



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

Fire Expenditures by Category	FY 2018	
Personnel Services	\$ 7,268,290	
Operating Costs	\$ 497,645	
Capital Outlay	\$ 127,500	
5-Year Average Annual Capital Costs	\$ 1,266,189	← Currently Unfunded
Total Fire Expenditures	\$ 9,159,624	
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	
Net Revenue Requirement for Assessment	\$ 9,918,624	
Less: Fire Casualty Insurance Premium - Revenues	\$ (272,353)	
Less: Firefighters' Incentive - Revenues	\$ (8,787)	
Less: Fire Inspection Fees	\$ (30,000)	
Adjusted Net Revenue Requirement for Assessment	\$ 9,607,484	

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
Total	100.00%	\$ 9,607,484	643,934
AVAILABILITY - ASSESSMENT RESULTS			
Property Category	Assessment per Unit	Unit Type	Billed Revenue
Tier 1 - Per Parcel	\$ 205.95	<i>Parcel</i>	\$ 3,292,523
Tier 2 - Structure Value	\$ 10.02	<i>Structure Value</i>	\$ 6,059,775
Total			\$ 9,352,298

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

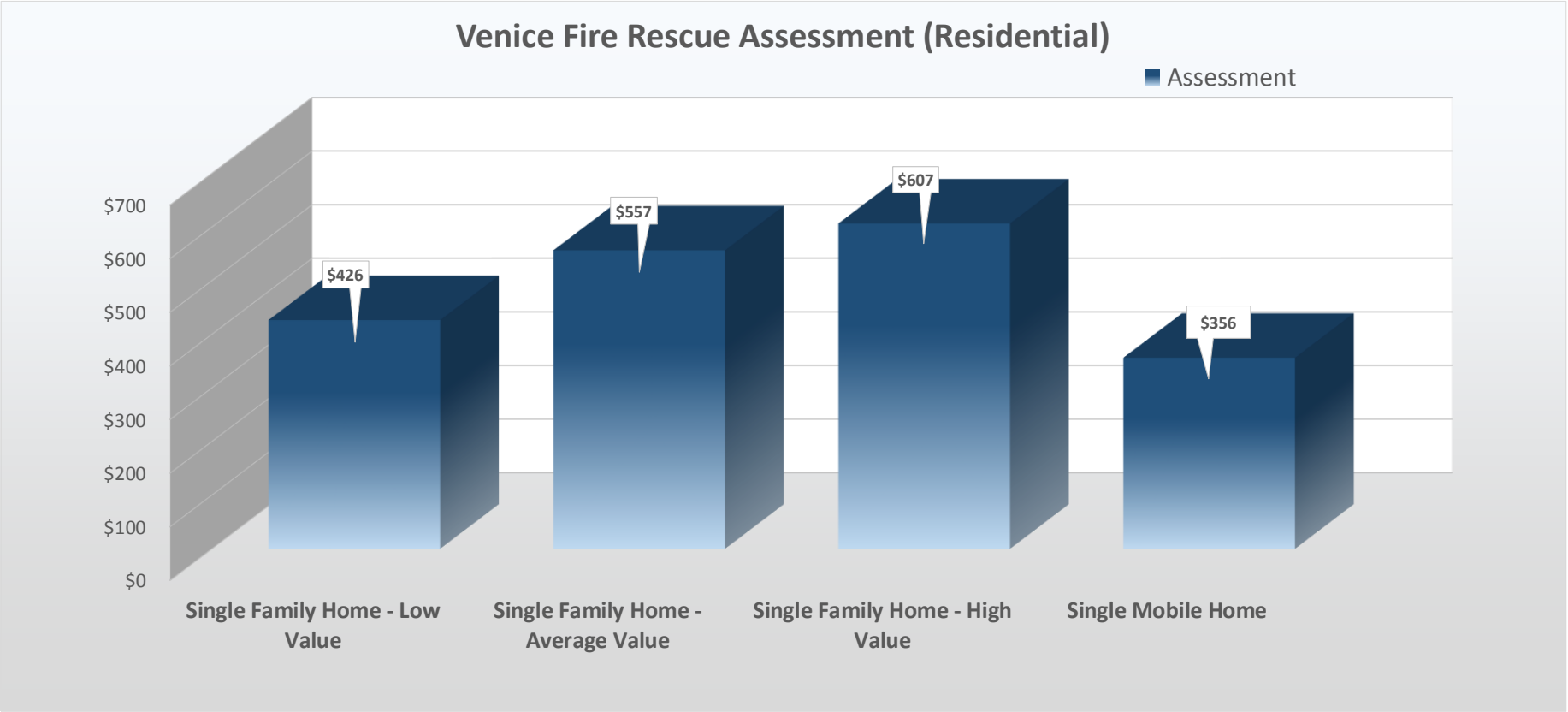
Revenue Estimates at 25% Cost Recovery Increments

% 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)
FY 2018 Net Estimated Revenue	\$ 8,593,000	\$ 6,442,000	\$ 4,290,000	\$ 2,139,000
Tier 1 Rate per Parcel	\$ 205.95	\$ 154.46	\$ 102.97	\$ 51.48
Tier 2 Rate per Structure EBU	\$ 10.02	\$ 7.51	\$ 5.01	\$ 2.50
Average Single Family Home @ 35 EBUs	\$ 556.65	\$ 417.31	\$ 278.32	\$ 138.98

Property Impact Analysis – 100% Cost Recovery

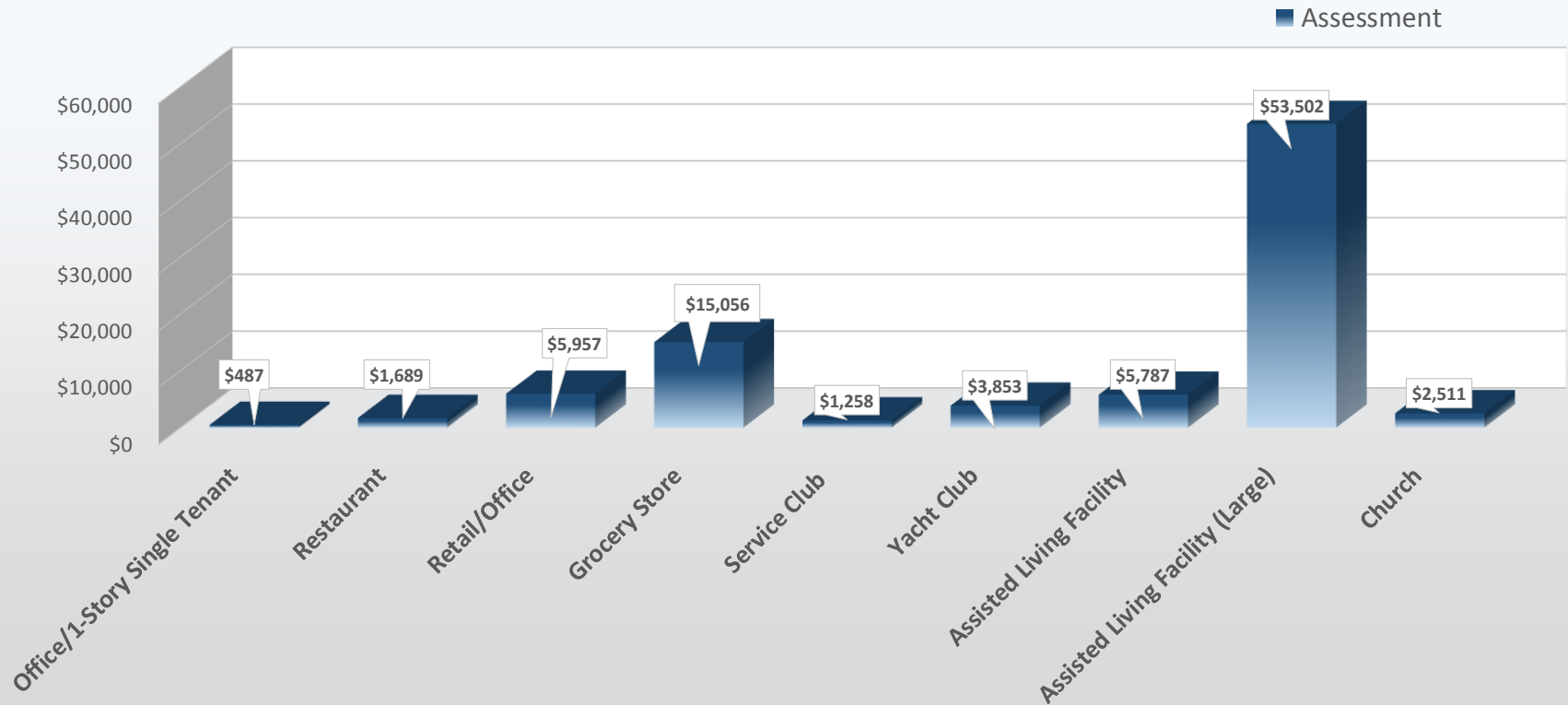
Parcel Type	Structure Value	Tier 2 Units	Tier 1 Rate	Tier 2 Rate	Calculated Annual Assessment	Effective Monthly Assessment
Single Family Home - Low Value	\$111,500	22	\$205.95	\$10.02	\$426	\$36
Single Family Home - Average Value	\$175,600	35	\$205.95	\$10.02	\$557	\$46
Single Family Home - High Value	\$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 10th – 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 15th – Deadline to submit final assessment roll to Tax Collector

Open Discussion