867,180.00	\$ 893,195.00	\$ 919,990.00
Contract for General Government with County	\$3,105,424.00	\$ 3,229,641.00	\$3,358,827.00	\$3,493,180.00	\$ 3,632,907.00
Contract for Public Safety with Sheriff	\$ 766,422.00	\$ 797,079.00	\$ 828,962.00	\$ 862,121.00	\$ 896,605.00
Bridge Loan					\$ 2,000,000.00
Total Expenses	\$4,689,246.00	\$ 4,868,640.00	\$5,054,969.00	\$5,248,496.00	\$ 7,449,502.00
Reserve/(Deficit)	\$1,368,453.00	\$ (545,821.00)	\$ (442,884.00)	\$ (320,393.00)	\$(2,175,716.00)
Cumulative		\$ 822,632.00	\$ 379,748.00	\$ 59,355.00	\$(2,116,361.00)

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

Impact on the Homeowner

The following is intended to give Ruskin property owners a better idea of the impact incorporation will have in terms of property taxes they will pay.

It is projected that the proposed incorporation will have a small financial impact on property taxes. It is assumed that the millage levied by the City will be the same as that levied by Hillsborough County's Unincorporated MSTU and Park Bonds-Unincorporated MSTU until the fifth year (FY2009) when an increase of 0.6447 mills will occur to balance the budget.

Taxpayers with the following assess taxable would pay the following additional ad valorem property taxes:

Taxable Value	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
\$100,000	\$0	\$0	\$0	\$0	\$478.83
\$250,000	\$0	\$0	\$0	\$0	\$1,197.08
\$500,000	\$0	\$0	\$0	\$0	\$2,394.05

The short-term financial position is due to the majority of municipal services being delivered through contractual relationships with the County. The growth in property values may not have an immediate positive financial impact to the new City of Ruskin. However the financial projections clearly show that the State Shared Revenue, Franchise Fees, and other non-ad valorem revenues cover the administrative cost of the City. These additional revenues starts to show in the second year of the forecast, they could very well be greater.

This fiscal analysis should not be considered as being close to revenue neutral. The need for additional monies for road repair, extra code enforcement officers and additional police officers could easily cause the need for a higher tax increase than the one proposed in the study. The contrary is also true. Additional revenues over those projected due to new development in the area could provide enough new dollars to fund additional services and make up for any shortfall in projected revenues.

