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## South Walton Incorporation Feasible Study



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## INTRODUCTION

The Community known as “South Walton” proposes its incorporation to better serve the local community and provide localized governance. The Florida Legislature has established standards for municipal incorporation in Florida Statutes Chapter 165. The purposes of that chapter are 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 government jurisdictions.
- (5) Promote equity in financing of municipal services.<sup>1</sup>

## FEASIBILITY STUDY REQUIREMENTS

The Florida Statutes (Chapter 165) also include a requirement that, prior to a special act of the Florida Legislature incorporating a municipality, a feasibility study be completed. The feasibility study must provide information on eleven topics provided in Florida Statutes section 165.041, paragraphs (b)1 through (b)11. This section of the study fulfills those requirements for municipal incorporation of South Walton, Florida.

### **1. Location of Territory**

The area known as South Walton is all that area in Walton County which is south of the Intercoastal Waterway Canal and the Choctawhatchee Bay. The area includes twenty-six (26) linear miles of beaches to the South and twenty-six (26) miles of inland waterways to the North. Attached hereto as Exhibit A is a map which identifies the proposed incorporated area that is signed and sealed by Patrick Pilcher, Walton County Property Appraiser. This proposed incorporation area is identical to that of the South Walton Fire District.

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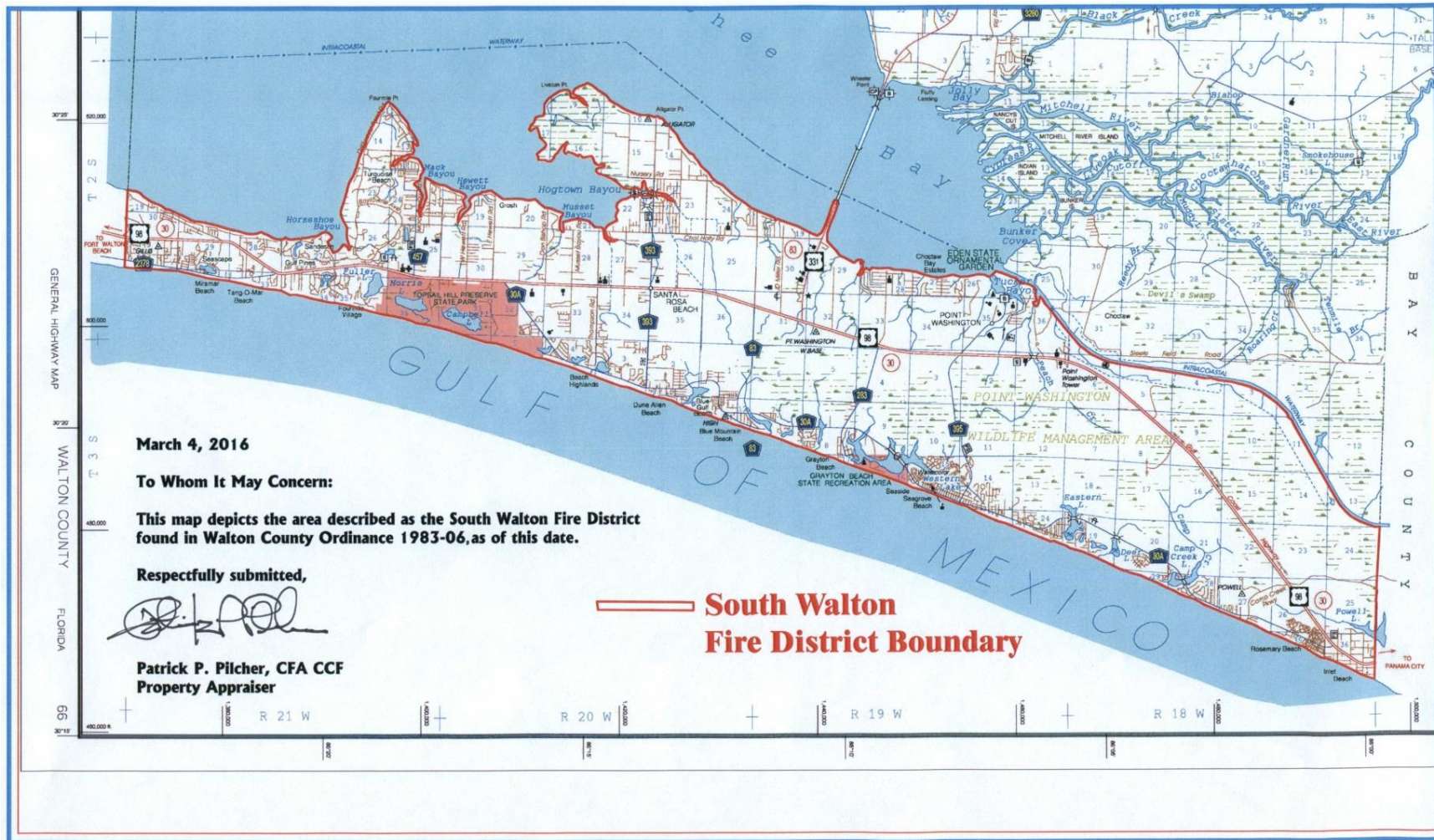
<sup>1</sup> Fla. Stat. § 165.021 (2012).

## **Legal Description**

Begin at the point of intersection of east extremity line of the Walton/Bay County Line and the Gulf of Mexico; thence due north along this County Line to intersection of line with the Intercoastal Waterway Canal; thence northwesterly along south bank of Intercoastal Waterway to Choctawhatchee Bay; thence follow north shore of Peninsula westerly to point of intersection with the Okaloosa-Walton County Line; thence due South along County Line to point of intersection with the Gulf of Mexico, and thence along shoreline of the Gulf of Mexico easterly to the point of beginning.



## Exhibit A – Map of Proposed Incorporation Area



## **2. Reasons for the Proposed Boundary Change**

Over the last twenty years, South Walton has become a distinct and unique community in and of itself. The South Walton community has the acute need to preserve and maintain its quality of life, property values and environmental assets. South Walton is part of the Greater Walton County and has a thriving local economy based upon its high quality of life and other characteristics that drive high property values. South Walton has its own pertinent localized government needs as a result of its rapid growth over the last twenty years. As the strains on South Walton have escalated, the need for more local governance has become evident. South Walton needs self-governance and adequate local representation to compliment ongoing services provided by the Greater Walton County. This is especially true in light of South Walton's level of contribution to the Walton County revenue base. South Walton needs to maintain and preserve, on a local level, its natural beauty and continue as the economic engine for Greater Walton County. Communities surrounding South Walton have had to grapple with historic rapid growth that went relatively unchecked until many of these surrounding communities' municipal challenges became overwhelming. It is the current quality of life in South Walton with its natural beauty and relative open space that continues to attract more and more visitors along with growing numbers of people investing in owning properties and/or living in South Walton as permanent residents.

Incorporation would allow for orderly patterns of urban growth and land use within the community of South Walton. This study will demonstrate that the newly incorporated municipality working with Greater Walton County will assure that adequate quality and quantity of local public services are available in the newly incorporated area. By focusing more of the taxes paid by the community of South Walton on those services for South Walton, more equity of financing of municipal services can be achieved as well as the reduction of undesirable differentials in fiscal capacity among neighboring jurisdictions. This study also highlights the significant and growing tax base in the community of South Walton which ensures the financial integrity of the newly incorporated municipality for the foreseeable future.

### 3. Characteristics of the Area

a. **List of current land use designations applied to subject area in the county comprehensive plan**

See ATTACHMENT 1 – South Walton Future Land Use Map. A list of current land uses is included on the map.

b. **List of current county zoning designations applied to subject area**

This is not applicable as Walton County currently does not use zoning. The county uses a land use designation system only.

c. **General statement of present land use characteristics of area**

The proposed area for incorporation includes four distinct patterns of land use. As detailed in section 11.c.i. on page 19, approximately 44% of South Walton is undeveloped state forest composed of large-scale agriculture and preservation areas. The remainder is composed of the following three patterns of urbanized/urbanizing areas: Along County Road 30A are clusters of higher density and intensity uses in the form of small, traditional beach villages fronting the Gulf of Mexico. Lower density, predominantly single-family residential neighborhoods characterize the southern shore of Choctawhatchee Bay. A higher density and intensity and a mix of land uses in a suburban, automobile-oriented pattern is found in the western portion of the area, stretching from the bay to the gulf.

Public facilities and public institutes also exist along with a minor amount of industrial development. A major hospital, Sacred Heart Hospital on the Emerald Coast, is also located in the Miramar Beach area. There are several substantial planned communities through South Walton including Seascape, Sandestin, Watercolor, Seaside, Watersound Beach, Alys Beach, Seacrest Beach, Rosemary Beach and Watersound Origins that include residential and commercial components.

d. **Description of development being proposed for territory, if any, and statement of when actual development is expected to begin, if known**

A list of current development projects as of June 27, 2016, from the Walton County Planning Department is included as ATTACHMENT 2.

Development in the proposed territory can be described as consisting of residential, retail and light commercial. This includes single and multi-family housing including houses, condominiums, apartments and hotels. While the population has been increasing and driving residential development, the area is a very popular vacation destination and has an estimated three million plus tourists visit each year. This growing tourist activity drives development for short term rental properties (homes and multi-family structures) as well as the retail businesses that support the tourists and the residents.

This development has been continuous over the past twenty years with the pace increasing and decreasing as the economy strengthens and weakens. It has not been a question of when development will begin but rather the scale and nature of development underway at any one time as well as the number of projects in the pipeline for review and approval.

4. **Public Agencies, such as Local Governments, School Districts, and Special Districts, Whose Current Boundary Falls Within the Proposed South Walton Boundary**

- a. Walton County
- b. Walton County School District
- c. South Walton Fire District
- d. South Walton Mosquito Control District
- e. Walton County Sheriff's Department
- f. South Walton Tourist Development Council
- g. Northwest Florida Water Management District



**5. Current Walton County Services Being Provided Within the Proposed Incorporation Area and Their Estimated Cost for the Services**

The estimated population for the proposed incorporation area for 2016 is 23,685. This represents 38% of the total Walton County estimated population as explained in the Basic Assumptions section of this study beginning on Page 10. The following costs for services used the Fiscal Year 2015-2016 Adopted Walton County Budget and used the 2016 estimated population of 23,685 pro-rata portion of the budget associated with South Walton with the exception of South Walton Fire, South Walton Mosquito Control, and Planning and Code Enforcement. The South Walton Fire and South Walton Mosquito Control figures were obtained from those special districts' respective budgets. Senior level Walton County staff indicated that 80% of the budget for Planning and Code Enforcement is used for South Walton. That proportion was applied to the county budget figures for those functions.

a. Water	Private provider
b. Sewer	Private provider
c. Solid Waste / Landfill	\$ 3,942,775
d. Public Works	\$ 6,139,736
e. Sheriff	\$ 10,504,668
f. South Walton Fire	\$ 11,521,582 (Special Taxing District)
g. South Walton Mosquito Control	\$ 1,943,109 (Special Taxing District)
h. Parks & Recreation	\$ 87,444
i. Library	\$ 1,503,562
j. Planning and Code Enforcement	\$ 1,760,816 (\$400,000 Recoverable)
k. Building Inspections	\$ 476,363

**6. Proposed Services to Be Provided Within the Proposed Incorporation Area, and the Estimated Cost of Those Proposed Services**

The newly incorporated municipality will provide some services but most will continue to be provided by Walton County via an interlocal agreement. The planning assumption is that such interlocal agreements will include the same services and service levels as provided today with

the County using existing revenues to cover the expense of such services. No additional money will be paid by the new municipality for the continuation of these services.

a. Water	Private Provider
b. Sewer	Private provider
c. Solid Waste / Landfill	Walton County
d. Public Works	Walton County
e. Sheriff	Walton County
f. South Walton Fire	Walton County Special District
g. South Walton Mosquito Control	Walton County Special District
h. Recreation	Walton County
i. Library	Walton County
j. Planning and Code Enforcement	\$ 2,600,000 (\$1,700,000 recoverable)
k. Building Inspections	Walton County
l. Infrastructure Improvement	\$ 1,550,000 (Augment County Spending)

**7. Names and Addresses of Three Officers or Persons Submitting Proposal**

- a. David Pleat  
4477 Legendary Drive, Suite 202  
Destin, FL 32541
- b. Dave Rauschkolb  
P.O. Box 4760  
Santa Rose Beach, FL 32459
- c. Mike Huggins  
P.O. Box 611115  
Rosemary Beach, FL 32461

**8. Evidence of Fiscal Capacity and Organizational Plan as It Relates to Area Seeking Incorporation**

**a. Existing tax bases**

The municipality begins with a significant tax basis with taxable property values of \$13,857,835,315 in 2016. Due to the significant value of this area, 89.23% of the total taxable value of Walton County property is derived from South Walton. The citizens could expand their revenue capacity very easily; however, due to the level of services the new community desires, such revenue streams as utility taxes, franchise fees, communications services taxes, and business tax receipt revenues typically seen in new local governments are not planned to be implemented during the first years of operation in this scenario. This is due to the fact that state shared revenues will more than provide for the operations of the community mostly concerned with growth management and code enforcement issues.

**b. Five-Year Operational Plan including proposed staffing and budget**

The plan is included as Exhibit B on page 16 below. Due to the perceived conservative nature of the citizens, the proposed plan does not include initial building acquisitions; however, there are in excess of \$1,500,000 of annual funding available to make infrastructure improvements without incurring any debt issuance.

**9. Data and Analysis to Support Conclusions That Incorporation Is Necessary and Financially Feasible, Including Population Projections and Population Density Calculations and an Explanation Concerning Methodologies Used for Such Analysis**

**Basic Assumptions**

**Base Year** - All population, revenue, and expense projections were based on fiscal year FY2015-2016 data.

**Population** - South Walton population was determined based on the three United States census tracts that make up the proposed area of incorporation from the 2010 census. Further we extrapolated the population proportion growth from the 1990 census to the 2000 census through the 2010 census which reflected the South Walton area growing significantly faster than the whole of Walton County. By 2013 and 2014, US Census

estimates<sup>2</sup> reflected the area population (20,300) was already growing by more than 35% in Walton County. The population growth trend depicts that South Walton is approximately 38% of the entire Walton County population by 2016. This percentage is applied to the Walton County population estimate from the Bureau of Economic and Business Research at the University of Florida to get the 2016 population estimate used in this study. This estimate is further supported by the latest count of registered voters (source: Walton County Supervisor of Elections web site) in the South Walton area of 20,807. Thus, the population estimate used in this analysis for 2016 is 23,685.

**Inflation** - Unless otherwise specified, for expenditures the study used a 2.0% rate of inflation based on the Southeast United States Consumer Price Index (CPI) over a five (5) year period. Specifically, this was based on the CPI average during the years 2011 through 2015 being 1.73% per annum and rounding up to 2%. The exact inflation factor cannot be predicted for the five (5) years covered by the included operational plan. In order to use conservative financial estimates, this study used a 1.5% per year growth rate for revenue estimates given the historical information available. This methodology is conservative and as such contributes to the financial feasibility of the incorporation.

## **Revenue Projection Methods and Assumptions**

**Projection Methods** - Conservative methods were used to estimate the revenues expected to accrue to the municipality of South Walton. First, the community expressed the desire for a minimal government with associated minimal incremental taxes. Consequently, expenditures for services will be managed carefully so that no new taxes are required, in keeping with the community's desire to maintain the same level or better services at no additional cost to the taxpayers.

As shown in Exhibit B on page 16, the General Fund revenue without additional ad valorem taxes and without many of the more traditional municipal revenue streams

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<sup>2</sup>[http://thedataweb.rm.census.gov/TheDataWeb\\_HotReport2/profile/2014/5yr/np01.html?SUMLEV=140&state=12&county=131&tract=950603](http://thedataweb.rm.census.gov/TheDataWeb_HotReport2/profile/2014/5yr/np01.html?SUMLEV=140&state=12&county=131&tract=950603)>

such as utility taxes, franchise fees, and business tax receipts is more than sufficient to cover projected expenditures during the five (5) year planning period. As stated above and consistent with planning objectives, revenues from ad valorem taxes are not needed during the study period. A result of this approach is that South Walton would not be considered a “full service” municipality at the end of the study period; however, this outcome is consistent with community objectives. Law enforcement, fire and rescue, water, waste water and electricity are not projected to be provided by the municipality.

**General Fund and Special Revenues** – For the Five-Year Operational Plan, only General Fund revenues and expenses will be addressed. General Fund revenues are those obtained from ad valorem taxes, state/county shared revenues, building permits, charges for services, and other miscellaneous fees collected. However, as stated earlier, the incorporation budget is designed to not increase the financial cost to its citizens. Therefore, only state shared revenues, minor miscellaneous revenues and revenues that remain neutral, i.e. revenue that will equal expense for an individual function, are included in the Five-Year Operational Plan.

**Franchise Fees and Other Taxes** – A fundamental position preferred by the community is that the incorporation should not increase the financial burden borne by the property owners, residents and local businesses. The premise used in estimating revenue is that, if Walton County does not currently impose various fees and taxes, the new incorporated area would likewise not impose these revenue streams. Therefore, in order to determine feasibility, franchise fees, utility taxes, and business tax receipts will be excluded as revenue sources.

**State Shared Revenue** - Total state shared revenues were generated by the Florida Department of Revenue based on current information from the Walton County Appraiser’s Office for the 2015 fiscal year and the population estimate from the 2015 Census estimates.



Florida Statute 218.23 requires that for local governments to “be eligible to participate in revenue sharing beyond the minimum entitlement in any fiscal year...” the community must meet the 3 mill equivalency “Test”. The purpose of this test is to demonstrate that a municipality is fiscally sound over time and that the local constituents are paying a significant part of the expense to provide the ongoing essential services.

South Walton is in an extremely unique situation relative to its fiscal strength and its current contribution via taxes paid to Walton County toward the essential services supporting South Walton. According to the Walton County Taxpayers Association, using data from the Walton County Property Appraiser for 2016 South Walton represents 89.23% of the assessed property values within Walton County and therefore generates 89.23% of the property taxes levied in Walton County. In addition, there are two (2) special districts set up to provide services to South Walton. These are the South Walton Fire District and the South Walton Mosquito Control District. Each of these special districts has its own separate millage. The millage for the South Walton Fire District services is paid solely by South Walton property taxpayers. With the exception of the sparsely populated area north of the intercoastal waterway which falls outside of the proposed area for incorporation, the South Walton Mosquito Control District millage is also paid solely by South Walton property taxpayers. Additional evidence that South Walton constituents pay via taxes for a significant portion of the essential services they receive is the Walton County Sheriff’s Office. All of Walton County property taxpayers including those in South Walton pay a special millage for the Sheriff’s Office. Given the very high proportion of Walton County property values associated with South Walton, the proposed incorporation area generates approximately 89% of the Sheriff’s ad valorem tax revenues.

The test for qualifying for State Shared Revenues is an equivalent 3 mills for the municipality seeking to receive a share of these state revenues. In 2015 the property owners in South Walton paid the following millage rates for the three (3) services described above:

South Walton Fire District	0.9799 mills
South Walton Mosquito Control District	0.1628 mills
Walton County Sheriff's Office	1.9482 mills

Together these millage rates add up to 3.0909 mills. This is above the 3 mill equivalency test defined in the statutes as a qualifying criterion for a municipality to receive the State Shared Revenue. Total property taxes levied on south Walton County taxpayers (the proposed area for incorporation) for the 2015 tax year including the two special taxing districts, the county millage and the school district were \$125,816,544 at a total millage rate of 10.1658.

Given these extraordinary and significant circumstances, South Walton believes it should be allowed to use the aforementioned services to count toward the 3 mill equivalency test and receive its share of State Shared Revenues in all years after incorporation. The state legislature has previously provided for flexibility in calculating the 3 mill equivalency test.

### **Expense Methods and Assumptions**

Expenses for South Walton were computed for the General Fund budget only. As with the revenue estimates, special revenue funds, and enterprise funds were not included. Expense projections for the first five (5) fiscal years appear in Exhibit B on page 16 below.

General Fund expenses are those of general governmental operation including administrative services, public works, development services, parks and recreation, police, and fire services, and solid waste removal and storage. Assuming the county and the new incorporated area can agree, many of these services will continue to be provided by Walton County, and fire and mosquito control services will continue to be provided by those two special districts.

Expenses were developed using data from prevailing wage rates, triangulations of current service costs, and triangulations of current lease rates for similar spaces. To

develop reasonable projections for these expenses, several Florida cities were chosen for analysis including Destin, a close neighbor of the proposed community, and the Village of Estero, located in Lee County. Other cities from around the State were also used to help derive expenses for the new municipality.

While the comparable cities vary in size and levels of service, the service categories are valid benchmarks to evaluate feasibility. South Walton is an extremely unique area. The projections become more accurate when they are weighted to account for intangibles such as economies of scale, subtle differences in location, and differences in the resident populations. It was further established that the municipality of South Walton would limit its amount of indebtedness in the first five (5) years of existence as a means to alleviate potential issues that sometimes arise in communities operating with deficits.

An important component of the expense projection is funds for Infrastructure Improvements. These infrastructure improvement funds will augment the maintenance and improvement services provided by Walton County via an interlocal agreement covering Public Works and Parks and Recreation. This is an area that the community strongly believes should be a high priority for the new municipality. The rapid growth over the last ten years has put extreme strain on the existing infrastructure. Under the control of the new locally focused governing council, real prioritized progress can be made in this important aspect of the community and a focus on seeking grant funds for projects could further leverage these dollars.

Finally, provision was included in the expense projection for a reserve. This can be managed by the governing council to build a reserve fund to help deal with emergency-level funding needs.

## Exhibit B – Five-Year Operational Plan

	Year 1	Year 2	Year 3	Year 4	Year 5	Notes
<b>Revenue</b>						
Prior Year Fund Balance Carryover	\$ -	\$ 480,394	\$ 108,515	\$ 91,449	\$ 77,570	
Ad Valorem Taxes	-	-	-	-	-	- Assumes 3 mill equivalency test exceptions are approved
State Shared Revenue <sup>1</sup>						
Revenue Sharing Sales Tax Portion	414,727	420,948	427,262	433,671	440,176	Assumes 1.5% annual growth rate
Revenue Sharing Fuel Tax Portion <sup>2</sup>	128,821	130,753	132,715	134,705	136,726	Assumes 1.5% annual growth rate
1/2 Cent Sales Tax	2,923,905	2,967,764	3,012,280	3,057,464	3,103,326	Assumes 1.5% annual growth rate
Discretionary Surtax 1%	5,219,691	5,297,986	5,377,456	5,458,118	5,539,990	Assumes 1.5% annual growth rate
Charges for Services (Recoverable)	-	1,700,000	1,700,000	1,700,000	1,700,000	Planning fees; offset by corresponding expense line item below
Miscellaneous Revenue	5,000	5,075	5,151	5,228	5,307	Interest income and other fees; assumes 1.5% annual growth rate
<b>Total</b>	<b>\$ 8,692,144</b>	<b>\$ 11,002,920</b>	<b>\$ 10,763,379</b>	<b>\$ 10,880,635</b>	<b>\$ 11,003,095</b>	
<b>Expenses</b>						
Council Expenses <sup>3</sup>	\$ 93,000	\$ 94,860	\$ 96,757	\$ 98,692	\$ 100,666	Assumes 2% annual growth rate
Administrative Staff						
Municipal Manager <sup>4</sup>	145,000	147,900	150,858	153,875	156,953	Assumes 2% annual growth rate
Finance Director <sup>5</sup>	95,000	96,900	98,838	137,815	140,571	Assumes 2% annual growth rate
Clerk <sup>6</sup>	65,000	66,300	67,626	68,979	105,358	Assumes 2% annual growth rate
Planning & Code Enforcement Director <sup>7</sup>	125,000	127,500	130,050	132,651	135,304	Assumes 2% annual growth rate
Admin Assistant <sup>7</sup>	35,000	35,700	36,414	37,142	37,885	Assumes 2% annual growth rate
Employee Benefits (35%)	162,750	166,005	169,325	185,662	201,625	Assumes 2% annual growth rate
Contract Services						
Legal <sup>8</sup>	500,000	500,000	450,000	400,000	400,000	
Garbage/Solid Waste and Landfill <sup>9</sup>	4,410,000	4,498,200	4,588,164	4,679,927	4,733,526	Interlocal Agreement TBD; Assumes 2% growth rate
Planning Services <sup>10</sup>	500,000	1,400,000	918,000	936,360	955,087	Interlocal Agreement Year 1; Assumes 2% growth rate beginning Year 3
Office, Administrative and Technology						
Rent for Offices <sup>11</sup>	64,000	64,960	64,317	63,680	63,050	Assumes 1.5% annual growth rate
Utilities	12,000	12,180	12,363	12,548	12,736	Assumes 2% annual growth rate
Communications (phone/Internet)	12,000	12,240	12,485	12,734	12,989	Assumes 2% annual growth rate
IT Services	10,000	13,000	16,900	21,970	28,561	Assumes 30% annual growth rate until fully established
Office Equipment	150,000	25,000	25,500	26,010	26,530	Assumes 2% annual growth rate
Office Supplies	15,000	15,300	15,606	15,918	16,236	Assumes 2% annual growth rate
Insurance <sup>12</sup>	18,000	18,360	18,727	19,102	19,484	Assumes 2% annual growth rate
Charges for Services (Recoverable)	-	1,700,000	1,700,000	1,700,000	1,700,000	Recoverable Planning costs; Zero sum revenue to expense
Infrastructure Improvements <sup>13</sup>	1,550,000	1,650,000	1,850,000	1,850,000	1,850,000	
Contingency	200,000	200,000	200,000	200,000	200,000	Approximately 2% of overall expense levels
Reserve Contribution	50,000	50,000	50,000	50,000	50,000	
<b>Total <sup>14</sup></b>	<b>\$ 8,211,750</b>	<b>\$ 10,894,405</b>	<b>\$ 10,671,930</b>	<b>\$ 10,803,065</b>	<b>\$ 10,946,561</b>	
<b>Excess Revenue Over/(Under) Expenses</b>	<b>\$ 480,394</b>	<b>\$ 108,515</b>	<b>\$ 91,449</b>	<b>\$ 77,570</b>	<b>\$ 56,535</b>	

<sup>1</sup> All Year 1 state shared revenue estimates provided by Florida Department of Revenue based on the 2015 Census estimated population for South Walton at 22,254 and the Walton County Property Appraiser assessed taxable value for real and intangible personal property in South Walton of \$12,565,290,263 as of January 2016

<sup>2</sup> The fuel tax portion of municipal revenue sharing is calculated based on the 2015 Local Government Information Handbook prepared by the Florida Department of Revenue.

<sup>3</sup> \$1,000/month compensation for six (6) council members; \$1,250/month for the mayor council member; \$500/month in expense reimbursement beginning in FY2017-18

<sup>4</sup> Prevailing salaries for similar sized communities; Source: By Savannah Vasquez, Northwest Florida Daily News, 4/15.

<sup>5</sup> Certified Government Finance Officer, CPA, CPFO or similar designation with the prevailing salary; Accounting Coordinator FTE added Year 4;  
Source: Classification schedule, City of Fort Walton Beach

<sup>6</sup> Administrative Assistant FTE added in Year 5; Source: Classification schedule, City of Fort Walton Beach

<sup>7</sup> Source: Classification schedule, City of Fort Walton Beach with increased salary level assumed to attract first-rate Planning & Code Enforcement Director

<sup>8</sup> Contracted municipal attorney services needed to implement Code of Ordinances, Comprehensive Plan, Land Development Regulations in Years 1 and 2 and ongoing legal fees needed thereafter

<sup>9</sup> Estimate is prorata share of current costs based on population plus additional estimated transportation costs

<sup>10</sup> \$500,000 for consulting firm assistance in writing codes and regulations in Years 1 and 2; \$900,000 per year in non-recoverable municipal planning and zoning and code enforcement expenses beginning in Year 2

<sup>11</sup> Rents were estimated using local realtor information for a 3,150 sq ft property in plaza in Walton County

<sup>12</sup> Estimate based on current costs for other municipalities in Florida

<sup>13</sup> Municipal infrastructure expenditures would be in addition to county and TDC infrastructure funding

<sup>14</sup> Assumes all other necessary services will continue to be provided by Walton County through Interlocal Agreements

## **Conclusion – Financial Feasibility**

As described in this study and shown in Exhibit B above, South Walton as a newly incorporated area is financial feasible. This is based on conservative projections. Given the likelihood of future growth and its positive impact on the projections, the new municipality's governing council will have flexibility to adjust to changing environments while making continuous improvements in the way South Walton is managed for the long term betterment of all its citizens, businesses and visitors alike.

The revenue assumptions reviewed are reasonable and projections conservative. Fuel and local option gas taxes were not included in the projections and thus additional revenue for transportation needs will be available; however, it is expected those revenues will be used to fund services from Walton County. With the exception that specific available revenues are not being considered at this time, revenues are fairly and reasonably presented.

As to the expenditures or proposed operating budgets, sufficient appropriation exists to operate the municipality during the five-year period. The study depicts key financial information related to the proposed municipality. The study shows the proposed South Walton municipality will be financially viable should it become incorporated.

### **10. Alternatives Available to the Area to Address Its Policy Concerns**

- a. **Status Quo:** Continuing in the present situation will not adequately address the concerns of the citizens of South Walton.
- b. **Neighborhood Plans:** An attempt to implement Neighborhood Plans for all areas of South Walton was considered. The concerns are that this does not address community-wide needs and opportunities and does not address infrastructure investment needs.
- c. **Special Planning District:** Special districts have no or very limited authority over zoning, and there is no local control over appointments to the governing body, removal



of appointees, approval of the budget, or whether the district stays in place for most special districts. This approach also does not address infrastructure investment needs.

- d. **Increased Representation for South Walton at the County Level:** Commissioners in all districts are elected at large so the impact of South Walton voters is limited. The community has little impact on appointments to the Redistricting Committees and does not have any authority over the approval of the plan. In addition, redistricting will not occur until 2021 after the official census numbers are released.

#### **11. Proposed Municipality Meets the Requirements for Incorporation Pursuant to S. 165.061**

- a. South Walton is compact and contiguous and amenable to a separate municipal government with its own unique geographic and economic personality. As shown on the map of the subject area (see Exhibit A, Page 4), South Walton is completely surrounded by county boundaries and water (Gulf of Mexico, Choctawhatchee Bay and the Intercoastal Waterway Canal). This distinct geographic identity is matched by the area's distinct history in terms of economic as well as population characteristics.
- b. With an estimated population of 23,685, South Walton has a population that exceeds the 1,500 required for counties with a population of 75,000 or less.
- c. Based on 2015 U.S. Census estimated data, the population of Walton County was 63,508. According to the U.S. Census Bureau, the county has a total area of 1,240 square miles (793,600 acres). In contrast, the current estimated population for South Walton as stated previously in this report is 23,685 assuming a conservative 6% population growth rate to reflect development which is currently underway. The proposed geographic area of incorporation is 76.26 square miles (+/- 48,806 acres) of land<sup>3</sup>. This produces a density of 0.49 persons per acre. South Walton does not meet the minimum density requirement of 1.5 persons per acre. South Walton does have extraordinary conditions as described throughout this report that support the establishment of a municipality with less

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<sup>3</sup> Data obtained from Walton County Planning Department

existing density. Additionally:

- i. Approximately 44% (21,433 acres) of the land area proposed for incorporation is in public ownership as preserve making the real density 0.87 persons per acre of developable land. According to Florida Park Service approximate figures, Topsail Hill Preserve State Park in the community of Santa Rosa Beach is 1,640 acres, Deer Lake State Park in the community of Watersound Beach is 1,995 acres, Grayton Beach State Park in the community of Grayton Beach is 2,228 acres, and Eden Gardens State Park in the community of Point Washington is 163 acres for a total of 6,026 acres. The Florida Department of Agriculture and Consumer Services states that Point Washington State Forest located exclusively within the boundaries of the proposed area of incorporation encompasses 15,407 acres.
- ii. The community of South Walton has historically been a vacation beachside community supported by tourism and seasonal activities. To maintain this beachside character and support its economic base, the community consciously chose to manage growth.
- iii. Due to the fact that millions of visitors and part-time residents spend time in South Walton each year, the real average daily population of the area is significantly higher than the estimated 23,685. The Walton County Tourist Development Council estimates that 3,200,000 visitors come to South Walton annually (Source: Visit South Walton Annual Walton County One-page Tourism Report, Spring 2016). This equates to an average of 266,667 visitors residing in South Walton each month in addition to the estimated 23,685 in permanent population. If the 266,667 average visitor count is combined with the 23,685 permanent population the density would be 5.9 persons per acre. This is significantly above the population density requirement of 1.5 specified in Florida Statute 165.061.
- iv. There are three (3) other municipalities in Walton County. Their densities are a) DeFuniak Springs .82 persons per acre, b) Freeport .30 persons per acre, and c)

Paxton .29 persons per acre. All three of these municipalities are below the 1.5 persons per acre requirement.

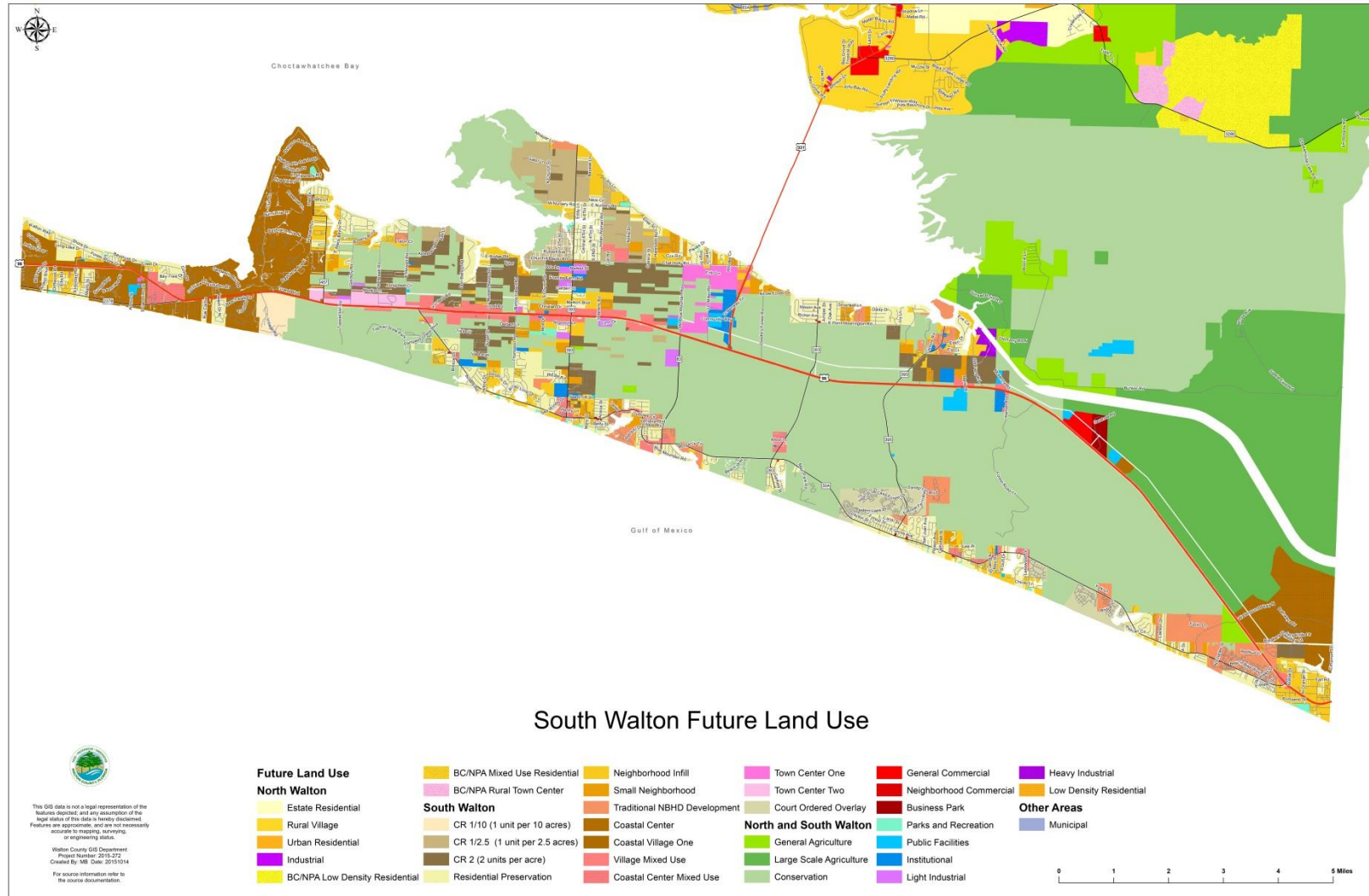
- v. South Walton is currently experiencing significant growth in population and visitation and that growth is expected to continue in the future as the area continues to grow in popularity. There is also a significant amount of developable land existing in the area that provides a great deal of capacity for future increases in population.
- vi. People in surrounding areas often assume that South Walton is already a municipality of some sort. Its unique identity and rich history have made this community a destination for those valuing the old Florida lifestyle for more than 30 years. It is very different from the three existing incorporated areas located in Walton County (DeFuniak Springs, Freeport and Paxton), and the residents believe it is a community with its own identity. It is identified as a unique place in the news, on maps, and as a destination community on the Internet.
- vii. Consequently, if we consider the unique nature of the community, particularly when compared to its rural neighbors in the rest of the county, it represents the sort of extraordinary condition that supports waiving the minimum density requirements.

Therefore, South Walton will need a waiver of this requirement which is not dissimilar to other incorporations that have occurred within the state.

- d. South Walton has an extraordinary natural boundary as described herein which facilitates if not requires a separate municipal government to oversee the unique challenges and opportunities of the area. Also, it has a minimum distance from the boundaries of existing municipalities within the County of at least two (2) miles. The City of Destin is contiguous with the western boundary of the proposed area of incorporation; however, it is not in Walton County.

- e. The proposed Municipal Charter (1) prescribes the form of government and clearly defines the responsibilities for legislative and executive functions, and (2) does not prohibit the legislative body of the municipality from exercising its power to levy any tax authorized by Constitution or general law.
  
- f. The proposed plan for incorporation of South Walton includes honoring existing solid-waste contracts affecting the area proposed for incorporation. South Walton will honor the existing solid-waste contract for five (5) years or the remainder of the existing contract term, whichever is less, as required by statute.

## ATTACHMENT 1 - South Walton Future Land Use Map





## ATTACHMENT 2 - List of Proposed Developments

Projects	Parcel #	Land Use	Acres	Units/Lots*	Sq. Ft.*	Development	Type	Phasing	Stage
Millers Crossing	30-2S-19-24000-009-0000	TC-1	19.66	72		MAJOR	Multi-Family	No	DO/TRC
Carson Oaks Second Addition	24-2S-21-42721-000-0010	NI	0.307	2		PLAT	Residential Replat	No	Re-submittal
Treasure Trove PH 1 Plat	19-2S-20-33020-00A-0130	Res Pres	5.41	12		PLAT	SF	Yes	PLAT/TRC
Treasure Trove PH 2 & 3	19-2S20-33020-00A-0130	Res Pres	18.75	52		MAJOR	SF	Yes	DO/TRC
Driftwood Drive Townhomes Pool	30-2S-21-42950-000-00A0	NI	0.1			MINOR	MF	No	DO Approval
Quattur Development	36-3S-18-16100-000-0780	NI	1.137	4		MINOR	SF	No	DO Approval
Southern Pines Subdivision	24-2S-20-33180-000-0530	SN	20	32		MAJOR	Single Family	No	BCC approved
Sugar Sands Estates	33-2S-20-33260-023-0000 & 33-2S-20-33260-024-0000	CR	19.59	36		MAJOR	Single Family	No	Tabled
Highland House B & B	02-3S-20-34160-000-0620	NI	1.25		6,196	MAJOR	B & B/Restaurant	No	PC
Grand Blvd. Bldg. T		CC/DRI	1.83		38560	MAJOR	Retail/Gen. Commercial	3	BCC 6/27/2016
Grand Blvd. Hyatt Place		CC/DRI	1.69	83		MAJOR	Hotel Units	No	BCC 6/27/2016
Prominence Phase 3 North		TND	6	75		PLAT	25 triplex units/75 lots	3N	Pending Resubmittal
Prominence Phase 4 Subdivision		TND	11.37	132		MAJOR	132/triplex units	4N	Pending Resubmittal
WaterColor PUD /DRI Amend		COO/DRI	6.51		9498	DRI AMEND/E1 and PUD	Add Retail/Gen. Commercial	PH 1	PC 7/14-BCC 7/28
Publix Expans. At WaterColor		COO/DRI	6.51		9498	MAJOR	Expand Publix Shopping Cntr.	PH 1	PC 7/14-BCC 7/29
Sandestin NOPC		CC/DRI	2004	7731	972145	NOPC	NOPC /Non Compliance Iss.	Yes	BCC 9/9
Piper's Place	30-2S-21-42290-000-0930	NI	1.125	6		MAJOR	Single Family	No	TRC
YOLO Board Distribution	26-2S-20-33200-000-0481	VMU	0.9		14065	MAJOR	Retail/Gen. Commercial	No	DRB
Dalton Place Commercial	24-3S-19-25030-005-0070	VMU	0.5		7076	MAJOR	Commercial	No	TRC
New Bama Steele	05-3S-18-16010-000-0320	BP	0.5		7000	MAJOR	Warehouse/office	No	TRC
Ciboney Plat	30-2S-21-42290-000-0750	NI	1.87	10		PLAT	Single Family	No	BCC 7/12
Peddler's Pavillion	35-3S-18-16000-002-0060	TND	0.814			LTM	Commercial	No	TRC
Costa Blanca	03-3S-20-34000-022-00B2	VMU	1.6	14		MAJOR	Condominuim	No	PC 7/7
YOLO Board Fence	29-2S-21-42000-003-00B0	CC				LTM	Fence	No	NA
Culvers Restaurant	30-2S-21-42000-001-017	CCMU	1.54		5,100	MAJOR	Restaurant w/drive-thru	No	BCC 7/12
Good News Methodist Church	33-2S-33260-033-0003	VMU	6.85		2,936	MAJOR	Preschool addition	No	BCC 7/12
Seven Palms at Inlet Beach	36-3S-18-16100-000-1410	NI	1.26	5		MAJOR	Single Family	No	BCC 7/12
Surfsong Estates	30-2S-21-42811-001-000	NI	0.55	4		MAJOR	Single Family	No	BCC 7/12
Topsail West PUD Overlay		TC-2; VMU	116			PUD	Mixed Use	Yes	BCC 7/12
<b>TOTALS</b>			<b><u>2,257.62</u></b>	<b><u>8,270.00</u></b>	<b><u>1,072,074.00</u></b>				
* Includes Sandestin DRI									
<b>Additional Information:</b>	There has been discussions with Seascope to develop 250 units in a 24 story building that is vested for Seascope; there has also been discussions with Tops'l to do a buildout agreement which has recently expired (not looking as if possible, unless all property owners agree), Emerald Bay is also looking to do a buildout agreemtn which should be coming forward in the near future.								

Source: Walton County Planning Department