



City of Venice, FL

Fire Rescue Assessment Methodology Discussion

April 19, 2018

Agenda

- Background
- Fire Special Assessments
- Calls-For-Service/Demand Methodology
- Preliminary Assessment Calculations
- Property Impact Analysis
- Discussion and Open Analysis

Background

Fire Special Assessment Background

- 2017 – Initial Fire Assessment methodology study performed and considered
- Program received significant pushback from property owners
- Ultimately rejected after property owner input
- Key Reasons for objections:
 - Objection to the methodology
 - Objection to the data used (i.e. Condo values)
 - Objection to using a Non-Ad Valorem Assessment vs. Property Taxes
 - Objection to raising new funds

Fire Special Assessment Background

- 2018 - Stakeholder group established to provide recommendations for new methodology
- City retained Stantec to attend Stakeholder group meetings
 - Open discussion for Fire Funding options
 - Assessment vs. Ad Valorem Property Tax
 - Discussed options for Assessment methodologies
 - Received Stakeholder recommendation for a modified Calls-for-Service/Demand method
 - Calculated preliminary rates and presented to group

Fire Special Assessments

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 only**
 - **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**
 - **New method significantly less so than prior**
 - **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

Calls-For-Service/Demand Based Methodology

Calls-for-Service Methodology

- **Most common and widely used method in Florida**
 - **Legally challenged and modified over time**
- **Based upon the benefit conferred on all parcels by the historical demand for Fire services by Property Class**
 - **Only calls to real property**
 - **Excludes Emergency Medical Service calls**
- **Property Classes are identified by call volume and property database**
 - **Residential**
 - **Commercial**
 - **Industrial/Warehouse**
 - **Government/Institutional Class**

Calls-for-Service Methodology

- **Key considerations:**
 - **Exclusion of Medical and False Alarm Calls**
 - **EMS/ALS required to be excluded**
 - **All medical and False Alarm Calls now excluded in this analysis**
 - **Skewed Rates to Institutional class (Assisted Living Facilities)**
 - **Update eliminates these calls and costs**
 - **Cost Analysis will only limit maximum charges and revenues**

Calls-for-Service Methodology

- **Key considerations:**
- **Residential properties typically assessed per dwelling unit**
 - Stakeholder Group prefers a square footage based Residential charge
 - Often recommended during Property Owner objections in 2017
- **Non-Residential properties typically assessed by square footage**
- **Mobile Home Parks**
 - Significant number of residential units in Mobile Home Parks
 - Typically assessed per space
 - Square footage is imputed by average MH size in Property Data: 800 sq ft per space
 - Further research would be needed to accurately assess

Calls-for-Service Methodology

- Calculations are Preliminary
- Relies upon data received during the 2017 Study
 - Updates could change rate calculations
 - 3-year Call/Incident Data
 - Property Data
 - Including Mobile Home Park Data
 - Field Research
 - GIS Data
 - Local Data
 - Financial/Budget Data
 - Medical cost allocation

Calls-for-Service Methodology

- Target Revenue for preliminary rates:
 - \$2,400,000
 - Provides necessary funds for annual capital needs
- Two Scenarios:
 - Generate \$2,400,000 through the assessment only
 - Generate \$2,400,000 through a higher level of assessment with a 0.5 mil property tax reduction

Preliminary Rate Calculation

Assessment to Generate
\$2,400,000

Preliminary Rate Calculation – Assessment Only

Revenue Summary

Total Net Revenue Requirement		\$	9,429,638
Assessment % Cost Recovery			29.25%
Total FY 2019 Adjusted Net Revenue Requirement		\$	2,758,169
Exemptions		\$	(140,721)
Net Billed FY 2019 Assessment		\$	2,617,448
Plus: Property Appraiser's Expense	2.00%	\$	(52,000)
Plus: Tax Collector's Expense	2.00%	\$	(52,000)
Plus: Statutory Discount	4.00%	\$	(105,000)
Estimated Net Collected Revenue (Rounded)		\$	2,408,000
Less: Millage Offset/Reduction	0.00	\$	-
Net Budgetary Impact		\$	2,408,000

Millage Rate Equivalent to raise \$2.4 million: 0.6684

Preliminary Rate Calculation – Assessment Only

Allocation Summary

Assessment Class	Allocation %	Allocation	Allocated Units
Residential	63.37%	\$ 1,747,975	238,677
Commercial	16.93%	\$ 466,992	32,118
Industrial/Warehouse	3.82%	\$ 105,397	16,673
Government/Institutional	15.87%	\$ 437,805	18,371
Total	100.00%	\$ 2,758,169	

Assessment Calculation

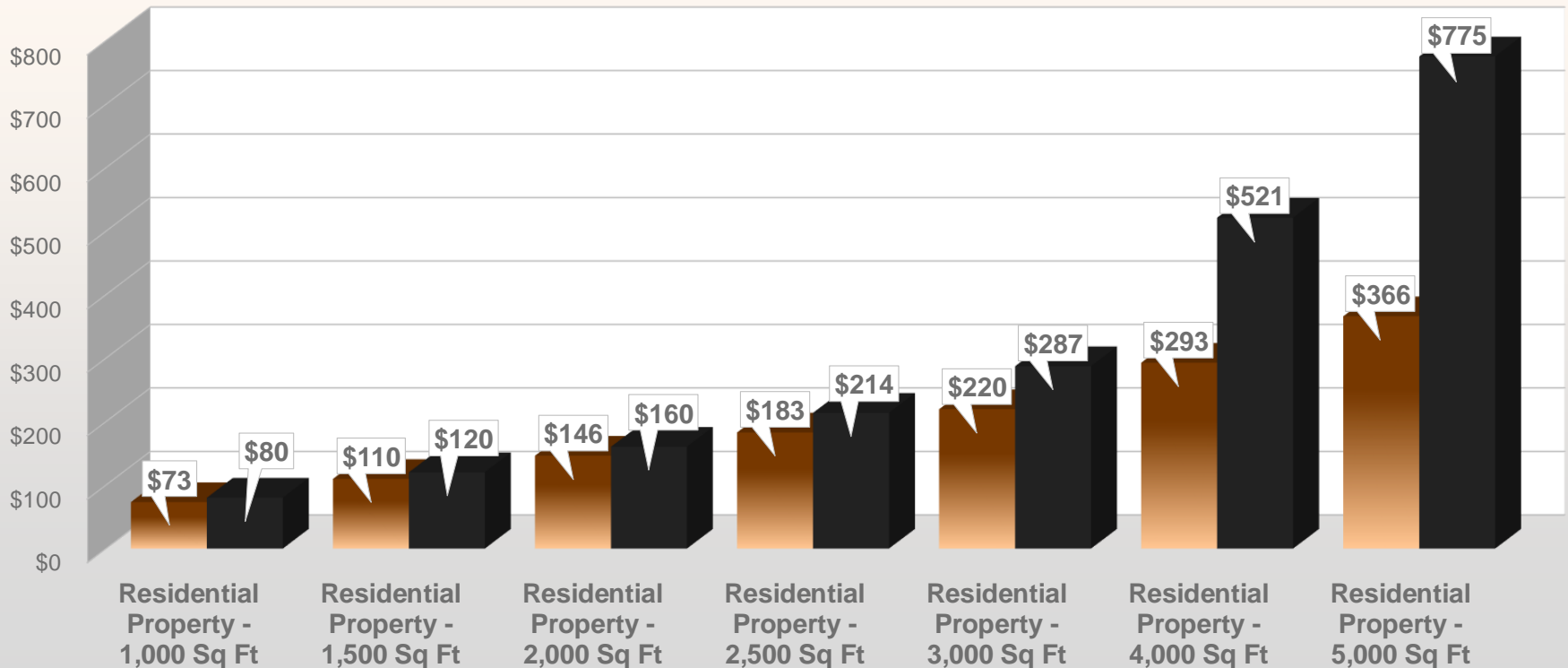
Property Category	Assessment	Unit Type	Billed Revenue
Residential	\$ 7.32	per 100 Sq Ft	\$ 1,746,501
Commercial	\$ 14.54	per 100 Sq Ft	\$ 449,112
Industrial/Warehouse	\$ 6.32	per 100 Sq Ft	\$ 105,373
Government/Institutional	\$ 23.83	per 100 Sq Ft	\$ 316,462
Total			\$ 2,617,448

Residential Property Impacts

Venice Fire Rescue Assessment (Residential) - Bill

■ Assessment

■ Ad Valorem Equivalent

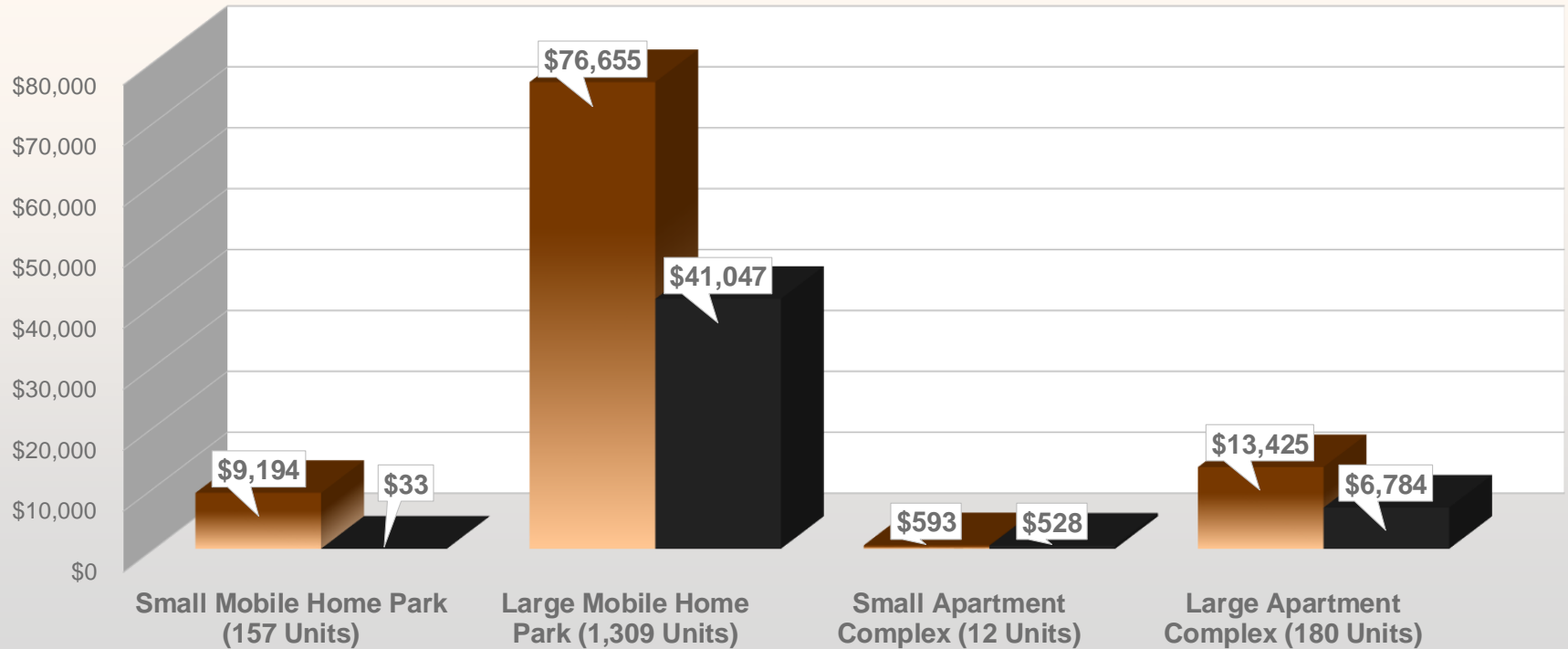


Multi-Unit Residential Property Impacts

Venice Fire Rescue Assessment (Multi Unit Residential) - Bill

■ Assessment

■ Ad Valorem Equivalent

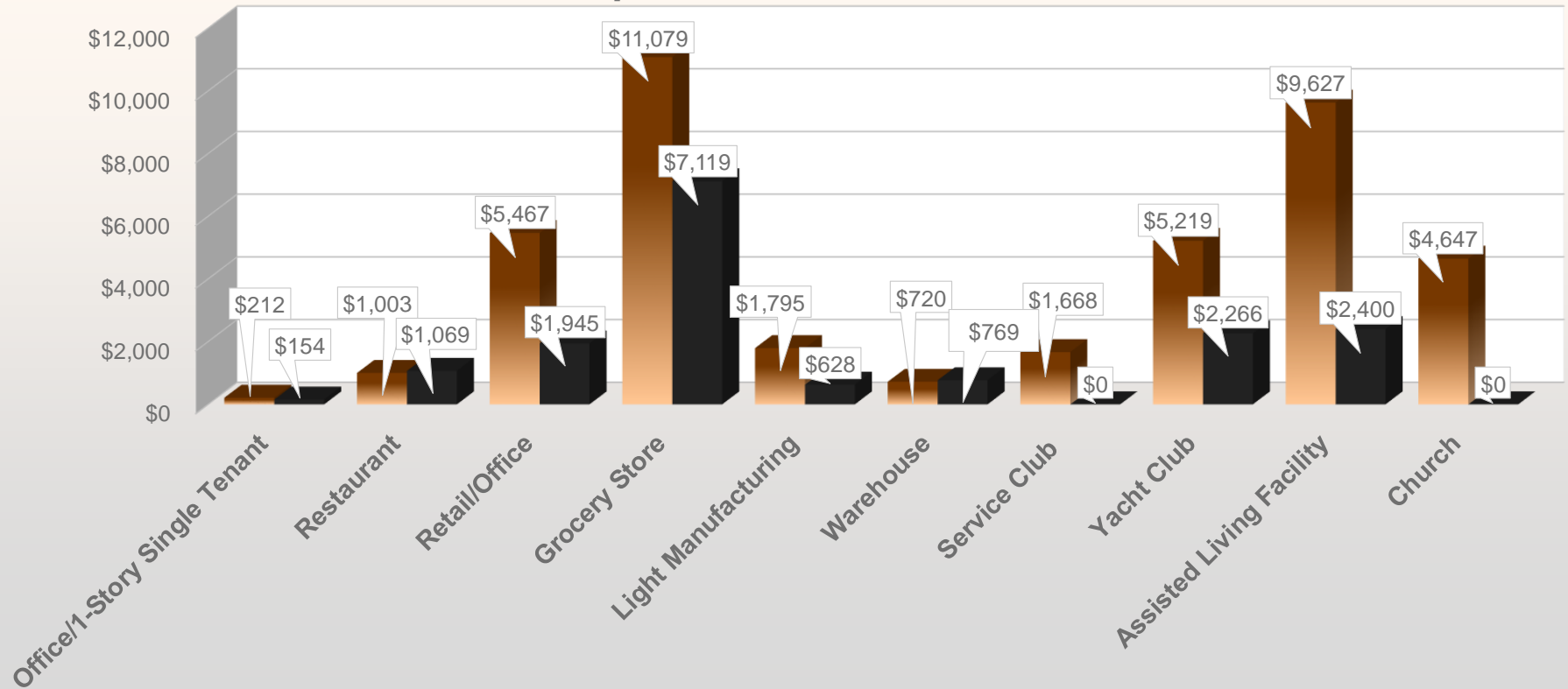


Non-Residential Property Impacts

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

■ Assessment

■ Ad Valorem Equivalent



Preliminary Rate Calculation

Assessment to Generate
\$2,400,000
With 0.5 Mil Offset

Preliminary Rate Calculation – Assessment with Millage Offset

Revenue Summary

Total Net Revenue Requirement		\$	9,429,638
Assessment % Cost Recovery			51.10%
Total FY 2019 Adjusted Net Revenue Requirement		\$	4,818,545
Exemptions		\$	(245,469)
Net Billed FY 2019 Assessment		\$	4,573,076
Plus: Property Appraiser's Expense	2.00%	\$	(91,000)
Plus: Tax Collector's Expense	2.00%	\$	(91,000)
Plus: Statutory Discount	4.00%	\$	(183,000)
Estimated Net Collected Revenue (Rounded)		\$	4,208,000
Less: Millage Offset/Reduction	-0.50	\$	(1,801,000)
Net Budgetary Impact		\$	2,407,000

Preliminary Rate Calculation – Assessment with Millage Offset

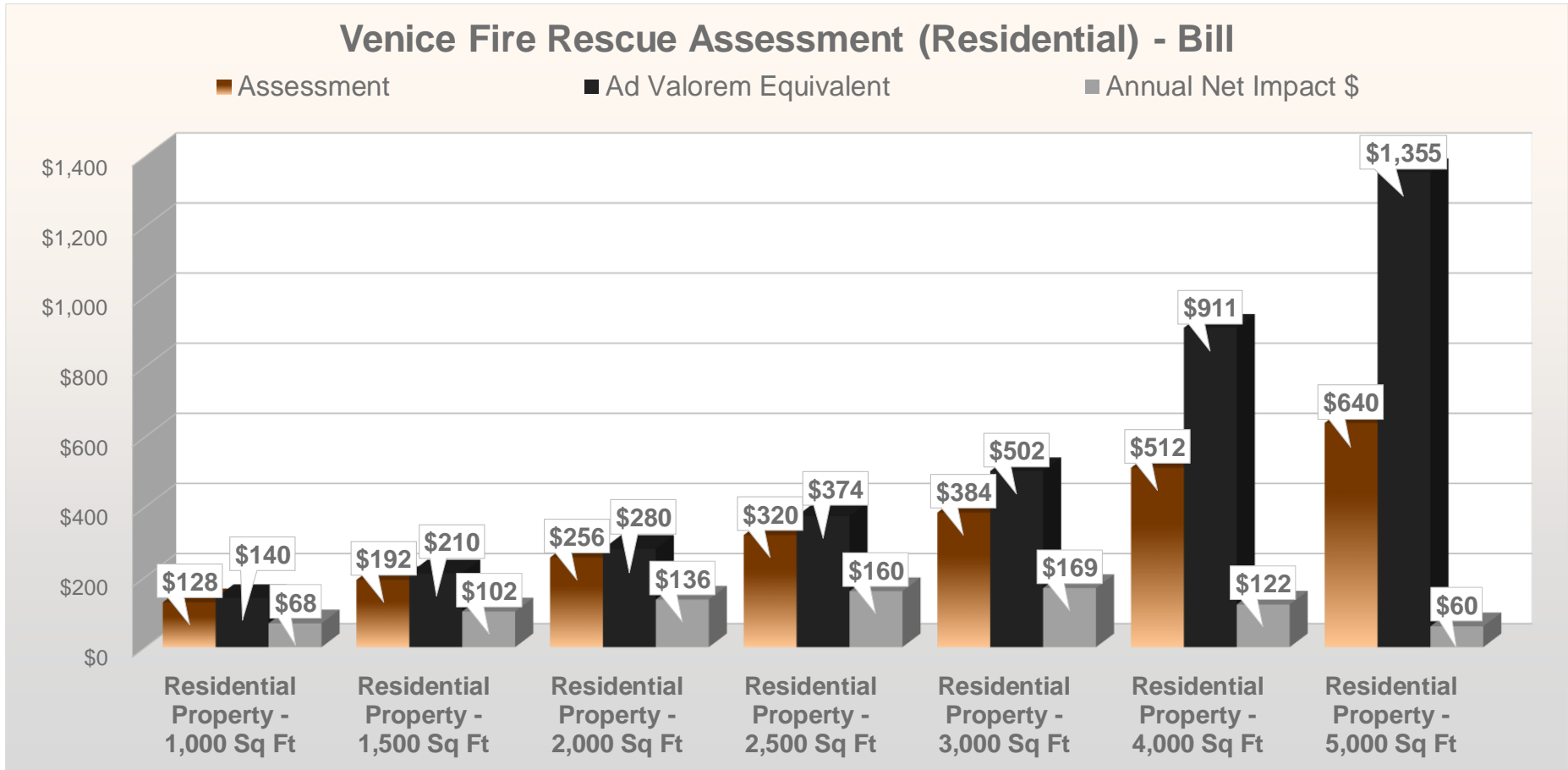
Allocation Summary

Assessment Class	Allocation %	Allocation	Allocated Units
Residential	63.37%	\$ 3,053,728	238,677
Commercial	16.93%	\$ 815,838	32,118
Industrial/Warehouse	3.82%	\$ 184,130	16,673
Government/Institutional	15.87%	\$ 764,848	18,371
Total	100.00%	\$ 4,818,545	

Assessment Calculation

Property Category	Assessment	Unit Type	Billed Revenue
Residential	\$ 12.79	per 100 Sq Ft	\$ 3,051,604
Commercial	\$ 25.40	per 100 Sq Ft	\$ 784,555
Industrial/Warehouse	\$ 11.04	per 100 Sq Ft	\$ 184,070
Government/Institutional	\$ 41.63	per 100 Sq Ft	\$ 552,846
Total			\$ 4,573,076

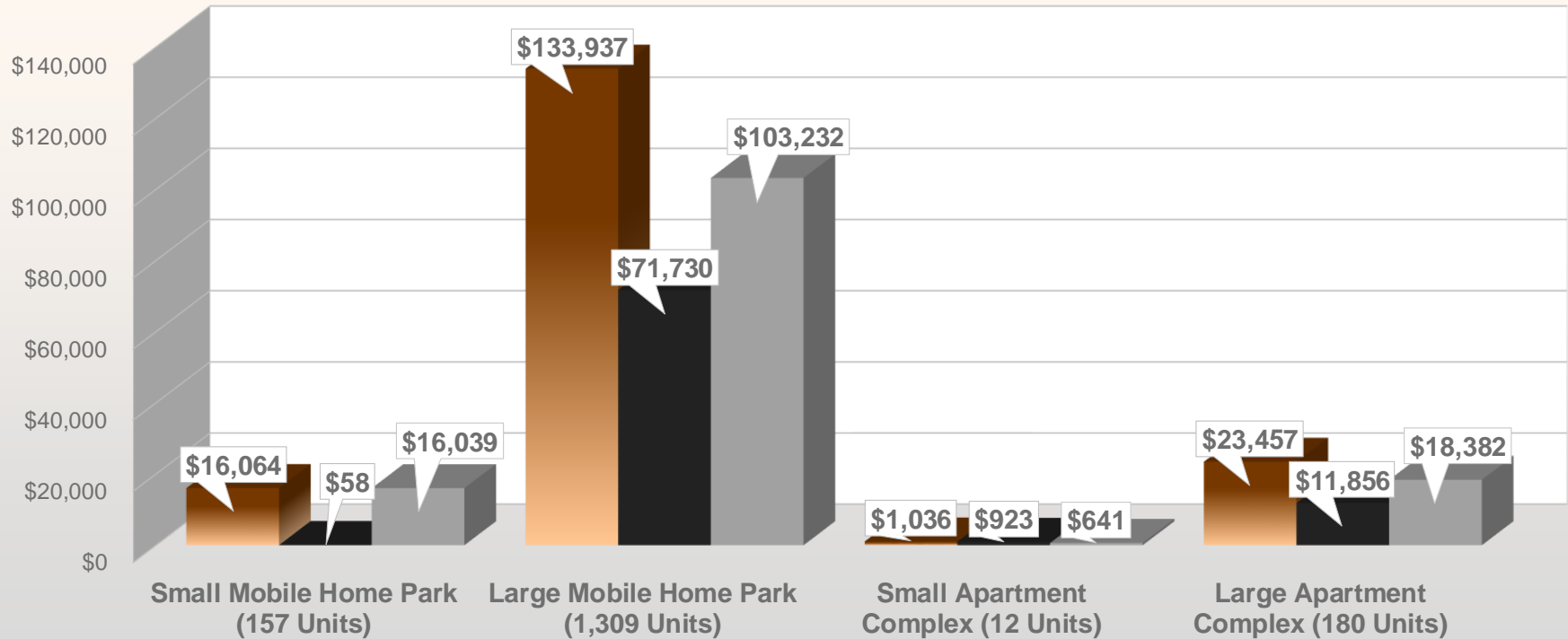
Residential Property Impacts



Multi-Unit Residential Property Impacts

Venice Fire Rescue Assessment (Multi Unit Residential) - Bill

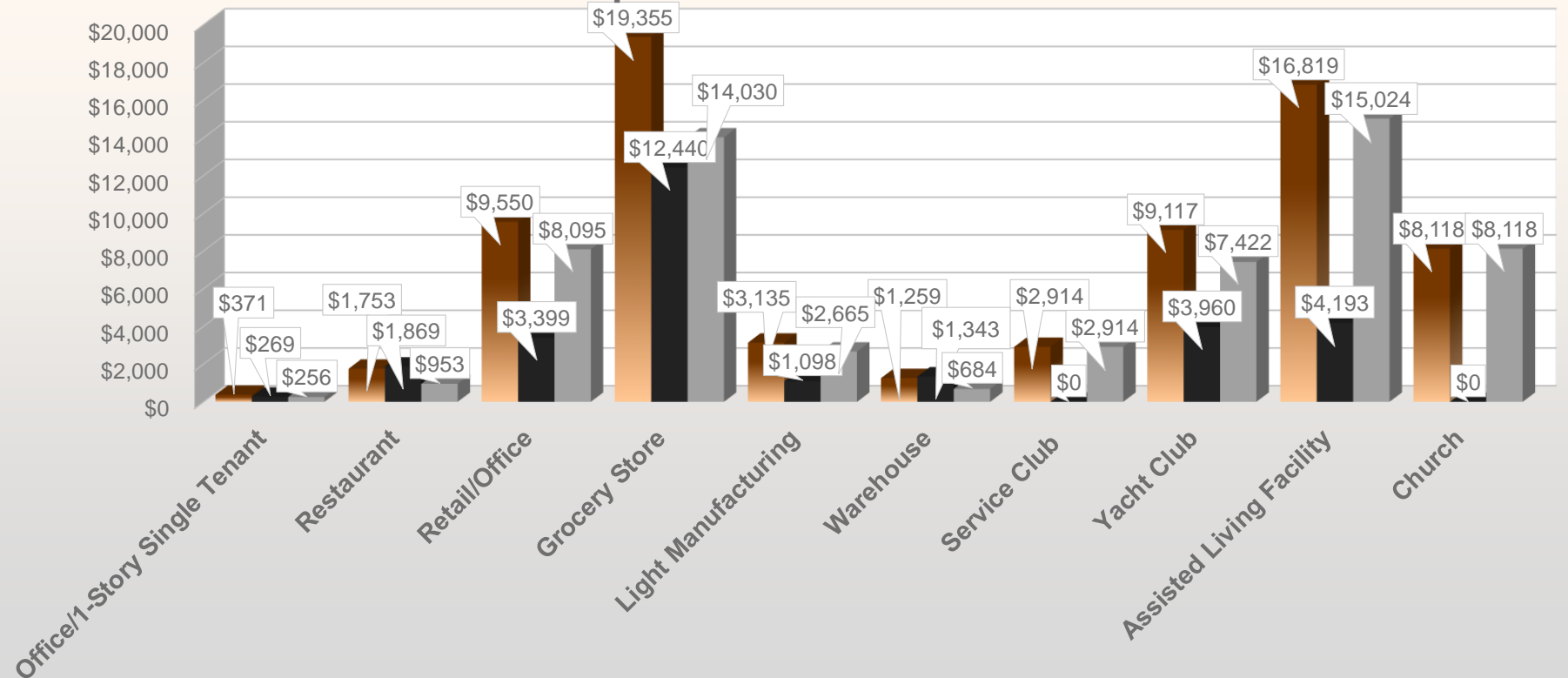
■ Assessment ■ Ad Valorem Equivalent ■ Annual Net Impact \$



Non-Residential Property Impacts

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

Comparison ■ Assessment ■ Ad Valorem Equivalent ■ Annual Net Impact \$



Discussion and Open Analysis