



City of Venice, FL

# Fire Rescue Assessment Study Workshop #2

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# Agenda

- Fire Special Assessment Background
- Methodology Discussion
- Preliminary Assessment Calculations
- Property Impact Analysis
- Scenario Examples
- Next Steps
- Open Discussion

# Fire Special Assessment Background

# Fire Special Assessment Background

- **Non-Ad Valorem Fire Special Assessments are an alternative revenue mechanism used to directly fund fire suppression services**
  - By law, assessment revenues must be used for fire suppression services funding
  - Any costs not recovered by the Assessment (i.e. exemptions, EMS costs) must be funded by the General Fund or other Fire/EMS revenue sources
- **The City currently funds Fire suppression services through Ad Valorem taxes and other General Fund revenues**

# Fire Special Assessment Background

- **Why would the City consider a Fire Special Assessment?**
  - **Provides a diversified revenue source**
    - **Not subject to external variable forces such as property value fluctuations**
  - **All property owners receiving benefit from the fire suppression service provided by the City will pay a fair share of the costs**
  - **May free up General Fund financial resources that currently support fire suppression service to fund other City needs**
  - **Could be offset in whole or in part by a millage reduction**

# Fire Special Assessment Background

- Legal Requirements for all assessment programs
  - Two pronged test
    - The property assessed must derive a special benefit from the service provided
    - The assessment must be fairly and reasonably apportioned among the properties that receive the special benefit
  - Due process before the assessment is imposed
    - Mailed and published notice
    - Public hearing
- Property assessed must be within City limits
- Exclusions: rights-of-way, submerged lands, etc.
- Exemptions: required governmental & agricultural
  - Optional exemptions: institutional, churches, non-profits etc.

# Fire Special Assessment Background

- How would it work?
  - All parcels in the City would pay their fair share of the costs of Fire Service that are included in the assessment
  - The assessments will be included on property owner's annual tax bill
  - The Fire Special Assessment can be adopted at 100% recovery of eligible fire costs or at any lower percentage desired
    - Example 1: Adopt 100% cost recovery to fully fund Fire services through the Assessment program
      - Some revenue support from other revenues required to offset exempted properties, early payment discounts, etc.
    - Example 2: Assign a revenue target and solve for the Assessment rates to generate the target revenue.
      - Consider any Ad Valorem offsets

# Methodology Discussion



# Methodology Discussion

- **“Availability” Methodology**
  - Based upon the benefit conferred on all parcels by the availability of fire protection service whether or not a request for service is ever made
  - Utilizes publicly available parcel data from the Sarasota County Property Appraiser
  - Simple, Two Tier rate structure for all parcels
    - Does not differentiate between property classes
  - Administratively easier to maintain than other methodologies
    - No call/incident data to update every 3 years
    - Requires significantly less data analysis to prepare annual roll updates
      - Self-Updating as parcels develop
  - Methodology has been validated by the Florida Supreme Court

# Methodology Discussion

- **Availability-based cost apportionment with two tiers of benefit**
  - **Tier 1 Benefit – Availability – Apportioned to all parcels, improved and un-improved**
    - All properties are charged the Tier 1 rate
    - Single fee per parcel
  - **Tier 2 Benefit – Protection from loss of structures – Apportioned to improved parcels only in proportion to the value of the structures on the parcel**
    - Only developed properties are charged the Tier 2 rate
    - Charge per every \$5,000 of structure value on parcel
      - \$5,000 of structure value = 1 Equivalent Benefit Unit (EBU)
    - Structure value represents the depreciated replacement cost of buildings and extra features, not taxable or assessed value

# Methodology Discussion

- The special benefits conferred in each category above include the following:
  - Response Readiness Availability – all properties
    - Availability of immediate response to fire
    - Enhanced property value
    - Enhanced marketability of and/or ability to develop property
  - Protection from Loss of Structures – improved properties
    - All of the above benefits, plus
    - Protection from the loss of structures on the property due to fire
      - Ability to obtain fire insurance and to obtain that insurance at attractive rates
      - Protection from loss by the availability of fire suppression service provided by the City

# FY 2018 Preliminary Assessment Calculations

Note: All calculations are preliminary at this time and may change slightly as data is updated throughout the study process.

# Calculation of Assessable Costs

<b>Fire Expenditures by Category</b>	<b>FY 2018</b>	
Personnel Services	\$ 7,268,290	
Operating Costs	\$ 497,645	
Capital Outlay	\$ 127,500	
5-Year Average Annual Capital Costs	\$ 1,266,189	← Currently Unfunded
<b>Total Fire Expenditures</b>	<b>\$ 9,159,624</b>	
Plus: Assessment Costs - Allowance for Early Payment	\$ 374,000	4% of NRR
Plus: Assessment Costs - County Property Appraiser	\$ 187,000	2% of NRR
Plus: Assessment Costs - Tax Collector	\$ 187,000	2% of NRR
Plus: Assessment Notice Mailing Costs	\$ 11,000	
<b>Net Revenue Requirement for Assessment</b>	<b>\$ 9,918,624</b>	
Less: Fire Casualty Insurance Premium - Revenues	\$ (272,353)	
Less: Firefighters' Incentive - Revenues	\$ (8,787)	
Less: Fire Inspection Fees	\$ (30,000)	
<b>Adjusted Net Revenue Requirement for Assessment</b>	<b>\$ 9,607,484</b>	

# Availability Methodology Calculation

AVAILABILITY - ALLOCATION SUMMARY			
Assessment Tier	Allocation	Assessment Allocation	Allocated Units
Tier 1 - Per Parcel	34.5%	\$ 3,314,582	16,094
Tier 2 - Structure Value	65.5%	\$ 6,292,902	627,840
<b>Total</b>	<b>100.00%</b>	<b>\$ 9,607,484</b>	<b>643,934</b>
AVAILABILITY - ASSESSMENT RESULTS			
Property Category	Assessment per Unit	Unit Type	Billed Revenue
Tier 1 - Per Parcel	\$ <b>205.95</b>	<i>Parcel</i>	\$ 3,292,523
Tier 2 - Structure Value	\$ <b>10.02</b>	<i>Structure Value</i>	\$ 6,059,775
<b>Total</b>			<b>\$ 9,352,298</b>

Average Single Family Home Example	
Total Structure Value on Property	\$175,000
Tier 2 Units (Value/5,000):	35
Tier 1 Charge:	\$ 205.95
Tier 2 Charge (Tier 2 Units x Tier 2 Rate):	\$ 350.70
Total Annual Assessment:	\$ 556.65

# Availability Methodology Calculation

## Revenue Estimates at 25% Cost Recovery Increments

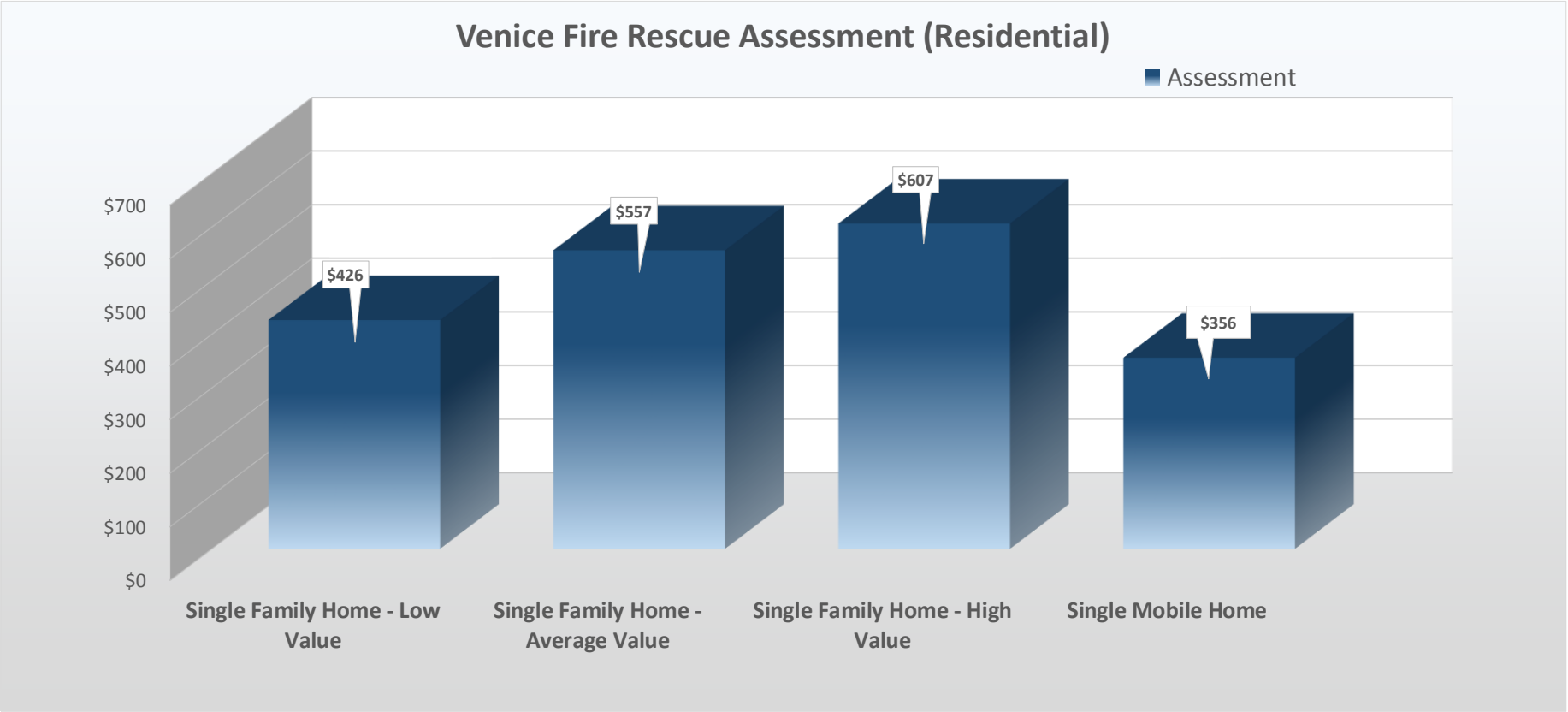
% Cost Recovery	100%	75%	50%	25%
Allocated Assessment	\$ 9,607,484	\$ 7,205,613	\$ 4,803,742	\$ 2,401,871
Less: Shortfall for Exempted Properties	\$ (255,186)	\$ (191,389)	\$ (127,593)	\$ (63,796)
Net Billed Assessment:	\$ 9,352,298	\$ 7,014,224	\$ 4,676,149	\$ 2,338,075
Less: Allowance for Early Payment Discount	\$ (374,000)	\$ (281,000)	\$ (187,000)	\$ (94,000)
Less: Tax Collector Expense	\$ (187,000)	\$ (140,000)	\$ (94,000)	\$ (47,000)
Less: Property Appraisers Expense	\$ (187,000)	\$ (140,000)	\$ (94,000)	\$ (47,000)
Less: Notice of Hearing - Mailing Costs	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)
<b>FY 2018 Net Estimated Revenue</b>	<b>\$ 8,593,000</b>	<b>\$ 6,442,000</b>	<b>\$ 4,290,000</b>	<b>\$ 2,139,000</b>
<b>Tier 1 Rate per Parcel</b>	<b>\$ 205.95</b>	<b>\$ 154.46</b>	<b>\$ 102.97</b>	<b>\$ 51.48</b>
<b>Tier 2 Rate per Structure EBU</b>	<b>\$ 10.02</b>	<b>\$ 7.51</b>	<b>\$ 5.01</b>	<b>\$ 2.50</b>
<b>Average Single Family Home @ 35 EBUs</b>	<b>\$ 556.65</b>	<b>\$ 417.31</b>	<b>\$ 278.32</b>	<b>\$ 138.98</b>

# Property Impact Analysis – 100% Cost Recovery

Parcel Type	Structure Value	Tier 2 Units	Tier 1 Rate	Tier 2 Rate	Calculated Annual Assessment	Effective Monthly Assessment
Single Family Home - Low Value	\$111,500	22	\$205.95	\$10.02	\$426	\$36
Single Family Home - Average Value	\$175,600	35	\$205.95	\$10.02	\$557	\$46
Single Family Home - High Value	\$200,500	40	\$205.95	\$10.02	\$607	\$51
Single Mobile Home	\$78,200	15	\$205.95	\$10.02	\$356	\$30
Office/1-Story Single Tenant	\$142,100	28	\$205.95	\$10.02	\$487	\$41
Restaurant	\$742,700	148	\$205.95	\$10.02	\$1,689	\$141
Retail/Office	\$2,873,000	574	\$205.95	\$10.02	\$5,957	\$496
Grocery Store	\$7,412,200	1,482	\$205.95	\$10.02	\$15,056	\$1,255
Service Club	\$527,800	105	\$205.95	\$10.02	\$1,258	\$105
Yacht Club	\$1,821,100	364	\$205.95	\$10.02	\$3,853	\$321
Assisted Living Facility	\$2,789,700	557	\$205.95	\$10.02	\$5,787	\$482
Assisted Living Facility (Large)	\$26,598,000	5,319	\$205.95	\$10.02	\$53,502	\$4,459
Church	\$1,150,900	230	\$205.95	\$10.02	\$2,511	\$209

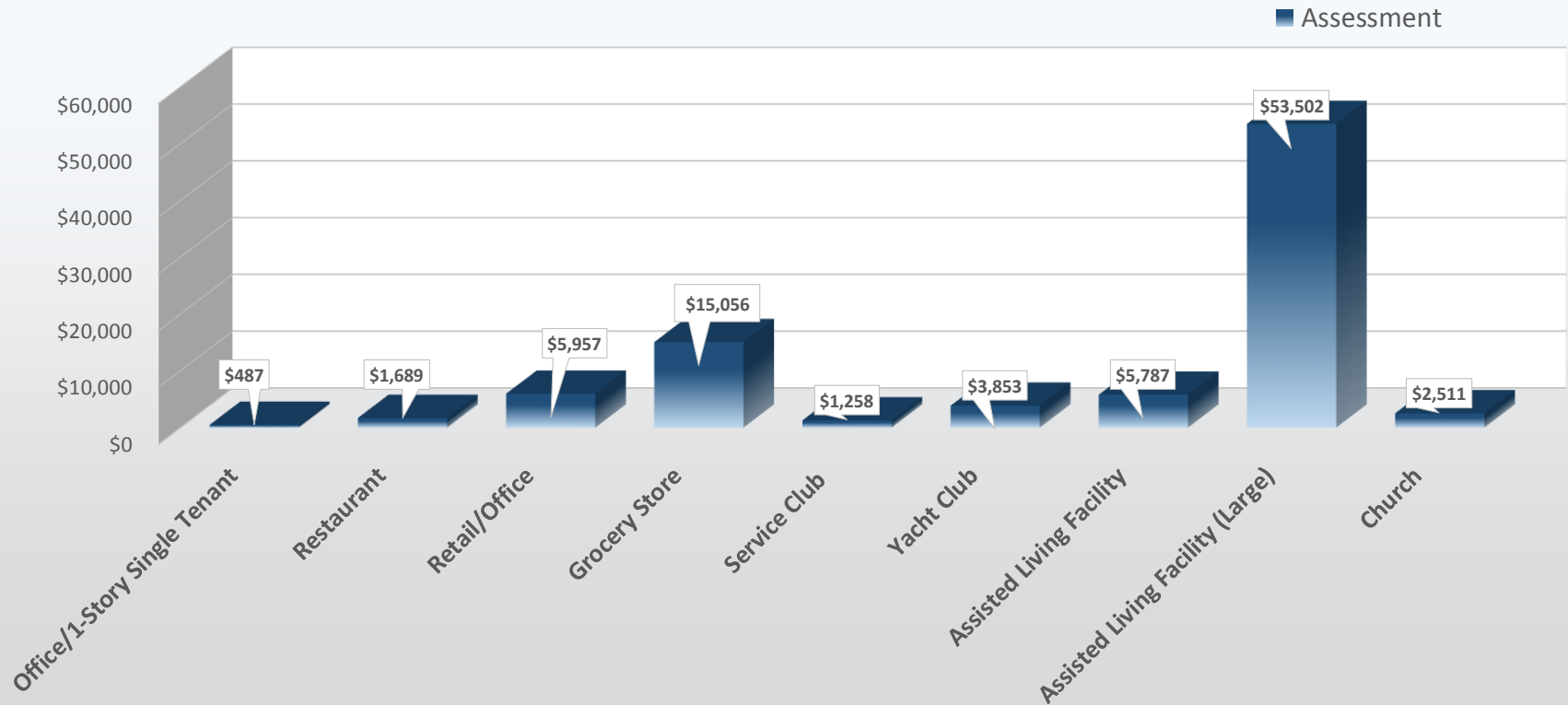


# Single Family Residential Comparison



# Non-Residential Comparison

Venice Fire Rescue Assessment (Non-Residential)



# Scenario Analysis

## Fire Assessment & Millage Offset Scenarios

Scenario	Description	Fire Cost Recovery %	Millage Rate Reduction	Net Revenue
1	Balance Budget	10%	-0.200	\$145,000
2	Scen. 1 + Funds new Fire Costs	25%	-0.200	\$1,435,000
3	Scen. 2 + \$500k for Other Capital	35%	-0.300	\$1,945,000
4	Scen. 2 + \$1M for Other Capital	40%	-0.300	\$2,374,000
5	Scen. 2 + \$2M for Other Capital	50%	-0.250	\$3,410,000
6	Scen. 2 + \$3M for Other Capital	50%	0.000	\$4,290,000

### Average Single Family Home Impact

Scenario	Description	Fire Assmt	Millage Adj.	Net Annual Impact	Effective Monthly Impact
1	Balance Budget	\$56	(\$47)	\$9	\$1
2	Scen. 1 + Funds new Fire Costs	\$139	(\$47)	\$92	\$8
3	Scen. 2 + \$500k for Other Capital	\$195	(\$71)	\$124	\$10
4	Scen. 2 + \$1M for Other Capital	\$222	(\$71)	\$152	\$13
5	Scen. 2 + \$2M for Other Capital	\$278	(\$59)	\$219	\$18
6	Scen. 2 + \$3M for Other Capital	\$278	\$0	\$278	\$23

# Next Steps

# Assessment Process – Next Steps

- If the City wishes to proceed with the Assessment Program:
  - Set Dates for:
    - Additional Workshops or Public Outreach
    - Adoption of Initial Assessment Resolution
    - First Class Mailing of Notice to Property Owners
      - 20 days before Final Assessment Resolution Hearing
    - Adoption of Final Assessment Resolution
- Key Deadlines
  - July 10<sup>th</sup> – Deadline to deliver preliminary roll to Property Appraiser to include assessment on TRIM notice
    - Maximum rate must be identified if TRIM notice is to be utilized
  - September 15<sup>th</sup> – Deadline to submit final assessment roll to Tax Collector

# Open Discussion