



City of Venice, FL

Fire Rescue Assessment Study

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Agenda

- Fire Special Assessment Background
- Methodology Discussion
- Assessment Calculations
- Property Impact Analysis
- Scenario Examples
- 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?
 - Dedicated and transparent fee for Fire Services
 - No other General Fund department/service has a direct funding source available such as a Fire Assessment
 - Provides a diversified revenue source
 - 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

FY 2018 Assessment Study Timeline

- October 2016 – City awarded Stantec with contract to perform the Fire Assessment study
- January 2017 – Study kick-off
- March 17, 2017 – City Council Workshop
 - Presentation of methodology alternatives
 - City Council agreed to proceed with Availability Methodology
- April 10, 2017 – City Council Workshop
 - Presentation of preliminary rate calculations
- May 15, 2017 – City Council Workshop
 - Second presentation of preliminary rate calculations
 - Scenario analysis with millage offset
 - 50% Cost Recovery, 0.25 mil offset scenario chosen
- July 10, 2017 – City Council Meeting
 - Adoption of Initial Resolution and rates to advertise

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 Assessment Calculations

Calculation of Assessable Costs

Fire Expenditures by Category	FY 2018	
Personnel Services	\$ 7,497,372	
Operating Costs	\$ 550,145	
Non-Recurring Operating	\$ -	
5-Year Average Annual Capital Costs	\$ 920,246	← Currently Unfunded
Total Fire Expenditures	\$ 8,967,764	
Plus: Assessment Costs - Allowance for Early Payment	\$ 377,000	4% of NRR
Plus: Assessment Costs - County Property Appraiser	\$ 189,000	2% of NRR
Plus: Assessment Costs - Tax Collector	\$ 189,000	2% of NRR
Plus: Assessment Notice Mailing Costs	\$ 11,000	
Net Revenue Requirement for Assessment	\$ 9,733,764	
Less: Fire Casualty Insurance Premium - Revenues	\$ (246,276)	
Less: Firefighters' Incentive - Revenues	\$ (9,850)	
Less: Fire Inspection Fees	\$ (48,000)	
Adjusted Net Revenue Requirement for Assessment	\$ 9,429,638	

Availability Methodology Calculation

AVAILABILITY - ALLOCATION SUMMARY			
Assessment Tier	Allocation	Assessment Allocation	Allocated Units
Tier 1 - Response Readiness	32.3%	\$ 3,045,773	16,215
Tier 2 - Structure Loss Protection	67.7%	\$ 6,383,865	663,154
Total	100.00%	\$ 9,429,638	679,369

AVAILABILITY - ASSESSMENT RESULTS			
Property Category	Assessment per Unit	Unit Type	Billed Revenue
Tier 1 - Response Readiness	\$ 187.84	<i>Parcel</i>	\$ 3,022,721
Tier 2 - Structure Loss Protection	\$ 9.63	<i>Value EBU</i>	\$ 6,158,799
Total			\$ 9,181,520

Average Single Family Home Example	
Total Structure Value on Property	\$190,000
Tier 2 Units (Value/5,000):	38
Tier 1 Charge:	\$ 187.84
Tier 2 Charge (Tier 2 Units x Tier 2 Rate):	\$ 365.94
Total Annual Assessment:	\$ 553.78

Availability Rate and Revenues

Revenue Estimates at 25% Cost Recovery Increments

% Cost Recovery	100%	75%	50%	25%
Allocated Assessment	\$ 9,429,638	\$ 7,072,228	\$ 4,714,819	\$ 2,357,409
Less: Shortfall for Exempted Properties	\$ (251,858)	\$ (188,893)	\$ (125,929)	\$ (62,964)
Net Billed Assessment:	\$ 9,177,780	\$ 6,883,335	\$ 4,588,890	\$ 2,294,445
Less: Allowance for Early Payment Discount	\$ (367,000)	\$ (275,000)	\$ (184,000)	\$ (92,000)
Less: Tax Collector Expense	\$ (184,000)	\$ (138,000)	\$ (92,000)	\$ (46,000)
Less: Property Appraisers Expense	\$ (184,000)	\$ (138,000)	\$ (92,000)	\$ (46,000)
Less: Notice of Hearing - Mailing Costs	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)
FY 2018 Net Estimated Revenue	\$ 8,432,000	\$ 6,321,000	\$ 4,210,000	\$ 2,099,000
Tier 1 Rate per Parcel	\$ 187.84	\$ 140.88	\$ 93.92	\$ 46.96
Tier 2 Rate per Structure EBU	\$ 9.63	\$ 7.22	\$ 4.81	\$ 2.41
Average Single Family Home @ 38 EBUs	\$ 553.78	\$ 415.24	\$ 276.70	\$ 138.54

Scenario Analysis

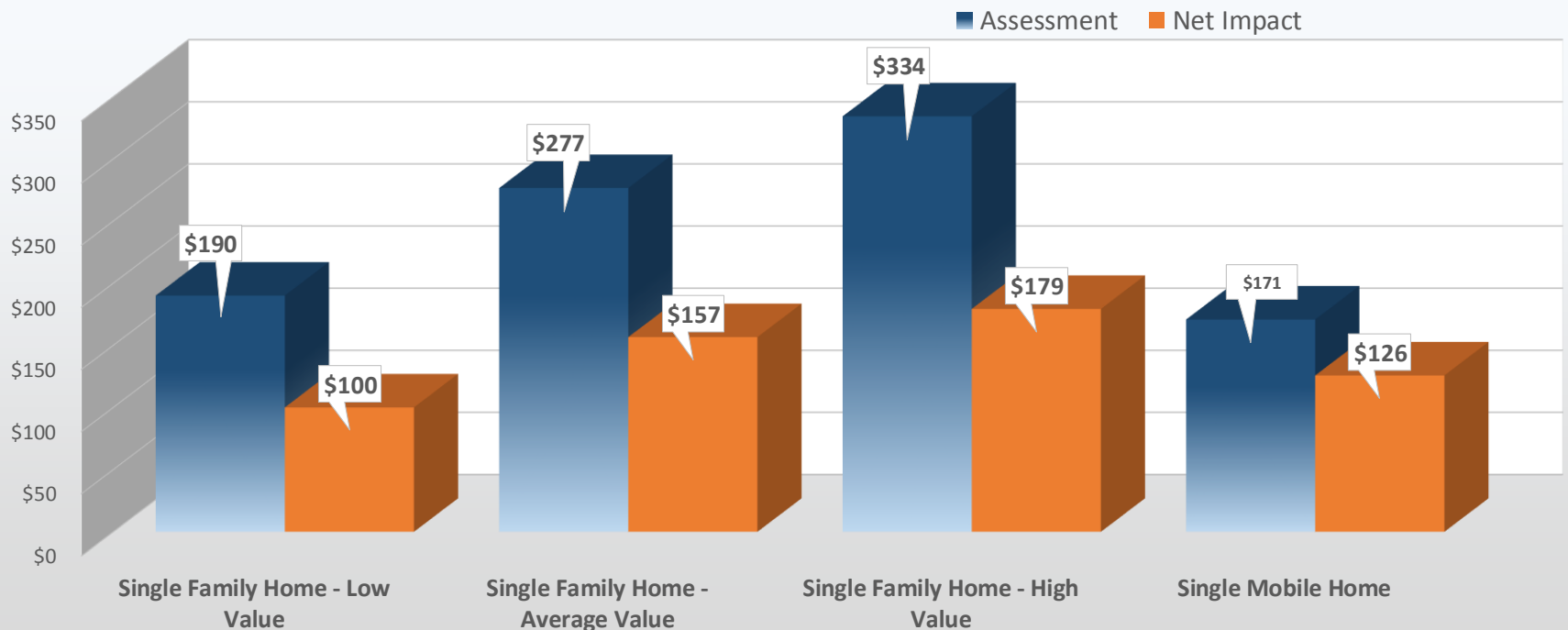
Fire Assessment & Millage Offset Scenarios

Scenario	Description	Fire Cost Recovery %	Millage Rate Reduction	Net Revenue
1	Balance Budget	10%	-0.200	\$114,000
2	Scen. 1 + Funds new Fire Costs	25%	-0.200	\$1,379,000
3	Scen. 2 + \$2M for Other Capital	50%	-0.250	\$3,310,000
4	Scen. 2 + \$1M for Other Capital	50%	-0.500	\$2,409,000

Single Family Residential Comparison

50% Cost Recovery Assessment
0.5 Mil Ad Valorem Reduction

Venice Fire Rescue Assessment (Residential) - Bill

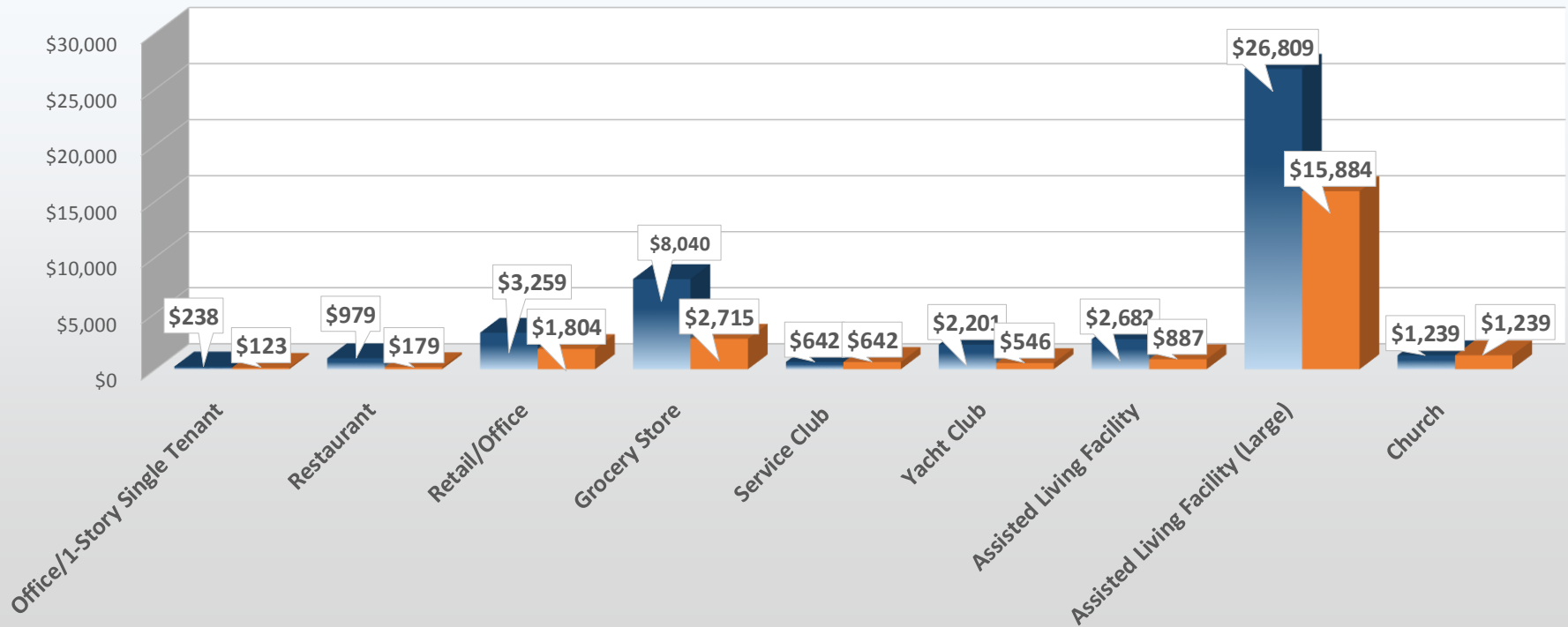


Non-Residential Comparison

50% Cost Recovery Assessment
0.5 Mil Ad Valorem Reduction

Venice Fire Rescue Assessment (Non-Residential) - Methodology Bill Comparison

■ Assessment ■ Net Impact



Discussion