

# **LEALMAN INCORPORATION FEASIBILITY STUDY**

**July 15, 2002**

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# LEALMAN INCORPORATION FEASIBILITY STUDY

## EXECUTIVE SUMMARY

Responding to requests by the Lealman residents and the Lealman Community Association, on January 22, 2002, the BCC initiated a study that would help determine the feasibility of incorporation of Lealman (referred to as "Greater Lealman" in the study). The residents of Greater Lealman were looking for help in preserving the integrity of their community, and to protect the tax base of the Lealman Special Fire Control District. The Lealman Community Association proposed to the BCC that one way to achieve this objective might be for Greater Lealman to become a separate municipality, or to "incorporate."

The Pinellas Planning Council authorized staff participation in completing this study along with County staff on March 4, 2002. This Study was designed to be completed under the direction of a six-member Steering Committee. This Steering Committee was subsequently formed and included representation from County staff, PPC staff, the Lealman Community Association, and the Lealman Fire District.

The Feasibility Study is designed to provide an estimate, or idea, of the range of costs for providing essential government services and programs if greater Lealman were to incorporate as a new municipal government. The estimates of costs are based on a comparison of the operating and recurring capital costs for four municipalities in Pinellas County.

The municipalities selected by the Steering Committee for comparison were Kenneth City, Oldsmar, Pinellas Park, and Seminole. They were selected because they deliver basic urban service a number of ways, some using in-house staff and resources and some providing the service through contracts with other local governments or entities.

It was expected that the range of costs and revenues, coupled with the differences in the forms of government and resulting staffing levels, would be reflected in the per capita cost to provide the basic urban services that were studied. This is exemplified, for example, with the fire service contract between Kenneth City and the Lealman Fire District. Under this contract, the amount paid by Kenneth City to the Lealman Fire District is less than one third of the amount that otherwise would be paid if Kenneth City was subject to the Lealman Fire District's millage rate.

The Study compares property tax millages and revenues from other sources estimated using the four sample municipalities to what was estimated to be paid by Greater Lealman in 1999. The assumption in the Study is that if Greater Lealman were to incorporate, the new government would have to look at other revenue sources such as franchise fees, permitting fees, grants, etc., for money to pay for basic operating costs.

In addition to studying the feasibility of incorporating as a new municipality, this report describes other alternatives that Greater Lealman can consider in responding to

concerns about the effects of annexation relative to their community's integrity and the protection of the Lealman Fire District's tax base.

The Steering Committee chose to include all of the unincorporated area located within the Lealman Special Fire Control District as the Study Area, and has referred to this area as Greater Lealman. In addition, to provide additional information for more comparative analysis, some of the information for Greater Lealman is broken down and presented separately for West and East Lealman. West and East Lealman represent areas of generally comparable size and population, but it is estimated that East Lealman has 29 percent more taxable value (due in part to the tangible taxable values in East Lealman).

Greater Lealman is home to about 35,922 permanent residents, and is about 7.8 square miles in size, or 5,000 acres. There is little vacant, or undeveloped, land remaining in Greater Lealman, so additional population growth will be limited.

The Major Findings represent the key points from the detailed report. They attempt to take the detailed information and summarize the important findings regarding financial feasibility of incorporation for Greater Lealman. Using these findings, residents and business owners can examine their options and decide if becoming a city is desirable based on the financial information provided in this report.

## MAJOR FINDINGS

1. **Taxable Values:** Taxable values in Greater Lealman are significantly lower than those in the rest of the unincorporated County (also referred to as the Municipal Services Taxing Unit, or MSTU). Generally, the taxable values for properties in Greater Lealman are about half of what the values are in the rest of the MSTU. In fact, the average per capita contribution from property taxes to pay for those services funded by the MSTU derived from residents and businesses in the Greater Lealman area is about \$39, while the remainder of the MSTU pays \$80.

2. **Needed Revenues:** Based upon the FY 1999-2000 budgets from the four sample municipalities, it is estimated that Greater Lealman would need between \$14.2 and \$19.7 million for select program expenditures (basic operating costs – see Table 8).

3. **Revenues Other Than Taxes:** The municipalities studied rely on charges and fees, such as utility taxes, franchise fees, special assessments, fines, revenue sharing, and charges for services to fund a large portion of their budget. If Greater Lealman were to incorporate, they would have to institute similar revenue raising structures to cover basic operating services that ad valorem revenues do not cover (that is, to cover the remaining portion of the \$14.2 to \$19.7 million referenced in the previous Major Finding).

4. **Estimated Impact Overall – Revenue Collected from Other Sources:** Based upon the FY 1999-2000 budgets from the four sample municipalities, it is estimated that Greater Lealman would need to generate between \$9.1 and \$11.6 million from revenue sources other than ad valorem taxes collected to pay for select program expenditures (see Tables 10 and 11). Table 13 shows that this would result in increases collected from Lealman residents and businesses from other revenue sources in the range of 55.6% to 121.5%.

5. **Estimated Impact Overall – Revenue Collected from Ad Valorem Taxes:** Based upon the FY 1999-2000 budgets from the four sample municipalities, it is estimated that Greater Lealman would need to generate between \$5.1 and \$8.3 million from ad valorem taxes collected to pay for select program expenditures (see Table 11). Table 12 shows that this would result in increases collected from Lealman residents and businesses from ad valorem taxes in the range of 3.6% to 68.6%.

6. **Estimated Impact Overall – Combined Revenues Collected from Other Sources plus Revenues Collected from Ad Valorem Taxes:** Based upon the FY 1999-2000 budgets from the four sample municipalities, it is estimated that Greater Lealman would need to generate between \$14.2 and \$19.7 million from ad valorem taxes and from other revenue sources to pay for select program expenditures. This would result in an increase in collections from ad valorem taxes and revenue from

other sources in the range of 31.8% to 94.1% above the amount that it was estimated that Greater Lealman residents and businesses paid in 1999.

**7. Specific Examples of Estimated Impact:** This report estimates that if Greater Lealman were to incorporate, taxes and fees would increase significantly. Specifically:

- For a home with a taxable value of \$50,000, a power bill of \$80 per month, and a total telecommunications bill of \$100 per month taxes and fees would increase by an estimated range of \$59 to \$352 annually.
- For a business with a taxable value of \$200,000 and tangible personal property valued at \$60,000 ad valorem taxes would increase by an estimated range of \$146 to \$1,242 annually.

## **INTRODUCTION**

### Study Background:

On January 22, 2002, the Pinellas County Board of County Commissioners (BCC) received a Report from the County Administrator that responded to two questions that emerged from a discussion by the BCC two months earlier regarding the future of unincorporated Lealman. This discussion had focused on the impacts of annexation on Lealman's future as a distinct community, and their effect on the Lealman Special Fire Control District tax base. One of the questions considered by the BCC was whether to request a study to determine the feasibility of incorporation for Lealman. In 2001, the Lealman Community Association began to entertain the idea of Lealman becoming a separate municipality as a way to preserve the integrity of their community and to protect the tax base of the Fire District. In the January 22<sup>nd</sup> Report, the County Administrator recommended that the BCC and the Pinellas Planning Council (PPC) immediately initiate a feasibility study of the potential incorporation of Lealman. This would be a cooperative effort between County staff and PPC staff. The PPC supported staff participation in preparing the study, and on January 22<sup>nd</sup>, the BCC initiated the Feasibility Study.

### Purpose and Scope of the Study:

The Feasibility Study analyzes the fiscal feasibility of the incorporation of Lealman, and provides an analysis of the estimated financial impacts on the residents, businesses, and property owners of Lealman should they decide to pursue incorporation. The Study does not attempt to provide a municipal budget for Lealman, nor does it attempt to answer detailed questions regarding the form of governance for a new city, or the choice of how services would be provided if Greater Lealman incorporates. The intent of the Study is to provide a general financial assessment that the Lealman community can use to decide if incorporation is a viable alternative. If Lealman decides to pursue incorporation, these additional questions would need to be addressed.

## **STUDY APPROACH**

On February 12, 2002, the Pinellas County Board of County Commissioners approved a basic methodology for preparing the Lealman Incorporation Feasibility Study. The methodology set up a Steering Committee to guide development of the Study. The Steering Committee was comprised of the following people:

Richard Graham, Chief, Lealman Special Fire Control District  
David Healey, Executive Director, Pinellas Planning Council  
Marcie Lauster, Executive Vice President, Lealman Community Association  
Ray Neri, President, Lealman Community Association  
Brian Smith, Director, Pinellas County Planning Department  
Mark Woodard, Director, Pinellas County Office of Management and Budget

The fiscal analysis estimates the cost of providing basic municipal services and facilities if Lealman were incorporated, based on comparative operating and recurring capital costs for four municipalities in Pinellas County. The municipalities selected by the Steering Committee for comparison are listed below along with a brief discussion of why they were chosen for the Study.

Municipalities selected for comparison:

1. City of Pinellas Park – It is adjacent to Lealman and provides a full range of municipal services primarily using city staff.
2. City of Seminole – It is adjacent to Lealman and provides most municipal services through contracts with outside agencies and private companies.
3. City of Oldsmar – It has a population comparable in size to that of Lealman east of Kenneth City or west of Kenneth City. Oldsmar contracts with the Sheriff's Office for law enforcement, and its mix of land uses is comparable to the mix of uses in Lealman.
4. Town of Kenneth City – It is a smaller community almost surrounded by Lealman, and provides a more limited range of services.

Three of the municipalities are located adjacent to the Lealman community, while the fourth (City of Oldsmar) is located in the northeast section of Pinellas County. The financial analysis relies on the actual Fiscal Year 1999/2000 per capita budgets of four existing municipalities for providing basic municipal services. The use of comparative budget data enables the Study to identify a range of per capita expenditures for providing public services and facilities in Lealman. The actual costs and revenue mix that would ultimately be reflected in a municipal budget for Lealman will be affected by the community's desired level of service for each of the various municipal functions, and may fall outside the range of per capita expenditures identified in the Study.

## **PUBLIC INVOLVEMENT**

The Feasibility Study is a technical study that was developed by County staff and PPC staff under the direction of the Steering Committee, which contains two representatives from the community and one representative from the Lealman Special Fire Control District. There was no attempt to survey Lealman property and business owners to determine what level of municipal services they prefer.

The Pinellas County Website will be used to assist in informing the public of the Study's results, and to solicit public comments on, and questions about, the Study. Lealman Community Association meetings, Lealman Planning Team meetings, and Lealman Fire District Board meetings are all forums for explaining and discussing the Feasibility Study.

## STUDY AREA

### Study Area Boundaries:

At its first meeting, the Steering Committee voted on the Study area boundaries. It was decided that the Study area should include all of the unincorporated area located within the Lealman Special Fire Control District. A recent annexation by the City of Pinellas Park essentially separated the Lealman community into two parts – the area east of Kenneth City, and the area west of Kenneth City (including a small unincorporated residential neighborhood between Kenneth City and St. Petersburg). For purposes of this Study, the area east of Kenneth City is referred to as East Lealman, while the area west of Kenneth City and the small unincorporated neighborhood are referred to as West Lealman. Information provided later in the Study reveal that both East and West Lealman are comparable in both area and population; however, the estimated total taxable value of property in East Lealman is 29 percent greater than values in West Lealman. Collectively, the area is referred to as Greater Lealman.

The fiscal analysis in the Study provides detailed information for Greater Lealman only. The attached map (**Exhibit A**) shows the location of this Study area. Because there was an interest in reviewing differences between East and West Lealman, **Appendix D** was developed to provide a similar fiscal analysis for both East and West Lealman.

### Relationship to the Surrounding Communities:

The Greater Lealman Study area represents a large unincorporated area located between the cities of St. Petersburg, Pinellas Park, and Seminole. The Town of Kenneth City, however, bridges this unincorporated community, dividing the Study area into two parts: East Lealman and West Lealman. Lealman's origins can be traced back to the late 19<sup>th</sup> Century, and the community appears distinctly on maps from the early 20<sup>th</sup> Century along with the adjacent municipalities of St. Petersburg and Pinellas Park, which were incorporated in 1892 and 1913, respectively.

### Land Use:

The Greater Lealman Study area comprises a total of 5,000 gross acres. Gross acres represent land area that includes privately and publicly owned land, public rights-of-way for streets and other similar public uses, and water bodies. Geographically, Greater Lealman is approximately six square miles in size, which makes it larger than Safety Harbor and smaller than Oldsmar. The following table provides a breakdown of existing land use for both East Lealman and West Lealman, and for Greater Lealman.

**Table 1**  
**Existing Land Use Within Lealman**  
**(In Net Acres\*)**

<b>Existing Land Use Category</b>	<b>East Lealman</b>	<b>West Lealman</b>	<b>Greater Lealman</b>
Single-Family	840.7	622.8	1,463.5
Mobile Home	229.5	263.2	492.7
Duplex-Triplex	72.2	34.9	107.1
Multi-Family	99.4	168.1	267.5
Commercial	186.9	118.2	305.1
Industrial	115.8	23.1	138.9
Public/Semi-public	240.6	171.5	412.1
Agricultural	13.6	0.0	13.6
Recreation/Open Space	5.4	32.0	37.4
Vacant	141.2	73.9	215.1
Miscellaneous	18.1	53.7	71.8
Conservation/Preservation	60.9	126.0	186.9
Marinas	0.00	2.7	2.7
<b>Total</b>	<b>2,024.3</b>	<b>1,689.9</b>	<b>3,714.2</b>

Source: Pinellas County Planning Department, April 2002.

\*Net acres does not include public rights-of-way and bodies of water.

**Table 1** reveals that 63 percent of Greater Lealman is devoted to residential uses of all kinds, while 12 percent has been developed for commercial and industrial uses. While six percent of Greater Lealman is vacant developable land, a similar percentage is set aside for conservation and preservation purposes. Much of the latter property is located along the Joe's Creek corridor. The community's concerns about the lack of adequate recreational facilities is highlighted by the fact that only one percent of Lealman is currently set aside for recreation and open space purposes, and most of this acreage is not open to the public.

It is also evident from **Table 1** that, while East Lealman and West Lealman are similar in size, most of the industrial acreage (more than 80 percent) is located in East Lealman. Most of this industrial activity is located in the vicinity of the Joe's Creek Industrial Park. Although the disparity is not as great, slightly more than 60 percent of the commercial acreage is in East Lealman.

The regulatory Future Land Use Map for Greater Lealman (**Table 2**) provides results similar to the existing land use information. This is not surprising since Lealman is largely built out with little vacant land remaining to be developed, as noted in Table 1. If there are any significant alterations to the land use pattern, it will be the result of redevelopment and revitalization efforts.

**Table 2**  
**Countywide Future Land Use Distribution Within Lealman**

Countywide FLUP Category	East Lealman	West Lealman	Greater Lealman
Residential Estate	12.6	0.0	12.6
Residential Low	457.2	349.9	807.1
Residential Urban	508.1	638.4	1,146.4
Residential Low Medium	43.1	11.2	54.4
Residential Medium	351.2	157.4	508.6
Residential High	3.5	24.8	28.3
Residential/Office Limited	1.1	0.0	1.1
Residential/Office General	22.8	18.5	41.3
Residential/Office/Retail	0.6	24.8	25.3
Commercial Neighborhood	1.8	2.6	4.4
Commercial Recreation	13.8	0.4	14.2
Commercial General	186.5	121.0	307.5
Industrial Limited	163.5	9.3	172.8
Industrial General	17.0	0.0	17.0
Preservation	69.5	220.5	290.0
Recreation/Open Space	12.1	5.8	18.0
Transportation/Utility	46.2	32.2	78.5
Institutional	148.9	90.0	238.8
Other – Water	27.3	300.1	327.5
Other - Road Right of Way	568.7	344.5	913.2
<b>TOTAL</b>	<b>2655.4</b>	<b>2351.4</b>	<b>5006.8</b>

Source: Pinellas County Property Appraiser's Office, March 2002.

In **Table 3**, the number of residential dwelling units are differentiated by the type of dwelling unit for East Lealman, West Lealman, and the Greater Lealman Study area. This Table reveals that residential units are almost evenly split between East and West Lealman. In Greater Lealman, mobile homes comprise approximately 30 percent of all housing units in the community, while in the entire County the figure is about 12 percent.

**Table 3  
Number of Dwelling Units by Type Within Lealman**

Type of Dwelling Unit	East Lealman	West Lealman	Greater Lealman
Single-family Detached	4,872	3,220	8,092
Single-family Attached	2	296	298
Mobile Homes	3,009	2,948	5,957
Duplex units	658	296	954
Triplex units	141	60	201
Condominium units	867	2,137	3,004
Small Apartment (4-9 units)	100	38	138
Apartments (10+ units)	795	461	1,256
Other	0	79	79
<b>TOTAL</b>	<b>10,444</b>	<b>9,535</b>	<b>19,979</b>

Source: Pinellas County Planning Department, March 1, 2002.

Demographics:

Using information provided by the U.S. Census, the permanent population of Lealman in 2000 was estimated as shown in the following table:

This Table also includes projections of the permanent population for Lealman in the Years 2010 and 2020. These projections are based on vacant residential acreage located in the Study area at the time of the study and the maximum number of dwelling units allowed by the regulatory Future Land Use Map for these vacant parcels of land. The resulting projections for East and West Lealman indicate that Lealman is expected to experience little population growth in the coming years since there is limited opportunity for additional residential development in both East Lealman and West Lealman.

	<u>East Lealman</u>	<u>West Lealman</u>	<u>Greater Lealman</u>
Year 2000	18,940	16,982	35,922
Year 2010	19,295	17,278	36,572
Year 2020	19,507	17,454	36,961

Services and Facilities:

Pinellas County Sheriff - The Pinellas County Sheriff's Office provides law enforcement services to the entire Greater Lealman Study area. In addition to law enforcement officers, six Community Police Officers (CPOs) are assigned to cover most of the

Greater Lealman Study area. One deputy is contracted through the Pinellas County Housing Authority to cover the public housing communities in both the West and East Lealman area. Of the six CPOs in the Lealman area, three work in East Lealman and three work in West Lealman. The CPOs draw on patrol officers as needed, as well as Pinellas County Code Enforcement officers. The CPOs are a daily presence in the community, are familiar to many residents, and are well-versed in the local issues and problems. They deal with a variety of social issues as well as criminal activities, and often serve as a conduit between a resident in trouble and a referral to a solution. Much of the focus, and priority, for the CPOs are the children and youth, as there is a significant amount of juvenile crime, mischief and truancy in Lealman.

There is also one Crime Prevention Practitioner, and three neighborhood watch programs in Lealman. Community Policing deputies are involved in ongoing partnerships with: the Juvenile Welfare Board, YWCA, YMCA, Pinellas County Environmental Management – Code Enforcement Division, various neighborhood associations, Florida State Department of Corrections Probation and Parole, the Lealman Fire Department, the Department of Juvenile Justice, and various private businesses.

Should Lealman choose to incorporate, a decision would have to be made as to whether the community would contract with the Sheriff's Office, contract with an adjacent municipality for police services, or establish its own police department (and community policing division).

Fire District - Lealman Fire and Rescue provides fire and emergency medical services (EMS) to the entire Greater Lealman Study area. In addition, the Fire District offers child safety and fire detector programs, fire prevention evaluations in homes and businesses, and public education to area residents. Lealman Fire and Rescue has "first responder" responsibility for approximately 50,000 residents in an 11 square mile, mostly unincorporated, area between St. Petersburg and Pinellas Park, and including Kenneth City. They operate out of two stations - one station is located in East Lealman, and the other is located in West Lealman. There are 51 full time personnel employed, and the District is governed by a five member Commission elected by residents of the Fire District. The District operates as an independent special district supported by tax revenue pursuant to Chapter 189, Florida Statutes.

This Study does not assume that the Lealman Fire Department will be the fire protection service provider if any, or all, of the Study area chooses to incorporate, nor does it assume that the Lealman Fire District will cease to operate in the area. In the following fiscal analysis, it is assumed that fire protection services will be provided for the residents and businesses by the newly incorporated city. The fiscal analysis assumes that the service will be paid for as other cities pay for it and not using a separate millage rate as it is paid for now. Should Lealman incorporate, decisions on the options for provision of fire and emergency services will be fundamental to determining the community's budget.

Potable Water - The majority of the Greater Lealman Study area receives potable water from the St. Petersburg Water District Service Area (WDSA). The City is also the owner of the water distribution lines. As the residents of Lealman are not residents of the City, the City requires that they pay a 25 percent surcharge for water service. There are some areas of Lealman where the potable water lines are undersized for accommodating the water flow required for fire hydrants. This contributes to an inadequate number of fire hydrants in some of the older areas of Lealman. The City of St. Petersburg has no schedule or plan for upgrading the water lines in Lealman at this time to accommodate fire hydrants, and this remains a serious issue for certain older areas of Lealman. Smaller portions of the Study area receive potable water from either the Pinellas Park Water System or the Pinellas County Water System. It is expected that the potable water providers would not change upon incorporation, hence the existing 25 percent water surcharge and the issue with respect to water line upgrades would remain if the area were to incorporate.

Wastewater Collection and Treatment - With the exception of a small residential neighborhood located south of Kenneth City served by the City of St. Petersburg, Pinellas County provides wastewater collection and treatment service to the entire Greater Lealman Study area. Wastewater is treated at the South Cross Bayou Wastewater Treatment Facility, which has a capacity of 33.0 million gallons per day. Capacity is adequate and there are no operating/treatment deficiencies anticipated in the future. While major upgrades are underway at the South Cross Bayou Wastewater Treatment Facility to make maximum use of treated (reclaimed) wastewater as an irrigation source, Lealman currently does not have reclaimed water available to its residents, nor is it in one of the County's or the City of St. Petersburg's projected service areas. The wastewater collection and treatment provider is not expected to change upon incorporation.

Solid Waste Collection and Disposal - Lealman residents and businesses must individually contract with a private hauler for solid waste collection, as the County does not provide solid waste collection services. Should Lealman incorporate, it would be up to the municipal government to determine how to handle solid waste collection, including whether to establish a solid waste department and staff.

Library - There are no libraries in Lealman. However, with the Library Cooperative arrangement, unincorporated residents are able to use any libraries within the cooperative. The libraries in Pinellas Park, St. Petersburg and Seminole are the most accessible for Lealman residents. Lealman property owners are currently assessed 0.5 mil for supporting the Library Cooperative. If Lealman incorporates, property owners would no longer be subject to the 0.5 mil property tax, but the new municipality would have to find alternative arrangements and financial resources for providing library services to their residents if they so desire this service.

Parks and Recreation - Sawgrass Lake Park, a 390 acre regional County Park, is located adjacent to East Lealman. It houses a popular education center, picnic tables, trails, lakes and boardwalks. Active recreation opportunities and playgrounds in

Lealman are limited however. The only public open space in East Lealman is Lealman Park located along 54<sup>th</sup> Avenue North. The eastern side of the Park, however, will soon be taken up by a new fire station.

The Pinellas County Park Department is planning to renovate Lealman Park very soon by installing safe and attractive playground equipment and will be providing ongoing maintenance of the recreational amenities. If area residents want to participate in recreational sports leagues (baseball, soccer, etc.) they have to look outside of the community and join teams that use facilities provided by municipalities such as St. Petersburg, Pinellas Park or Seminole, which currently means having to pay a higher non-resident fee to play.

The County is exploring other options for additional recreational land in East Lealman, and is currently focusing on County-owned lands along Joe's Creek for, at a minimum, additional passive recreation opportunities.

If Lealman chooses to incorporate, the City would become responsible for funding (and developing) any additional recreational facilities and associated amenities, depending upon the level of service it chooses to provide and based on the desires of the community.

Drainage/Stormwater Management - The majority of Lealman is in the Joe's Creek Drainage Basin and under the County's jurisdiction for flood control/stormwater management. Joe's Creek, tidally influenced in its lower reaches, flows east to west and discharges ultimately to Cross Bayou/Boca Ciega Bay in southwest Pinellas County. A portion of East Lealman, also within the County's jurisdiction for flood control, is within Sawgrass Lake Drainage Basin, with water flowing west to east and ultimately to Tampa Bay.

The northern portion of Lealman is located within the Pinellas Park Water Management District (PPWMD) boundary. The PPWMD is an independent special district authorized by Chapter 189, Florida Statutes, to use its taxing authority to manage the major drainage system within its prescribed boundary. Consequently, property owners in this part of Lealman pay an additional 3.0 mills to the PPWMD. This tax would continue to be levied regardless of incorporation.

In the 1990s, Pinellas County Public Works undertook a major Joe's Creek drainage project to correct some major flooding problems within the watershed. Funded by the County's infrastructure sales tax revenue, or the "Penny for Pinellas," the multi-faceted project included channel improvements, as well as the addition of retention/flood storage facilities in the community and upstream. Today, while major flooding is no longer the significant problem it was in the past, there are several localized flooding issues, as well as a need for regional retention to address not only flood control, but water quality treatment requirements as well. At this time, creative surface water management options are being explored to address multiple drainage, water quality and

public open space objectives. The County has also recently completed major drainage improvements in the Sawgrass Lake drainage basin.

Should Lealman choose to incorporate, responsibility for the existing major drainage features would probably not change; however, local drainage, including street drainage, would be a municipal responsibility for Lealman.

Streets and Roads - With the exception of U.S. Highway 19 and 66<sup>th</sup> Street, Pinellas County Public Works is currently responsible for designing, building and maintaining Lealman's streets and roads. If Lealman incorporates, local streets would become a municipal responsibility. There are several major roads that would remain the responsibility of the County; however, all of the local streets would fall under Lealman's jurisdiction.

Building Inspection - Building inspection is provided by the Pinellas County Building Department. If Lealman incorporates, the City would either need its own permitting and inspection staff, or it would need to contract with the County or another municipality to provide this service.

Code Enforcement - Code Enforcement is provided by the Pinellas County Department of Environmental Management. The majority of code enforcement responsibility in Greater Lealman is assigned to one Pinellas County officer. The remaining area west of 66<sup>th</sup> Street North is assigned to a different officer. The County's Code Enforcement officers do, however, rely upon assistance from the Sheriffs' Office and the community police officers assigned to the Lealman area. As with building inspection, if Lealman incorporates, the City would either need its own code inspectors, or it would need to contract with the County or another municipality for these services.

Various Administrative and Management Functions - Currently, administrative, planning and regulatory functions for the Greater Lealman area are handled by various County departments (e.g., development and enforcement of land development regulations, comprehensive planning and growth management, budgeting and accounting, etc.). Should Lealman incorporate, these responsibilities will fall to the municipal government. For example, within three years following a decision on its form of government, the new municipality must develop and adopt a comprehensive plan in compliance with Florida's Growth Management laws and rules.

#### Existing Services and Facilities in the Comparison Municipalities:

Kenneth City - Kenneth City provides municipal services both in-house and through contracts with other agencies. The Town has a "Mayor-Council" form of governance with each member serving to lead a particular administrative function. The Town contracts with the Lealman Fire Department for fire protection. Under this contract, the amount paid by Kenneth City to the Lealman Fire District is less than one third of the amount that otherwise would be paid if Kenneth City was subject to the Lealman Fire

District millage rate. They contract with Pinellas Park for building inspections, and a private waste hauler for solid waste disposal. Water and sewer are provided by Pinellas County for the majority of the town. The Kenneth City Police Department provides both law enforcement and code enforcement functions. The Town is not a member of the Pinellas County Library Cooperative and does not provide recreation programming.

Seminole - Seminole, like Kenneth City, provides both contract and in-house municipal services. The City has a hired city manager, as opposed to an elected Mayor, who oversees the operation of City business and works closely with staff. The City has a fire department that serves both the city and a large unincorporated area through a contract with Pinellas County. Policing is contracted with the Pinellas County Sheriff's Department, and solid waste is contracted through a private hauler. Water and sewer is provided by Pinellas County Utilities. The City is a member of the Pinellas County Library Cooperative and provides recreation services.

Oldsmar - Oldsmar is very similar to Seminole in that it operates under a city manager. Oldsmar also contracts with the Pinellas County Sheriff's Department for community policing and has a municipal fire department. Unlike Seminole, the unincorporated area under Oldsmar's fire department is limited; fire protection service in this area is provided through individual private contracts. Water and sewer distribution, maintenance, and billing is provided for in-house. The City is a member of the Pinellas County Library Cooperative and also provides recreational services.

Pinellas Park - Pinellas Park also employs a city manager. The City provides all services in-house such as fire protection, policing, solid waste, water, and recreation services. Pinellas Park is a member of the Pinellas County Library Cooperative.

## FISCAL ANALYSIS

### Introduction:

This portion of the Study provides an estimate of what the costs would be for operating expenditures<sup>1</sup>, an estimate of the ad valorem taxes and corresponding millage rates, and estimates of other revenues sources that would be needed to pay for those estimated expenditures if Greater Lealman were to incorporate. The budgets from four sample municipalities were utilized as examples and are used to estimate what the basic operating expenditures would be in Greater Lealman. Revenues that are generated by each sample municipality to cover those expenditures are also taken from each of their budgets and used to estimate the revenue Greater Lealman would need.

The intent is to provide a range of possibilities that show the difference between the ad valorem taxes paid by residents and businesses in Greater Lealman in 1999 and what they would pay if they were to incorporate using the expenditures and revenues that are included in each of the four sample budgets. The resulting range of ad valorem tax levies can then be compared to the current amounts paid by the residents and businesses in Greater Lealman. Also, the revenue generated from other sources such as utility and franchise fees can be compared with what residents and businesses paid during the study period. These estimates are provided in both total amounts for the area and using an example of a typical home in the area.

Ad valorem taxes levied are one indication of what total costs would be because they cover only a portion of the basic operating expenditures for each city. Comparison of the difference in other fees, taxes, and charges paid currently in Greater Lealman with those that would be needed if the area were to incorporate is important in determining whether or not incorporation is desirable by its residents and businesses. In all of the examples shown, it is certain that other fees, taxes, and charges that are not currently being assessed/collected in Greater Lealman would be required to generate revenue to cover the portion of the operating expenses that the taxes levied would not.

The Study does not make a judgement as to how library and fire and emergency medical services would be provided if Greater Lealman were to incorporate. It only estimates what the ad valorem taxes collected would be if the Municipal Service Taxing Unit, Library Cooperative, and Lealman Fire District millages were replaced by one millage rate (as the four sample municipalities use). The decisions concerning how best to provide these services would rest with the current service providers and the newly incorporated municipal government.

It should be noted that there may be start-up costs associated with the creation of a municipality through incorporation. To begin with, there will be the need for such things as office space and public works facilities and equipment. However, such initial

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<sup>1</sup> This is an estimate of the basic costs involved in operating a city the size of the study area, also referred to in the study as "Select Program Expenditures." These estimates are based upon the actual budgets for the four municipalities selected as examples. This analysis does not provide a total budget for the study area.

expenditures requiring capital could be deferred or prorated through a bonding program or contract with another service provider, or some combination of the two. That is, the new municipality could borrow the money to establish its initial capital requirements and this cost would then be translated to an ongoing cost paid for over time rather than a single initial cost. The same would apply to a contract approach where the actual service would be provided by another government entity or private group that would incur any initial capital outlay responsibilities which would be recouped over the contract period.

The start-up costs for a new municipality are not included within this analysis.

1999 Tax Base and Tax Revenues in Greater Lealman:

Greater Lealman’s tax base (the taxable value of property which ad valorem taxes are levied against) is shown in **Table 4**, and for comparison purposes the tax bases for the sample cities are also shown. Included is both “real property” and “tangible personal property.”

**Table 4**  
**1999 Tax Base of Greater Lealman**  
**and Sample Municipalities**

	<b>1999 Tax Bases</b>	
	<b>Total<sup>1</sup></b>	<b>Per Capita</b>
<b>Greater Lealman</b>	\$758,794,078	\$21,123
<b>Kenneth City</b>	\$88,295,790	\$20,067
<b>Oldsmar</b>	\$487,264,602	\$40,912
<b>Pinellas Park</b>	\$1,717,132,062	\$37,609
<b>Seminole</b>	\$337,332,290	\$30,976

Tax base/population = per capita taxable value  
Source: Pinellas County Property Appraiser’s Office –  
“Recapitulation of Taxes As Extended on the 1999 Tax Rolls.”

This table shows that Greater Lealman has a relatively low tax base per capita as compared to the sample municipalities. Only Kenneth City has a slightly lower per capita tax base and the other three sample municipalities were more than double Greater Lealman’s. In fact, compared with the remainder of unincorporated Pinellas County, Greater Lealman is valued at less than half, or \$21,123 vs. \$43,334 per capita.

The millages levied against those tax bases for the Municipal Services Taxing Unit (MSTU at 1.8560 mills) shows that Greater Lealman pays approximately \$39 per capita while the remainder of unincorporated Pinellas County had a per capita levy of \$80 – or

<sup>1</sup> Includes both “real property” and “tangible personal property” tax values.

approximately twice the per capita property tax collected within Greater Lealman. Another way to illustrate the differences in taxable values would be to compare taxes collected to population. Greater Lealman residents represent approximately 12.5% of the population of unincorporated Pinellas County, but they pay approximately 6.5% of the unincorporated MSTU's ad valorem taxes.

A number of factors are likely to contribute to the significantly lower overall taxable values in Greater Lealman, including an older housing stock and a relatively large number of mobile homes.

**Table 5** displays the millage rates used in the 1999/2000 Fiscal Year budget cycle for Greater Lealman and for the four sample cities. Greater Lealman's millages that roughly compare to a municipality's rate include the MSTU millage, the millage assessed by the Lealman Fire District, and the Library Cooperative millage. These total 7.2930 mills. Other millages that apply to the area (e.g., Countywide, School Board, Southwest Florida Water Management District, etc.) are assessed to both the Greater Lealman Study area and the sample municipalities, but these millages are not affected by incorporation and therefore are not included in this analysis.

**Table 5**  
**1999 Millage Rates for Greater Lealman**  
**and Sample Municipalities**

	1999 Millage Rates				
	Municipal	MSTU <sup>2</sup>	Lealman Fire District	Library Co-op	Total
<b>Greater Lealman</b>		1.8560	4.9370	0.5000	7.2930
<b>Kenneth City</b>	3.7540				3.7540
<b>Oldsmar</b>	4.6500				4.6500
<b>Pinellas Park</b>	5.0788				5.0788
<b>Seminole</b>	3.3755				3.3755

**Table 6 and 7** show the taxes that were collected for the five areas included in this Study. It is important to note that the millage levied by the Lealman Fire District is only assessed on real property taxable values and not tangible personal property. The remainder of the millages shown in **Table 6** and those for the sample municipalities in **Table 7** are assessed against both real property and tangible personal property. This results in fewer taxes collected per mill for the fire district than the other millages shown (i.e., the Lealman Fire District must levy a higher millage in order to collect the same taxes per mill than the others shown).

<sup>2</sup> Municipal Service Taxing Unit (MSTU)

**Table 6  
Breakdown of 1999 Ad Valorem  
Taxes Collected for Greater Lealman**

	<b>1999 Taxes Collected</b>	
	<b>Total<sup>3</sup></b>	<b>Per Capita</b>
<b>MSTU</b>	\$1,408,322	\$39.20
<b>Lealman Fire District</b>	\$3,132,280	\$87.20
<b>Library Co-op</b>	\$379,397	\$10.56
<b>Total</b>	<b>\$4,919,999</b>	<b>\$136.96</b>

Tax base x millage rate = taxes collected  
Taxes collected/Greater Lealman population = per capita taxes collected

**Table 7  
1999 Taxes Collected for Greater Lealman  
and Sample Municipalities**

	<b>1999 Taxes Collected</b>	
	<b>Total</b>	<b>Per Capita</b>
<b>Greater Lealman</b>	\$4,919,999	\$136.96
<b>Kenneth City</b>	\$331,462	\$75.33
<b>Oldsmar</b>	\$2,265,780	\$190.24
<b>Pinellas Park</b>	\$8,720,970	\$191.01
<b>Seminole</b>	\$1,138,665	\$104.56

Tax base x millage rate = taxes collected  
Taxes collected/population = per capita taxes collected

Estimated Expenditures:

Four sample municipal budgets from fiscal year 1999/2000 were used to estimate what the expenditures would be for providing services to Greater Lealman, assuming the area would incorporate. This fiscal year was chosen because it correlates with the 2000 U.S. Census information for population (to be used to estimate per capita cost figures). Also, this year was used because it portrays Greater Lealman and the City of Seminole prior to a large annexation into the Lealman Fire District conducted by the City of Seminole in June of 2000. This annexation significantly affected the 2000 tax roles.

Use of the jurisdictional limits and corresponding tax bases for the City of Seminole and the Greater Lealman area before the annexation is important because it is a more accurate representation of what operating costs and revenues were for the City and for Greater Lealman. It will take some time after the annexation for the City of Seminole's budget to adjust and reflect actual costs of providing services to this new area and for its millage rate to be adjusted to account for the significantly higher tax base that

<sup>3</sup> MSTU and Library Co-op millages are assessed against both "real property" and "tangible personal property" while the Lealman Fire District's millage is assessed against "real property" only.

resulted from the annexation. Also, the City of Seminole's tax base and service area was affected by additional annexations impacting the 2001 tax roles, and therefore it was determined less appropriate to use this later year.

**Table 8** displays the total operating expenses and recurring capital outlays for the four sample municipalities. These expenditures do not represent a comprehensive list of all services provided by these four municipalities (see Appendix A for those services that were included).

For example, the table does not include expenditures for water and sewer utilities. These services are provided to Greater Lealman by other agencies and would not change if the Greater Lealman area were to incorporate. They are also considered self-supporting and should not affect tax levies or other revenues considered in this analysis. Additionally, in the case of Kenneth City and Seminole, water and sewer costs and revenues are not included in their budgets because these services are provided by other agencies.

Major capital improvements are also not included since these are usually large one-time expenditures that can skew the expenditure estimates. Therefore, since the select program expenditures considered for this Study do not include all budgeted items from the sample municipalities, the total amounts used in this Study are less than the total expenditures for each of the sample municipalities. Also, not included are start-up costs (i.e., costs for land and buildings, vehicles, equipment, etc.).

This table shows that select program expenditures estimated for Greater Lealman range from \$14.2 to \$19.7 million.

**Table 8**  
**Estimate of Select Program Expenditures for Greater Lealman**

	Estimated Select Program Expenditures		
	From Sample Municipal Budgets	Per Capita	Estimated for Greater Lealman
Greater Lealman with Kenneth City Example	\$1,740,924	\$396	\$14,212,898
Greater Lealman with Oldsmar Example	\$6,111,320	\$513	\$18,432,656
Greater Lealman with Pinellas Park Example	\$25,275,399	\$549	\$19,733,391
Greater Lealman with Seminole Example	\$4,784,663	\$439	\$15,782,690

Select program expenditures/municipal population = per capita expenditures for municipalities  
Per capita expenditures x population of Greater Lealman = estimated expenditures for Greater Lealman

Estimated Revenues:

The most obvious revenue source for local governments is ad valorem taxes. However, these revenues generally cover less than 20% of the local government’s budget. Other revenue sources include utility taxes, franchise fees, licenses, revenue sharing from use taxes (sales tax, cigarette tax, gas tax, etc.), charges for services (such as water, sewer, solid waste), fines, forfeitures, and special assessments.

This Study estimates revenues from the sample municipal budgets that depend on ad valorem taxes and revenues from other sources listed above. These revenues are then applied to the cost of the select program expenditures estimated for Greater Lealman in **Table 8**.

Revenues Other Than Ad Valorem Taxes – In addition to revenue from ad valorem taxes, the four sample municipalities receive revenues from utility taxes and franchise fees on services such as electricity, natural gas, and communications services. As a comparison, only a Communications Services Tax is assessed by Pinellas County in Greater Lealman. **Table 9** displays the taxes assessed and fees collected each billing cycle in each of the sample cities as well as by Pinellas County for the unincorporated county, which includes Greater Lealman. Based on the experience of the four municipalities, if Greater Lealman were to incorporate, it would be expected that utility taxes and franchise fees would be imposed to generate revenue to cover the select program expenditures (from **Table 8**).

**Table 9**  
**2002 Utility Taxes and Franchise Fees**

	Electric Utility Tax	Electric Franchise Fee	Gas Utility Tax	Gas Franchise Fee	Communications Services Tax
<b>Greater Lealman</b>	-	-	-	-	2.12%
<b>Kenneth City</b>	5%	6%	-	6%	1.52%
<b>Oldsmar</b>	9%	6%	9%	4%	6.22%
<b>Pinellas Park</b>	10%	6%	10%	6%	5.90%
<b>Seminole</b>	6%	6%	6%	6%	5.62%

Source: Town of Belleair, Annual Tax and Rate Survey 2002.

Municipalities receive revenues from a variety of sources in addition to utility taxes and franchise fees. These revenue sources include, but are not limited to:

- Occupational Licenses
- Building Permits
- Tree Removal Permits
- Grants
- Alcohol Licenses
- Zoning Fees
- Variance Fees
- Half-Cent Sales Taxes
- Mobile Home Licenses
- Recreation Fees
- Code Enforcement Fines
- Cigarette Taxes
- State Revenue Sharing
- Interest on Investments
- Burn Permits
- Gas Taxes
- Sign Permits
- Court Fines

Some of these revenues are collected and re-distributed by the State of Florida while others are collected directly by the municipality. Municipalities have the ability to set the cost of some of these revenue sources (such as permits, licenses, and fees). **Table 10** shows revenues from the sample budgets including: sales and use taxes; franchise fees; utility taxes; fees from permits and licenses; charges, fines, forfeitures, and fees; and other fees.

The table shows that revenue from sources other than ad valorem taxes estimated for Greater Lealman range from \$9.1 to \$11.6 million. Using only these revenues to cover the \$14.2 to \$19.7 million estimated for select program expenditures leaves a shortfall of between \$5.1 and \$8.3 million (see **Table 11**).

**Table 10**  
**Estimate of Other Revenues for Greater Lealman**

	<b>Estimated Other Revenues</b>		
	<b>Derived from Sample Municipal Budgets</b>		<b>Estimated for Greater Lealman</b>
	<b>Total</b>	<b>Per Capita</b>	<b>Total</b>
Greater Lealman with Kenneth City Example	\$1,116,857	\$253.83	\$9,118,081
Greater Lealman with Oldsmar Example	\$3,361,550	\$282.25	\$10,138,985
Greater Lealman with Pinellas Park Example	\$14,741,056	\$322.86	\$11,597,777
Greater Lealman with Seminole Example	\$3,111,476	\$285.72	\$10,263,634

Revenues from other sources/municipal population = per capita revenues  
Per capita revenues x population for Greater Lealman = estimated revenues for Greater Lealman

Using Revenues for Select Program Expenditures in Greater Lealman – **Table 11** uses the estimate of revenues from other sources to pay for the select program expenditures estimated in **Table 8**. In **Table 12** the balance remaining will be shown paid through the use of ad valorem taxes collected.

**Table 11**  
**Estimate of Expenditures Covered by**  
**Revenues from Other Sources**

	<b>Estimated for Greater Lealman</b>				
	<b>Select Program Expenditures (Derived from Sample Municipal Budgets) (from Table 8)</b>	–	<b>Revenue from Other Sources (Derived from Sample Municipal Budgets) (from Table 10)</b>	=	<b>Balance of Select Program Expenditures to be Covered by Ad Valorem Taxes Collected</b>
Greater Lealman with Kenneth City Example	\$14,212,898	–	\$9,118,081	=	\$5,094,817
Greater Lealman with Oldsmar Example	\$18,432,656	–	\$10,138,985	=	\$8,293,671
Greater Lealman with Pinellas Park Example	\$19,733,391	–	\$11,597,777	=	\$8,135,614
Greater Lealman with Seminole Example	\$15,782,690	–	\$10,263,634	=	\$5,519,056

This Study assumes that the taxes levied for the MSTU, the Library Cooperative, and the Lealman Fire District would be replaced by taxes levied by Greater Lealman if it were to incorporate (i.e., one new millage rate - the MSTU, library, and fire district millages would not be added to this estimated millage, but would be replaced by it).

Fiscal Conclusion:

Based on the estimate of select program expenditures shown in **Table 8**, the Greater Lealman area would need to generate between \$14.2 and \$19.7 million in order to fund basic municipal services. In addition to the revenues generated from other sources estimated in **Table 10** for the Study area, an additional \$5.1 to \$8.7 million in revenue would have to be raised to support the incorporated city. This shortfall is expected to be raised by ad valorem taxes collected in the amount shown in **Table 11**.

The estimated ad valorem taxes collected in **Table 12** show that the increase above 1999 taxes collected would be somewhere between 3.6% and 68.6% in Greater Lealman if incorporation were to occur and the new municipality's select program expenditures and revenues were similar to the sample cities.

**Table 12**  
**Comparison of Estimated Ad Valorem Taxes Collected**  
**as Needed to Cover Expenditure Shortfall**

	Estimated Ad Valorem Taxes Collected to Cover Expenditure Shortfall (from Table 11) <sup>4</sup>	1999 Ad Valorem Taxes Collected in Greater Lealman	Percent Increase Above 1999 Taxes Collected
Greater Lealman with Kenneth City Example	\$5,094,817	\$4,919,999	+3.6% increase
Greater Lealman with Oldsmar Example	\$8,293,671	\$4,919,999	+68.6% increase
Greater Lealman with Pinellas Park Example	\$8,135,614	\$4,919,999	+65.4% increase
Greater Lealman with Seminole Example	\$5,519,056	\$4,919,999	+12.2% increase

(Ad valorem taxes collected needed to cover expenditure shortfall – 1999 ad valorem taxes collected)/1999 ad valorem taxes collected = percent increase

Greater Lealman residents and businesses also pay many of the “other revenues” that cities rely on at present (listed after **Table 9** and estimated in **Table 10**). An example might include such things as building permits, alcohol licenses, mobile home licenses, and cigarette taxes. Incorporation would not affect these, and therefore they would not be considered “new” costs associated with incorporation. However, included within the “other revenues” that municipalities depend on and that are not collected or assessed in Greater Lealman at present are occupational licenses, utility and franchise fees for electricity and gas, and gasoline taxes. In addition, three of the sample municipalities charged higher rates for the Communications Services Tax than the Greater Lealman residents and businesses currently pay (see **Table 9**).

Revenues generated from occupational licenses, and utility and franchise fees for electricity would be considered “new” revenues to Greater Lealman residents and businesses if they were to incorporate. **Table 13** estimates a range of other revenues paid in 1999 by Greater Lealman as a whole and compares this with the estimates for what would be needed to cover the expenditure shortfall. The final percentages show how much more would be paid if the area were to incorporate.

<sup>4</sup> The corresponding millage rates calculated can be found in Appendix C.

**Table 13**  
**Comparison of Estimated Revenue from Other Sources**  
**as Needed to Cover Expenditure Shortfall**

	Estimated Revenue from Other Sources to Cover Expenditure Shortfall (from Table 10)	Estimated 1999 Revenue from Other Sources Collected in Greater Lealman <sup>5</sup>	Percent Increase Above 1999
Greater Lealman with Kenneth City Example	\$9,118,081	\$5,860,878	+55.6% increase
Greater Lealman with Oldsmar Example	\$10,138,985	\$4,576,373	+121.5% increase
Greater Lealman with Pinellas Park Example	\$11,597,777	\$5,370,417	+116.0% increase
Greater Lealman with Seminole Example	\$10,263,634	\$5,852,317	+75.4% increase

**Table 14** uses an example of a residence to illustrate what the range of amounts for ad valorem taxes collected could be in Greater Lealman if it were to incorporate. It is important to note that for any businesses or other uses that currently have tangible personal property, the millage rate levied would effectively be higher if Greater Lealman were to incorporate. This results in a proportionally higher amount of taxes paid by these uses than the taxes that are paid by owners of residential property with no tangible personal property.<sup>6</sup>

<sup>5</sup> These revenues are listed in Appendix B and have had franchise fees, utility taxes, and revenues from occupational licenses subtracted from them.

<sup>6</sup> This is due to the fact that the Lealman Fire District millage is assessed against "real property" only and a business' tangible personal property is not assessed. However, under the scenarios presented in this Study a business' tangible personal property would be subject to taxation by this new municipality's millage.

**Table 14**  
**Example for Residence**  
**Estimated Increase or Decrease**  
**in Ad Valorem Taxes Collected if Incorporated**

	<b>Example Estimated for Greater Lealman</b>				
	Taxable Value of Residence <sup>7</sup>	1999 Ad Valorem Taxes Paid (MSTU, Library Co-op, and Lealman Fire)	Estimated for Greater Lealman if Incorporated	Amount Paid More or Less if Incorporated	Percent Increase or Decrease in Ad Valorem Taxes Collected
Greater Lealman with Kenneth City Example	\$50,000	\$365	\$336	\$29 less	-7.9% decrease
Greater Lealman with Oldsmar Example	\$50,000	\$365	\$547	\$182 more	+49.9% increase
Greater Lealman with Pinellas Park Example	\$50,000	\$365	\$536	\$171 more	+46.8% increase
Greater Lealman with Seminole Example	\$50,000	\$365	\$364	\$1 less	-0.3% decrease

Taxable value of residence x 7.2930 mills = 1999 ad valorem taxes collected

Taxable value of residence x estimated range of millage rates = taxes collected as estimated for Greater Lealman if incorporated

1999 vs. estimate = difference saved or lost

**Table 15**  
**Example for Business**  
**Estimated Increase or Decrease**  
**in Utility Taxes and Franchise Fees if Incorporated**

	<b>Example Estimated for Greater Lealman<sup>8</sup></b>			
	1999 Franchise Fees in Greater Lealman <sup>9</sup>	Estimated for Greater Lealman if Incorporated	Amount Paid More or Less	Percent Increase or Decrease in Utility Taxes and Franchise Fees
Greater Lealman with Kenneth City Example	\$25	\$113	\$88 more	+352% increase
Greater Lealman with Oldsmar Example	\$25	\$195	\$170 more	+680% increase
Greater Lealman with Pinellas Park Example	\$25	\$199	\$174 more	+696% increase
Greater Lealman with Seminole Example	\$25	\$167	\$142 more	+568% increase

<sup>7</sup> Actual average assessed value of a residence in Greater Lealman is \$53,609.

<sup>8</sup> This example uses electricity utility taxes and franchise fees, and Communication Services utility taxes only.

<sup>9</sup> This example uses an \$80 monthly power bill and a \$100 total bill for communication services (phone, cable, cellular, pager, etc.).

As seen in the last two tables, the average home would pay between \$29 less and \$182 more in ad valorem taxes if Lealman were to incorporate. Greater Lealman would pay between \$88 and \$174 more towards utility taxes and franchise fees per average household. Based on the sample municipalities, this is an estimated total range between \$59 and \$352 more annually per average household if Greater Lealman were to incorporate.

Business owners that have tangible personal property and/or consume more electricity and/or have more extensive telecommunication needs (i.e., bills for cell phones, pagers, etc.) will pay amounts higher than residences. For example, if a business has a taxable value of \$200,000 and tangible personal property assessed at \$60,000 they paid approximately \$1,600 in 1999 towards the MSTU, library, and fire district millages. Based on the sample municipalities this same business would pay between \$1,746 and \$2,842, or 9.1% to 77.6% more in ad valorem taxes upon incorporation than they actually did in 1999 in unincorporated Pinellas County.

The difference for business owners in electric utility taxes and franchise fees and Communication Services utility taxes would be significant since electric utility taxes and franchise fees are not currently charged in Greater Lealman. **Table 9** can be used to apply the designated rates against a business' power bill or telecommunication bills.

Summary of Estimates for Greater Lealman:

**Range of Total Costs and Revenues<sup>10</sup>  
Overall**

- Select Program Expenditures \$14.2 to \$19.7 million
- Revenue from Other Sources \$9.1 to \$11.6 million
- Revenue from Ad Valorem Taxes Collected \$5.1 to \$8.3 million

**Range of Taxes Collected and Fees Collected for  
Single Family Residence Valued at \$50,000**

- Ad Valorem Taxes Collected \$336 to \$547  
8% decrease to a 50% increase
- Utility Taxes and Franchise Fees \$113 to \$199  
352% to 696% increase
- Combined \$449 to \$742  
15% to 90% increase

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<sup>10</sup> The numbers shown are ranges from two separate mathematical estimates from four sample municipalities and are not intended to be added together to equal the amount of the select program expenditures.



## ALTERNATIVES TO INCORPORATION

In the Introduction to this Study it was noted that the primary reasons Greater Lealman is considering incorporation are concerns about the effect of annexation on the integrity of the Lealman community and the tax base of the Lealman Fire District. In addition to the option of incorporating as a new municipality, there are alternatives to incorporation that the Lealman community can consider in responding to these concerns. These alternatives are described below along with a brief discussion of their feasibility.

<b>Alternative 1: Amend County Ordinance No. 00-63 to reduce, or push back, the adjacent planning area boundaries.</b>
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Representatives of the Lealman community proposed this option to the Board of County Commissioners on November 20, 2001. Pinellas County Ordinance No. 00-63 establishes municipal planning areas that identify the geographic limits of voluntary annexation. Voluntary annexation outside of these planning area boundaries is only allowed if the Board of County Commissioners agree to amend the planning area boundary. Removal of the option for voluntary annexation within the Lealman Fire District is the basis for Lealman's request to have the annexation planning area boundaries for St. Petersburg, Pinellas Park, and Kenneth City moved from their original location back to existing city limits. This will result in the planning area boundaries corresponding to with the boundaries of the Lealman Fire District.

On April 2, 2002, the Board of County Commissioners (BCC) voted to submit an amendment to Ordinance No. 00-63 to change the planning area boundaries so that they correspond to the boundaries of the Lealman Fire District. At a public hearing on June 4, 2002, the BCC voted to amend the planning area boundaries and directed the County Administrator to submit within one year an alternative boundary proposal that would define the Lealman community and protect the tax base of the Lealman Fire District.

**Feasibility of Alternative 1:** This option has been exercised but is subject to the sunset provision of Pinellas County Ordinance 02-48 and the mediation/litigation process now underway pursuant to Chapter 164, Florida Statutes.

<b>Alternative 2: Utilize County Ordinance No. 00-63 to include all of the Greater Lealman Study area within one or more municipal planning area.</b>
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Another characteristic of municipal planning areas is that they are exclusive to a particular municipality with regard to voluntary annexation. In other words, once a planning area is identified in Ordinance 00-63 for a specific municipality, no other municipality may annex into that area through voluntary annexation. County Ordinance 00-63, therefore, presents a second alternative for assisting Greater Lealman in preserving the integrity of their community.

If the BCC or the Lealman community determines that Lealman should not remain unincorporated over time, this alternative would allow for all of Lealman to be included in one, or more, of the adjacent municipal planning areas.

Which municipality, or municipalities, Greater Lealman would eventually become a part of would be determined through discussions between the Lealman community and the affected local governments. One option is that, over time, Lealman would become part of a single municipality. This would require amending the planning area boundary for that municipality to include all of the Study Area. Another option is for Greater Lealman to become part of two or more adjacent municipalities. In this case, the individual municipal planning areas would need to be amended to include their respective portion of the Lealman community.

Any voluntary annexation must be accomplished pursuant to the terms of Ordinance 00-63. Since Greater Lealman currently lies outside of any municipality's planning area, as designated under Ordinance 00-63, an amendment to the annexing municipality's planning area would be necessary prior to any voluntary annexation taking place. It would then be necessary for each property owner to petition the municipality for annexation, which would then follow the normal process under Ordinance No. 00-63.

**Feasibility of Alternative 2:** Although feasible, this alternative has several limitations. Unless total annexation occurs quickly, Greater Lealman would still be fragmented between those areas that are annexed and those that remain unincorporated. In addition, there is no requirement that a municipality annex all of the area within its planning area. Lealman could still be fragmented if the municipality decides to annex certain properties and not others, or if voluntary petitions to annex are received from some areas but not others. Another consideration is that, similar to the situation in Alternative 1, other municipalities would still be allowed to annex areas in Greater Lealman by referendum since Ordinance No. 00-63 does not govern this type of annexation. This alternative also does not protect the tax base of the Lealman Special Fire Control District.

<b>Alternative 3: Annex to abutting municipality(ies) by referendum</b>
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While this alternative was explored in 2001 with Kenneth City, and subsequently rejected by the City, it remains a procedural option for maintaining the integrity of the Lealman community. This can be accomplished either via voluntary annexation (discussed in Alternative 2 above) or annexation by referendum. The candidate municipalities are Kenneth City, St. Petersburg, Pinellas Park, and/or Seminole.

Annexations by referendum are governed by state law in Pinellas County under the procedures outlined in Chapter 171 of the Florida Statutes. The area to be annexed must meet certain requirements, such as being compact and contiguous to the annexing municipality. Following proper adoption of an ordinance by the annexing municipality, a referendum would be held at the next regularly scheduled election or at a special election called for the purpose of holding the referendum. The referendum would be held in the area proposed to be annexed. The elected officials of the annexing municipality may also choose to submit the proposed annexation to a separate vote of the registered electors of the annexing municipality. All registered electors in the area proposed for annexation would be entitled to vote on the issue and

a majority vote would be needed to render the annexation ordinance effective. If a separate vote were held in the annexing municipality, a majority vote within the municipality would also be needed in order for the annexation to become effective.

**Feasibility of Alternative 3:** This is a feasible alternative. Exercising this alternative, however, should be preceded by an open dialogue between the Lealman community and the affected local government(s). This alternative would also have to consider what impact its implementation would have on the status and future of the Lealman Special Fire Control District.

## **CONCLUSION**

As previously described, this Study does not draw a conclusion as to what form of government Lealman might take if it were to incorporate, nor does it calculate exact costs of incorporation. What the Report attempts to do is provide residents and business owners in Greater Lealman with enough basic and comparative financial information to decide whether they wish to form and support their own incorporated municipal government. If that choice is made, the community will require more detailed and exact analysis based on the unique decisions they would have to make regarding services and form of government.

## Appendix A

### Range of Select Program Expenditures for Greater Lealman From Four Sample Municipalities

Select Programs	Kenneth City		Population* 4,400		Oldsmar		Population* 11,910	
	Operating Expenses	Capital Outlay**	Total	Per Capita	Operating Expenses	Capital Outlay**	Total	Per Capita
<b>Public Safety</b>								
Law Enforcement	\$837,067	\$90,000	\$927,067	<sup>B</sup> \$210.70	\$618,150	\$0	\$618,150	<sup>A</sup> \$51.90
Fire Control	\$142,646	\$0	\$142,646	<sup>A</sup> \$32.42	\$675,375	\$6,000	\$681,375	<sup>B</sup> \$57.21
EMS	N/A	N/A	N/A	<sup>A</sup> N/A	\$210,700	\$0	\$210,700	<sup>C</sup> \$17.69
Building Inspection	\$49,772	\$0	\$49,772	<sup>A</sup> \$11.31	\$179,970	\$14,000	\$193,970	<sup>B</sup> \$16.29
Code Enforcement	N/A	N/A	N/A	<sup>E</sup> N/A	N/A	N/A	N/A	<sup>D</sup> N/A
<b>Cultural and Recreation</b>								
Library	\$7,583	\$0	\$7,583	<sup>B</sup> \$1.72	\$353,805	\$85,500	\$439,305	<sup>B</sup> \$36.89
Parks	\$12,000	\$2,000	\$14,000	<sup>B</sup> \$3.18	\$457,500	\$8,700	\$466,200	<sup>B</sup> \$39.14
Recreation	N/A	N/A	N/A	N/A	\$281,185	\$0	\$281,185	<sup>B</sup> \$23.61
Cultural Affairs	\$5,000	\$0	\$5,000	\$1.14	\$71,380	\$35,000	\$106,380	<sup>B</sup> \$8.93
<b>Physical Environment</b>								
Drainage/Stormwater	N/A	N/A	N/A	N/A	\$549,375	\$0	\$549,375	<sup>B</sup> \$46.13
Building Maintenance	N/A	N/A	N/A	N/A	\$176,940	\$128,000	\$304,940	<sup>B</sup> \$25.60
<b>Transportation</b>								
Roads and Streets	\$193,515	\$500	\$194,015	<sup>B</sup> \$44.09	\$501,615	\$17,900	\$519,515	<sup>B</sup> \$43.62
Traffic Control Systems	\$10,000	\$7,000	\$17,000	<sup>G</sup> \$3.86	N/A	N/A	N/A	N/A
<b>Economic Environment</b>								
Economic Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>General Government</b>								
Legislative	\$15,600	\$0	\$15,600	<sup>B</sup> \$3.55	\$59,975	\$0	\$59,975	<sup>B</sup> \$5.04
Executive	\$6,460	\$0	\$6,460	<sup>B</sup> \$1.47	\$208,105	\$0	\$208,105	<sup>B</sup> \$17.47
Finance/Administrative <sup>H</sup>	\$309,631	\$0	\$309,631	<sup>B</sup> \$70.37	\$771,230	\$30,850	\$802,080	<sup>B</sup> \$67.35
Planning	\$17,150	\$0	\$17,150	<sup>A</sup> \$3.90	\$198,280	\$0	\$198,280	<sup>B</sup> \$16.65
Legal Counsel	\$35,000	\$0	\$35,000	<sup>A</sup> \$7.95	\$136,640	\$0	\$136,640	\$11.47
Engineering	N/A	N/A	N/A	N/A	\$247,625	\$0	\$247,625	<sup>B</sup> \$20.79
Fleet Maintenance	N/A	N/A	N/A	N/A	\$78,120	\$9,400	\$87,520	<sup>B</sup> \$7.35
MIS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTAL FROM ABOVE</b>	<b>\$1,641,424</b>	<b>\$99,500</b>	<b>\$1,740,924</b>	<b>\$395.66</b>	<b>\$5,775,970</b>	<b>\$335,350</b>	<b>\$6,111,320</b>	<b>\$513.13</b>
<b>TOTAL BUDGET</b>			<b>\$2,070,924</b>				<b>\$18,484,105</b>	

**NOTES**

- <sup>A</sup> Service provided through contract.
- <sup>B</sup> Service provided by the municipality.
- <sup>C</sup> Reimbursed to the city from the Countywide EMS millage.
- <sup>D</sup> Included in Building Inspection budget.
- <sup>E</sup> Included in Law Enforcement budget.
- <sup>G</sup> Included in Roads and Streets budget.
- <sup>H</sup> Includes: Finance, Human Resources, City Clerk, Personnel, Purchasing, and Public Affairs.

\* Population obtained from 2000 U.S. Census

\*\* Capital Outlay only includes recurring capital expenditures such as vehicle replacement costs. Major capital expenditures are not included.

N/A = Not addressed as a separate category in the budget.

## Appendix A - Continued

Range of Select Program Expenditures for Greater Lealman From Four Sample Municipalities

Select Programs	Pinellas Park		Population* 45,658		Seminole		Population* 10,890		
	Operating Expenses	Capital Outlay*	Total	Per Capita	Operating Expenses	Capital Outlay**	Total	Per Capita	
<b>Public Safety</b>									
Law Enforcement	\$7,344,213	\$24,359	\$7,368,572 <sup>B</sup>	\$161.39	\$530,535	\$0	\$530,535 <sup>A</sup>	\$48.72	
Fire Control	\$3,284,976	\$377,012	\$3,661,988 <sup>B,N</sup>	\$80.20	\$1,172,796	\$73,362	\$1,246,158 <sup>B,N</sup>	\$114.43	
EMS	\$873,694	\$88,022	\$961,715 <sup>C,N</sup>	\$21.06	\$313,760	\$4,388	\$318,147 <sup>C,N</sup>	\$29.21	
Building Inspection	\$1,165,577	\$0	\$1,165,577 <sup>B</sup>	\$25.53	\$153,402	\$23,750	\$177,152 <sup>B</sup>	\$16.27	
Code Enforcement	N/A	N/A	N/A <sup>D</sup>	N/A	N/A	N/A	N/A <sup>D</sup>	N/A	
<b>Cultural and Recreation</b>									
Library	\$1,189,466	\$110,385	\$1,299,851 <sup>B</sup>	\$28.47	\$532,527	\$80,000	\$612,527 <sup>B</sup>	\$56.25	
Parks	\$1,192,595	\$25,696	\$1,218,291 <sup>B</sup>	\$26.68	N/A	N/A	N/A <sup>K</sup>	N/A	
Recreation	\$1,123,604		\$1,123,604 <sup>B</sup>	\$24.61	\$403,018	\$3,700	\$406,718 <sup>B</sup>	\$37.35	
Cultural Affairs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Physical Environment</b>									
Drainage/Stormwater	\$2,180,579	\$10,748	\$2,191,327 <sup>B</sup>	\$47.99	N/A	N/A	N/A <sup>G</sup>	N/A	
Building Maintenance	N/A	N/A	N/A	N/A	\$164,234	\$6,300	\$170,534 <sup>A,B</sup>	\$15.66	
<b>Transportation</b>									
Roads and Streets	N/A	N/A	N/A <sup>I</sup>	N/A	\$354,214	\$17,614	\$371,828 <sup>A,B</sup>	\$34.14	
Traffic Control Systems	\$1,120,579	\$0	\$1,120,579 <sup>B</sup>	\$24.54	N/A	N/A	N/A	N/A	
<b>Economic Environment</b>									
Economic Development	\$293,137	\$8,300	\$301,437 <sup>B</sup>	\$6.60	N/A	N/A	N/A	N/A	
<b>General Government</b>									
Legislative	\$265,668	\$0	\$265,668 <sup>B</sup>	\$5.82	\$77,097	\$15,400	\$92,497 <sup>B</sup>	\$8.49	
Executive	\$194,116	\$0	\$194,116 <sup>B</sup>	\$4.25	\$350,451	\$0	\$350,451 <sup>B</sup>	\$32.18	
Finance/Administrative <sup>H</sup>	\$2,805,369	\$0	\$2,805,369 <sup>B</sup>	\$61.44	\$472,691	\$2,000	\$474,691 <sup>A,B,L</sup>	\$43.59	
Planning	\$563,889	\$9,100	\$572,989 <sup>B</sup>	\$12.55	N/A	N/A	N/A <sup>A,B,M</sup>	N/A	
Legal Counsel	\$297,090	\$0	\$297,090 <sup>B</sup>	\$6.51	\$33,425	\$0	\$33,425 <sup>A</sup>	\$3.07	
Engineering	\$523,256	\$10,241	\$533,497 <sup>B</sup>	\$11.68	N/A	N/A	N/A <sup>A,M</sup>	N/A	
Fleet Maintenance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
MIS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<b>TOTAL FROM ABOVE</b>	<b>\$24,417,807</b>	<b>\$663,863</b>	<b>\$25,081,670</b>	<b>\$549.34</b>	<b>\$4,558,149</b>	<b>\$226,514</b>	<b>\$4,784,663</b>	<b>\$439.36</b>	
<b>TOTAL BUDGET</b>			<b>\$82,405,883</b>				<b>\$10,549,082</b>		

<sup>I</sup> Included in Drainage/Stormwater Mgmt budget.

<sup>J</sup> Included in Financial/Admin budget.

<sup>K</sup> Included in Recreation budget.

<sup>L</sup> Includes: Engineering, Solid Waste and Planning.

<sup>M</sup> Included in Finance/Administrative.

<sup>N</sup> City Fire & Rescue serves areas not in the city - per capita expenditures based on taxable value split between city and unincorp. fire district.

## Appendix B

Range of Revenues Estimated for Greater Lealman From Four Sample Municipalities (FY 1999-2000)

Revenues From General Fund  population	<b><u>Kenneth City</u></b>			<b><u>Oldsmar</u></b>		
	4,400 Revenues	per capita	Estimated for Greater Lealman's Population of 35,922	11,910 Revenues	per capita	Estimated for Greater Lealman's Population of 35,922
<b>Sales and Use Taxes</b>						
Cigarette Taxes	\$12,500	\$2.84	\$102,051.14	\$25,000	\$2.10	\$75,403
Half Cent Sales Tax	\$219,657	\$49.92	\$1,793,299.72	\$280,000	\$23.51	\$844,514
State Revenue Sharing	\$146,000	\$33.18	\$1,191,957.27	\$170,000	\$14.27	\$512,741
Local Option Gas Tax	\$45,000	\$10.23	\$367,384.09	\$78,000	\$6.55	\$235,257
Municipal Gas Tax						
<b>Franchise Fees</b>						
Electric - Franchise Fees	\$185,000	\$42.05	\$1,510,356.82	\$585,000	\$49.12	\$1,764,431
Telephone - Franchise Fee	\$8,000	\$1.82	\$65,312.73	\$33,000	\$2.77	\$99,532
Gas - Franchise Fee	\$2,500	\$0.57	\$20,410.23	\$22,000	\$1.85	\$66,355
Cable - Franchise Fee	\$18,000	\$4.09	\$146,953.64	\$100,000	\$8.40	\$301,612
Solid Waste Franchise Fee				\$125,000	\$10.50	\$377,015
<b>Utility Taxes</b>						
Electric - Utility Tax	\$145,000	\$32.95	\$1,183,793.18	\$665,000	\$55.84	\$2,005,720
Telephone - Utility Tax				\$250,000	\$20.99	\$754,030
Gas - Utility Tax				\$40,000	\$3.36	\$120,645
<b>Permits and Licenses</b>						
Permits and Licenses	\$89,250	\$20.28	\$728,645.11	\$353,650	\$29.69	\$1,066,651
<b>Charges, Fines, Forfeitures, Fees</b>						
Charges, Fines, Forfeitures, Fees	\$100	\$0.02	\$816.41	\$197,100	\$16.55	\$594,477
Court Fines	\$120,000	\$27.27	\$979,690.91			
<b>Other</b>						
Grants	\$7,300	\$1.66	\$59,597.86	\$47,500	\$3.99	\$143,266
Other (EMS, Interest, Misc.)	\$118,550	\$26.94	\$967,852.98	\$390,300	\$32.77	\$1,177,192
<b>TOTAL</b>	<b>\$1,116,857</b>	<b>\$253.83</b>	<b>\$9,118,122</b>	<b>\$3,361,550</b>	<b>\$282.25</b>	<b>\$10,138,841</b>

## Appendix B - Continued

Range of Revenues Estimated for Greater Lealman From Four Sample Municipalities (FY 1999-2000)

Revenues From General Fund  population	<u>Pinellas Park</u>			<u>Seminole</u>		
	45,658 Revenues	per capita	Estimated for Greater Lealman's Population of 35,922	10,890 Revenues	per capita	Estimated for Greater Lealman's Population of 35,922
<b>Sales and Use Taxes</b>						
Cigarette Taxes	\$120,000	\$2.63	\$94,411	\$24,000	\$2.20	\$79,167
Half Cent Sales Tax	\$2,100,000	\$45.99	\$1,652,201	\$425,000	\$39.03	\$1,401,915
State Revenue Sharing	\$977,226	\$21.40	\$768,845	\$130,000	\$11.94	\$428,821
Local Option Gas Tax	\$18,700	\$0.41	\$14,712	\$86,000	\$7.90	\$283,682
Municipal Gas Tax				\$75,000	\$6.89	\$247,397
<b>Franchise Fees</b>						
Electric - Franchise Fees	\$2,050,000	\$44.90	\$1,612,863	\$481,000	\$44.17	\$1,586,637
Telephone - Franchise Fee	\$120,000	\$2.63	\$94,411	\$20,500	\$1.88	\$67,622
Gas - Franchise Fee	\$85,000	\$1.86	\$66,875	\$16,000	\$1.47	\$52,778
Cable - Franchise Fee	\$300,000	\$6.57	\$236,029	\$49,000	\$4.50	\$161,633
Solid Waste Franchise Fee						
<b>Utility Taxes</b>						
Electric - Utility Tax	\$3,550,000	\$77.75	\$2,793,007	\$485,000	\$44.54	\$1,599,832
Telephone - Utility Tax	\$1,300,000	\$28.47	\$1,022,791	\$263,806	\$24.22	\$870,196
Gas - Utility Tax	\$123,000	\$2.69	\$96,772	\$22,000	\$2.02	\$72,570
<b>Permits and Licenses</b>						
Permits and Licenses	\$1,199,800	\$26.28	\$943,958	\$208,000	\$19.10	\$686,113
<b>Charges, Fines, Forfeitures, Fees</b>						
Charges, Fines, Forfeitures, Fees	\$310,500	\$6.80	\$244,290	\$250,990	\$23.05	\$827,921
Court Fines	\$425,000	\$9.31	\$334,374			
<b>Other</b>						
Grants		\$0.00	\$0	\$50,000	\$4.59	\$164,931
Other (EMS, Interest, Misc.)	\$2,061,830	\$45.16	\$1,622,170	\$525,180	\$48.23	\$1,732,371
<b>TOTAL</b>	<b>\$14,741,056</b>	<b>\$322.86</b>	<b>\$11,597,709</b>	<b>\$3,111,476</b>	<b>\$285.72</b>	<b>\$10,263,585</b>

## Appendix C

### Range of Millage Rates Estimated for Greater Lealman From Four Sample Municipalities

Estimated Millage Rate	<u>Kenneth City</u>		<u>Oldsmar</u>	
		Estimated for Greater Lealman per capita		Estimated for Greater Lealman per capita
Select Programs Expenditures <sup>1</sup>	\$1,740,924	\$395.66	\$14,212,899	\$6,111,320
Total Other Revenue <sup>2</sup>		\$253.83	\$9,118,122	\$282.25
Difference Remaining <sup>3</sup>		\$141.83	\$5,094,776	\$230.88
Taxable Value of Greater Lealman			\$758,794,235	\$758,794,235
<b>Millage Rate Necessary to "Make-Up" the Difference Remaining <sup>4</sup></b>			<b>6.7143</b>	<b>10.9303</b>
<b>Estimated "New" Taxes and Fees</b>				
Franchise Fees <sup>5</sup>			\$1,743,033	\$2,608,945
Utility Taxes <sup>5</sup>			\$1,183,793	\$2,880,395
Occupational Licenses <sup>5</sup>			\$604,143	\$346,854
Sub-Total			\$3,530,969	\$5,836,194
Less Unincorporated Cable FF <sup>6</sup>			\$273,726	\$273,726
<b>Total New Taxes and Fees <sup>7</sup></b>		\$90.68	<b>\$3,257,244</b>	\$154.85 <b>\$5,562,468</b>

<sup>1</sup> Calculated in Appendix A and Table 5.

<sup>2</sup> Calculated in Appendix B and Table 7.

<sup>3</sup> "Select Program Expenditures" minus "Total Other Revenue." Also calculated in Table 8.

<sup>4</sup> Millage rate necessary to cover expenditure shortfall (used in Table 10).

("Difference Remaining" multiplied by 1,000, that product divided by "Taxable Value of Greater Lealman.")

Maximum millage rate allowable by the Florida State Constitution is 10 mills.

<sup>5</sup> From Appendix B.

<sup>6</sup> Cable franchise fees collected by the unincorporated county divided by the unincorporated population, multiplied by the study area population (\$2,193,200 divided by 287,953 = \$7.62; \$7.62 multiplied by 35,922).

<sup>7</sup> Used for calculation in Table 10.

## Appendix C - Continued

Range of Millage Rates Estimated for Greater Lealman From Four Sample Municipalities

Estimated Millage Rate	<u>Pinellas Park</u>			<u>Seminole</u>		
		per capita	Estimated for Greater Lealman		per capita	Estimated for Greater Lealman
Select Programs Expenditures <sup>1</sup>	\$25,081,670	\$549.34	\$19,733,391	\$4,784,663	\$439.36	\$15,782,690
Total Other Revenue <sup>2</sup>		\$322.86	\$11,597,709		\$285.72	\$10,263,585
Difference Remaining <sup>3</sup>		\$226.48	\$8,135,682		\$153.64	\$5,519,105
Taxable Value of Greater Lealman			\$758,794,235			\$758,794,235
<b>Millage Rate Necessary to "Make-Up" the Difference Remaining <sup>4</sup></b>			<b>10.7219</b>			<b>7.2735</b>
<b>Estimated "New" Taxes and Fees</b>						
Franchise Fees <sup>5</sup>			\$2,010,178			\$1,868,670
Utility Taxes <sup>5</sup>			\$3,912,570			\$2,542,598
Occupational Licenses <sup>5</sup>			\$578,270			\$412,328
Sub-Total			\$6,501,018			\$4,823,596
Less Unincorporated Cable FF <sup>6</sup>			\$273,726			\$273,726
<b>Total New Taxes and Fees <sup>7</sup></b>		<b>\$173.36</b>	<b>\$6,227,292</b>		<b>\$126.66</b>	<b>\$4,549,870</b>

<sup>1</sup> Calculated in Appendix A and Table 5.

<sup>2</sup> Calculated in Appendix B and Table 7.

<sup>3</sup> "Select Program Expenditures" minus "Total Other Revenue." Also calculated in Table 8.

<sup>4</sup> Millage rate necessary to cover expenditure shortfall (used in Table 10).

("Difference Remaining" multiplied by 1,000, that product divided by "Taxable Value of Greater Lealman.")

Maximum millage rate allowable by the Florida State Constitution is 10 mills.

<sup>5</sup> From Appendix B.

<sup>6</sup> Cable franchise fees collected by the unincorporated county divided by the unincorporated population, multiplied by the study area population (\$2,193,200 divided by 287,953 = \$7.62; \$7.62 multiplied by 35,922).

<sup>7</sup> Used for calculation in Table 10.

## Appendix D

The fiscal analysis in the body of the Study focuses on the Greater Lealman area. The following tables make the same calculations found in Tables 4, 6-8, 10-14 of the Fiscal Analysis section except they make the distinction between East and West Lealman. The reader can follow the same explanations found in the text to explain the following tables. For example, Table 4E utilizes only the population and taxable value of only East Lealman rather than Greater Lealman and compares the east side to the sample cities as found in Table 4 in the body of the Study.

Real property taxable value has been estimated based on the 2001 proportion between East and West Lealman. Approximately 53.76% of real property taxable value is east of Kenneth City, and 46.24% of real property taxable value is west of Kenneth City. Personal property taxable value was estimated by using the same personal property taxable value per acre used in the Greater Lealman analysis. Approximately 55.1% of total taxable value is east of Kenneth City and 44.9% of the total taxable value is west of Kenneth City.

## East Lealman

**Table 4E**  
**1999 Tax Base of East Lealman**  
**and Sample Municipalities**

	<b>1999 Tax Bases</b>	
	<b>Total<sup>11</sup></b>	<b>Per Capita</b>
<b>East Lealman</b>	\$418,446,153	\$22,093
<b>Kenneth City</b>	\$88,295,790	\$20,067
<b>Oldsmar</b>	\$487,264,602	\$40,912
<b>Pinellas Park</b>	\$1,717,132,062	\$37,609
<b>Seminole</b>	\$337,332,290	\$30,976

Tax base/population = per capita taxable value  
Source: Pinellas County Property Appraiser's Office – "Recapitulation of Taxes As Extended on the 1999 Tax Rolls."

**Table 6E**  
**Breakdown of 1999 Ad Valorem**  
**Taxes Collected for East Lealman**

	<b>1999 Taxes Collected</b>	
	<b>Total<sup>12</sup></b>	<b>Per Capita</b>
<b>MSTU</b>	\$776,636	\$41.00
<b>Lealman Fire District</b>	\$1,683,913	\$88.91
<b>Library Co-op</b>	\$209,223	\$11.05
<b>Total</b>	<b>\$2,669,772</b>	<b>\$140.96</b>

Tax base x millage rate = taxes collected  
Taxes collected/East Lealman population = per capita taxes collected

**Table 7E**  
**1999 Taxes Collected for East Lealman**  
**and Sample Municipalities**

	<b>1999 Taxes Collected</b>	
	<b>Total</b>	<b>Per Capita</b>
<b>East Lealman</b>	\$2,669,772	\$140.96
<b>Kenneth City</b>	\$331,462	\$75.33
<b>Oldsmar</b>	\$2,265,780	\$190.24
<b>Pinellas Park</b>	\$8,720,970	\$191.01
<b>Seminole</b>	\$1,138,665	\$104.56

Tax base x millage rate = taxes collected  
Taxes collected/population = per capita taxes collected

<sup>11</sup> Includes both "real property" and "tangible personal property" tax values.

<sup>12</sup> MSTU and Library Co-op millages are assessed against both "real property" and "tangible personal property" while the Lealman Fire District's millage is assessed against "real property" only.

**Table 8E**  
**Estimate of Select Program Expenditures**  
**for East Lealman**

	<b>Estimated Select Program Expenditures</b>		
	<b>From Sample Municipal Budgets</b>	<b>Per Capita</b>	<b>Estimated for East Lealman</b>
East Lealman with Kenneth City Example	\$1,740,924	\$396	\$7,493,800
East Lealman with Oldsmar Example	\$6,111,320	\$513	\$9,718,682
East Lealman with Pinellas Park Example	\$25,275,399	\$549	\$10,404,500
East Lealman with Seminole Example	\$4,784,663	\$439	\$8,321,478

Select program expenditures/municipal population = per capita expenditures for municipalities  
 Per capita expenditures x population of East Lealman = estimated expenditures for East Lealman

**Table 10E**  
**Estimate of Other Revenues for East Lealman**

	<b>Estimated Other Revenues</b>		
	<b>Derived from Sample Municipal Budgets</b>		<b>Estimated for East Lealman</b>
	<b>Total</b>	<b>Per Capita</b>	<b>Total</b>
East Lealman with Kenneth City Example	\$1,116,857	\$253.83	\$4,807,540
East Lealman with Oldsmar Example	\$3,361,550	\$282.25	\$5,345,815
East Lealman with Pinellas Park Example	\$14,741,056	\$322.86	\$6,114,968
East Lealman with Seminole Example	\$3,111,476	\$285.72	\$5,411,537

Revenues from other sources/municipal population = per capita revenues  
 Per capita revenues x population for East Lealman = estimated revenues for East Lealman

**Table 11E**  
**Estimate of Expenditures Covered by**  
**Revenues from Other Sources**

	Estimated for East Lealman				
	Select Program Expenditures (Derived from Sample Municipal Budgets) (from Table 8)	–	Revenue from Other Sources (Derived from Sample Municipal Budgets) (from Table 10)	=	Balance of Select Program Expenditures to be Covered by Ad Valorem Taxes Collected
East Lealman with Kenneth City Example	\$7,493,800	–	\$4,807,540	=	\$2,686,260
East Lealman with Oldsmar Example	\$9,718,682	–	\$5,345,815	=	\$4,372,867
East Lealman with Pinellas Park Example	\$10,404,500	–	\$6,114,968	=	\$4,289,532
East Lealman with Seminole Example	\$8,321,478	–	\$5,411,537	=	\$2,909,941

**Table 12E**  
**Comparison of Estimated Ad Valorem Taxes Collected**  
**as Needed to Cover Expenditure Shortfall in East Lealman**

	Estimated Ad Valorem Taxes Collected to Cover Expenditure Shortfall (from Table 11)	1999 Ad Valorem Taxes Collected in East Lealman	Percent Increase Above 1999 Taxes Collected
East Lealman with Kenneth City Example	\$2,686,260	\$2,669,772	+6.2%
East Lealman with Oldsmar Example	\$4,372,867	\$2,669,772	+63.8%
East Lealman with Pinellas Park Example	\$4,289,532	\$2,669,772	+60.7%
East Lealman with Seminole Example	\$2,909,941	\$2,669,772	+9.0%

(Ad valorem taxes collected needed to cover expenditure shortfall – 1999 ad valorem taxes collected)/1999 ad valorem taxes collected = percent increase

**Table 13E**  
**Comparison of Estimated Revenue from Other Sources**  
**as Needed to Cover Expenditure Shortfall in East Lealman**

	Estimated Revenue from Other Sources to Cover Expenditure Shortfall (from Table 10)	Estimated 1999 Revenue from Other Sources Collected in East Lealman <sup>13</sup>	Percent Increase Above 1999
East Lealman with Kenneth City Example	\$4,807,540	\$3,090,169	+55.6% increase
East Lealman with Oldsmar Example	\$5,345,815	\$2,412,909	+121.6% increase
East Lealman with Pinellas Park Example	\$6,114,968	\$2,831,571	+116.0% increase
East Lealman with Seminole Example	\$5,411,537	\$3,012,576	+79.6% increase

**Table 14E**  
**Estimated Increase or Decrease**  
**in Ad Valorem Taxes Collected if Incorporated**

	Example Estimated for East Lealman				
	Taxable Value of Residence <sup>14</sup>	1999 Ad Valorem Taxes Paid (MSTU, Library Co-op, and Lealman Fire)	Estimated for East Lealman if Incorporated	Amount Paid More or Less if Incorporated	Percent Increase or Decrease in Ad Valorem Taxes Collected
East Lealman with Kenneth City Example	\$50,000	\$365	\$321	\$44 less	-12.1%
East Lealman with Oldsmar Example	\$50,000	\$365	\$523	\$158 more	+43.3%
East Lealman with Pinellas Park Example	\$50,000	\$365	\$513	\$148 more	+40.5%
East Lealman with Seminole Example	\$50,000	\$365	\$348	\$17 less	-4.7%

Taxable value of residence x 7.2930 mills = 1999 ad valorem taxes collected

Taxable value x estimated range of millage rates = taxes collected as estimated for East Lealman if incorporated  
1999 vs. estimate = difference saved or lost

Based on the following millage rates:

East Lealman with Kenneth City Example	6.4196
East Lealman with Oldsmar Example	10.4504*
East Lealman with Pinellas Park Example	10.2512*
East Lealman with Seminole Example	6.9542

\*Maximum millage rate allowable by the Florida State Constitution is 10 mills.

<sup>13</sup> These revenues are listed in Appendix B and have had franchise fees, utility taxes, and revenues from occupational licenses subtracted from them.

<sup>14</sup> Actual average assessed value of a residence in East Lealman is \$49,059.

## West Lealman

**Table 4W**  
**1999 Tax Base of West Lealman**  
**and Sample Municipalities**

	<b>1999 Tax Bases</b>	
	Total <sup>15</sup>	Per Capita
<b>West Lealman</b>	\$340,344,614	\$20,041
<b>Kenneth City</b>	\$88,295,790	\$20,067
<b>Oldsmar</b>	\$487,264,602	\$40,912
<b>Pinellas Park</b>	\$1,717,132,062	\$37,609
<b>Seminole</b>	\$337,332,290	\$30,976

Tax base/population = per capita taxable value  
 Source: Pinellas County Property Appraiser's Office – "Recapitulation of Taxes As Extended on the 1999 Tax Rolls."

**Table 6W**  
**Breakdown of 1999 Ad Valorem**  
**Taxes Collected for West Lealman**

	<b>1999 Taxes Collected</b>	
	Total <sup>16</sup>	Per Capita
<b>MSTU</b>	\$631,680	\$37.20
<b>Lealman Fire District</b>	\$1,448,366	\$85.29
<b>Library Co-op</b>	\$170,172	\$10.02
<b>Total</b>	\$2,250,218	\$132.51

Tax base x millage rate = taxes collected  
 Taxes collected/West Lealman population = per capita taxes collected

**Table 7W**  
**1999 Taxes Collected for West Lealman**  
**and Sample Municipalities**

	<b>1999 Taxes Collected</b>	
	Total	Per Capita
<b>West Lealman</b>	\$2,250,218	\$132.51
<b>Kenneth City</b>	\$331,462	\$75.33
<b>Oldsmar</b>	\$2,265,780	\$190.24
<b>Pinellas Park</b>	\$8,720,970	\$191.01
<b>Seminole</b>	\$1,138,665	\$104.56

Tax base x millage rate = taxes collected  
 Taxes collected/population = per capita taxes collected

<sup>15</sup> Includes both "real property" and "tangible personal property" tax values.

<sup>16</sup> MSTU and Library Co-op millages are assessed against both "real property" and "tangible personal property" while the Lealman Fire District's millage is assessed against "real property" only.

**Table 8W**  
**Estimate of Select Program Expenditures**  
**for West Lealman**

	<b>Estimated Select Program Expenditures</b>		
	<b>From Sample Municipal Budgets</b>	<b>Per Capita</b>	<b>Estimated for West Lealman</b>
West Lealman with Kenneth City Example	\$1,740,924	\$396	\$6,719,098
West Lealman with Oldsmar Example	\$6,111,320	\$513	\$8,713,974
West Lealman with Pinellas Park Example	\$25,275,399	\$549	\$9,328,892
West Lealman with Seminole Example	\$4,784,663	\$439	\$7,461,212

Select program expenditures/municipal population = per capita expenditures for municipalities  
 Per capita expenditures x population of West Lealman = estimated expenditures for West Lealman

**Table 10W**  
**Estimate of Other Revenues for West Lealman**

	<b>Estimated Other Revenues</b>		
	<b>Derived from Sample Municipal Budgets</b>		<b>Estimated for West Lealman</b>
	<b>Total</b>	<b>Per Capita</b>	<b>Total</b>
West Lealman with Kenneth City Example	\$1,116,857	\$253.83	\$4,310,541
West Lealman with Oldsmar Example	\$3,361,550	\$282.25	\$4,283,710
West Lealman with Pinellas Park Example	\$14,741,056	\$322.86	\$5,482,809
West Lealman with Seminole Example	\$3,111,476	\$285.72	\$4,852,097

Revenues from other sources/municipal population = per capita revenues  
 Per capita revenues x population for West Lealman = estimated revenues for West Lealman

**Table 11W**  
**Estimate of Expenditures Covered by**  
**Revenues from Other Sources**

	Estimated for West Lealman				
	Select Program Expenditures (Derived from Sample Municipal Budgets) (from Table 8)	—	Revenue from Other Sources (Derived from Sample Municipal Budgets) (from Table 10)	=	Balance of Select Program Expenditures to be Covered by Ad Valorem Taxes Collected
West Lealman with Kenneth City Example	\$6,719,098	—	\$4,310,541	=	\$2,408,557
West Lealman with Oldsmar Example	\$8,713,974	—	\$4,283,710	=	\$4,430,264
West Lealman with Pinellas Park Example	\$9,328,892	—	\$5,482,809	=	\$3,846,083
West Lealman with Seminole Example	\$7,461,212	—	\$4,852,097	=	\$2,609,115

**Table 12W**  
**Comparison of Estimated Ad Valorem Taxes Collected**  
**as Needed to Cover Expenditure Shortfall in West Lealman**

	Estimated Ad Valorem Taxes Collected to Cover Expenditure Shortfall (from Table 11)	1999 Ad Valorem Taxes Collected in West Lealman	Percent Increase Above 1999 Taxes Collected
West Lealman with Kenneth City Example	\$2,408,557	\$2,250,218	7.0%
West Lealman with Oldsmar Example	\$4,430,264	\$2,250,218	96.9%
West Lealman with Pinellas Park Example	\$3,846,083	\$2,250,218	70.9%
West Lealman with Seminole Example	\$2,609,115	\$2,250,218	15.9%

(Ad valorem taxes collected needed to cover expenditure shortfall – 1999 ad valorem taxes collected)/1999 ad valorem taxes collected = percent increase

**Table 13W**  
**Comparison of Estimated Revenue from Other Sources**  
**as Needed to Cover Expenditure Shortfall in West Lealman**

	Estimated Revenue from Other Sources to Cover Expenditure Shortfall (from Table 10)	Estimated 1999 Revenue from Other Sources Collected in West Lealman <sup>17</sup>	Percent Increase Above 1999
Greater Lealman with Kenneth City Example	\$4,310,541	\$2,770,710	+55.6% increase
Greater Lealman with Oldsmar Example	\$4,283,710	\$2,163,464	+98.0% increase
Greater Lealman with Pinellas Park Example	\$5,482,809	\$2,538,846	+116.0% increase
Greater Lealman with Seminole Example	\$4,852,097	\$2,701,139	+79.6% increase

**Table 14W**  
**Estimated Increase or Decrease**  
**in Ad Valorem Taxes Collected if Incorporated**

	Example Estimated for West Lealman				
	Taxable Value of Residence <sup>18</sup>	1999 Ad Valorem Taxes Paid (MSTU, Library Co-op, and Lealman Fire)	Estimated for West Lealman if Incorporated	Amount Paid More or Less if Incorporated	Percent Increase or Decrease in Ad Valorem Taxes Collected
West Lealman with Kenneth City Example	\$50,000	\$365	\$354	\$11 less	-3.0%
West Lealman with Oldsmar Example	\$50,000	\$365	\$576	\$211 more	+57.8%
West Lealman with Pinellas Park Example	\$50,000	\$365	\$565	\$200 more	+54.8%
West Lealman with Seminole Example	\$50,000	\$365	\$383	\$18 more	+4.9%

Taxable value of residence x 7.2930 mills = 1999 ad valorem taxes collected

Taxable value x estimated range of millage rates = taxes collected as estimated for West Lealman if incorporated  
1999 vs. estimate = difference saved or lost

Based on the following millage rates:

East Lealman with Kenneth City Example	7.0768
East Lealman with Oldsmar Example	11.5203*
East Lealman with Pinellas Park Example	11.3006*
East Lealman with Seminole Example	7.6662

\*Maximum millage rate allowable by the Florida State Constitution is 10 mills.

<sup>17</sup> These revenues are listed in Appendix B and have had franchise fees, utility taxes, and revenues from occupational licenses subtracted from them.

<sup>18</sup> Actual average assessed value of a residence in West Lealman is \$60,287.

## Appendix E

### Glossary of Terms Used in the Document

**Ad valorem taxes** – commonly referred to as “property taxes,” a tax levied in proportion to the value of the property against which it is levied.

**Millage/millage rate** – a rate applied to a property’s taxable value to determine what property tax is due. When used with ad valorem (property) taxes, the rate expresses the dollars of tax per one thousand dollars of taxable value (i.e., a 5 mill tax on \$1,000 equals \$5.00).

**Municipality** – a political unit, such as a city or town, incorporated for local self-government.

**Municipal Services Taxing Unit (MSTU)** – a special district authorized by the State Constitution Article VII and Sec. 125.01 of the Florida Statutes. The MSTU is the legal and financial mechanism for providing specific services and/or improvements to a defined geographical area. In Pinellas County, the MSTU is all the unincorporated areas of the County.

**Operating budget/expenses** – the operating budget includes appropriations for recurring and certain one-time expenditures that will be consumed in a fixed period of time to provide for day-to-day operations (e.g., salaries and related benefits; operating supplies; contractual and maintenance services; professional services and software).

**Per capita** – per unit of population; i.e., “per person”

**Per capita taxable value** – for the purposes of this Report, it would be the total assessed value of property within a certain area or jurisdiction, minus any authorized exemptions (i.e., agricultural, homestead exemption), divided by the number of permanent residents living within that area.

**Real property** - the building and/or the land.

**Recurring capital costs/outlay/expenditures** – items such as office furniture, fleet equipment, data processing equipment, and other operating equipment. (does not include large, one time, purchases or expenditures like road projects or office buildings).

**Revenue** – the amount of money received from taxes, fees, permits, or other sources during a fiscal year.

**Tangible personal property** - a business' assets such as operating equipment and data processing equipment.

**Unincorporated county** – all areas not located within a municipality.