

080109



J. Bernard Machen
President

July 31, 2008

2008 AUG -5 AM 11: 29

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The Honorable Pegeen Hanrahan
Mayor, City of Gainesville
200 East University Avenue
Station 19
P.O. Box 490
Gainesville, FL 32602-0490

Dear Mayor Hanrahan:

I am responding to your letter requesting that the University of Florida enter into an annual agreement with the city of Gainesville to pay for fire services provided on campus. Subsequent to sending the letter, we understand that the Gainesville City Commission voted against imposition of the fire fee.

As government agencies, all of us are being forced to make do with less, and I fully understand the challenges the city faced in its budget shortfall. It is difficult to make cuts that don't erode the core missions of our institutions. In reducing UF's budget by \$100 million over the past 18 months we focused on areas with the least impact on faculty.

As the head of an academic institution facing the potential of future cuts, I would not have been able to agree to a payment to the city of Gainesville that would pull scarce resources away from our core educational mission.

That said, UF will continue the efforts to reduce our impact on the city fire service that would in turn translate into a reduction of cost to the city. We look forward to working with city officials in that regard. Certainly, the health and safety of the tens of thousands of students, faculty and staff on our campus is of great importance to both of us.

Sincerely,

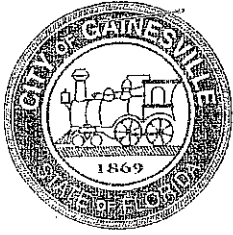
A handwritten signature in black ink, appearing to read "Bernie Machen", written over a large, stylized "B" that serves as a signature flourish.

J. Bernard Machen

cc-ccom
-CMAR

The Foundation for The Gator Nation

An Equal Opportunity Institution



City of Gainesville

Pegeen Hanrahan, Mayor

June 30, 2008

President J. Bernard Machen
University of Florida
Post Office Box 113150
Gainesville, FL 32611

Dear President Machen:

Bernie

On June 23, 2008, the Gainesville City Commission received an update on the status of the City's negotiations with the University of Florida seeking compensation for the continuing provision of fire services. A copy of the agenda item and back-up material is attached.

The City Commission has adopted an enabling ordinance and proposed a special assessment for fire services on improved property in the City to provide dedicated funding for this core City service. A special assessment would insulate fire services from substantial budget reductions and allow the City to maintain and selectively enhance fire services to address community needs. A special assessment must provide a benefit to property and be fairly and reasonably apportioned among the properties receiving benefit. The fire assessment would be imposed on property owned by tax exempt non-profit entities such as places of religious assembly.

The City Commission and I seek your assistance in resolving a community problem. The City has provided fire services to the University for many years without compensation. The City could not in good conscience impose a special assessment on our residents, businesses and non-profit organizations without pursuing reimbursement from the University as one of the largest beneficiaries of the City's fire services. As you know, there are other public universities in our state that do pay such fees.

We propose entering into an agreement with the University providing for an annual fire fee that would compensate the City for the value of fire services provided. This value has been determined by the City's consultant using the same data and methodology used to develop the fire assessment rates for the City. The total value of fire services provided to the University was identified as \$2,911,255. The City Commission requested that I send you the attached proposal as the basis of an agreement for a fire fee. The proposal provides for a phase-in of the fee over a period of four years in acknowledgment of the financial challenges facing the University.

I can assure you that the City Commission and I are very concerned about current budget reductions at the University. These reductions negatively impact the University and the City in many ways. Although the timing could be better, this issue does require immediate attention. We believe a reasonable agreement can be reached if the University concurs that reimbursing the City for the fire services it receives is a fair and appropriate course of action. We are eager to work jointly with you to make the case to key decision makers at the state level that there is a need for the University to make efforts to address this critical need.

We appreciate your attention to this matter and look forward to hearing from you.

Sincerely,

Pegeen Hanrahan

Pegeen Hanrahan
Mayor

**Proposed Fire Services Fees for the University of Florida
May 27, 2008**

Background

The City of Gainesville (City) has provided fire services to the University of Florida (UF) for many years without compensation, although there is no requirement that the City provide this service. The City and UF acknowledge that the City provides fire services to protect UF property and the students, employees and guests who visit UF's many facilities in the City. In recognition of this valuable service, the City and UF seek to develop an agreement that provides for payments, in the form of fire services fees, from UF and if feasible directly from entities located on UF property.

Fire Services Assessment Report

The City arranged for a study that resulted in a Fire Services Assessment Report from Government Services Group. The study provides the methodology for a special assessment on property in the City for fire services. The study identified calls for service based on property types including residential, commercial, industrial/warehouse and institutional. The study then linked this call data with Gainesville Fire Rescue budget data to develop Fire Service Assessment Rates. The study was able to identify the costs to the City (not including emergency medical services) of providing fire services to UF property which totals \$2,911,255.

Proposed UF Fire Fees

The City and UF are both dealing with serious fiscal challenges. Therefore, the City seeks to reach agreement with UF on a phased implementation of fire fees to cover the cost of fire services provided to UF's main campus. The number shown above includes all UF property in the City. Staff is working with GSG to review the data so the cost of fire services provided solely to UF's main campus can be identified. The City proposes a phased implementation over four years as shown below.

- **FY 09 - 25% of the City's cost of providing fire services to UF's main campus**

No payment is required. The City will provide a credit in the amount of \$800,000 for Campus Development Agreement funds provided by UF for a new fire engine. Any remaining credit balance from FY 09 will be applied to FY 10 fire fees.

- **FY 10 - 50% of the City's cost of providing fire services to UF's main campus**
- **FY 11 - 75% of the City's cost of providing fire services to UF's main campus**
- **FY 12 - 100% of the City's cost of providing fire services to UF's main campus**

Discussion of a Fire Service Fee for the University of Florida

Issue

The economic landscape of the City of Gainesville is dominated by the government sector. Statistics compiled by the Bureau of Economic and Business Research at the University of Florida (UF) indicate that one of every three jobs in Gainesville is provided by federal, state or local governments. With 50,000 students and over 20,000 employees (including Shands Hospital) in a city of approximately 122,000 residents, UF obviously plays a primary role in the area's economy.

UF is independent in providing a wide array of services on its main campus from public safety (police services) to maintaining infrastructure with most services provided by departments staffed and operated by UF. There are exceptions including two services provided by the City to UF under cost-recovery arrangements for transit services and operation/maintenance of traffic signals. UF also purchases utility services from the City including water and natural gas. UF has chosen to partner with the City of Gainesville for provision of these services rather than electing to develop the means internally to meet these needs. The City also provides significant support for large UF athletic events that are reimbursed through the University Athletic Association.

Due to current and projected budget constraints, the City is seeking to allocate the cost of providing fire service to those properties which benefit from the service. The City provides fire service to UF and seeks to recover the City's cost of providing these services. Fire service stands out as an aberration to the arrangements that have been made between UF and the City for cost-recovery in other service areas. UF is a major user of fire services provided by Gainesville Fire Rescue (GFR) with UF's main campus representing about 10% of GFR's non-medical fire responses in calendar year 2006.

Campus Development Agreement

The City appreciates UF's approval of the Campus Development Agreement that resulted after successful negotiations between the City, County and UF. This agreement partially compensates the City and County for capital costs necessary to address the impact of new UF development. The City recognizes the benefit of the new quint fire service vehicle provided to GFR through this agreement. Although the agreement successfully addresses future capital costs, it does not address current and future operating costs.

City's Goal

Over the years, the City has invested in essential fire protection infrastructure and professionally trained staff. The City would like to continue providing fire services to UF's main campus and seeks to enter into a cost-recovery arrangement with UF as has been done for transit and traffic signals.

Budgetary Concerns

With an FY 2008 budget in excess of \$13 million, GFR accounts for just over 14% of the City's General Fund budget. A significant source of revenue for General Fund operations such as GFR is property tax revenue. The City faces two challenges in continuing to fund GFR through this revenue source. First, as noted above, Gainesville's economy is primarily government-sector driven with UF being the largest single entity. This results in over 54% of the City's property value being exempt from ad valorem taxation, including the vast majority of UF property. Additionally, recent state legislative action impacted the City's annual property tax revenue by almost \$3 million annually with a constitutional amendment on the horizon that could equal this impact.

Fairness & Fire Assessment Fees

In light of these budgetary impacts, the City of Gainesville, like many other Florida local governments, is working to diversify its revenue base with an emphasis on charging user fees for services where specific recipients of the services can be clearly identified. With state property tax reform, it is becoming increasingly important to diversify funding sources for City services and for those who receive the benefit of City services to pay their fair share.

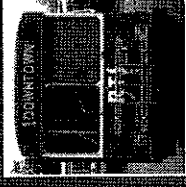
The City Commission is currently evaluating implementation of a fire services special assessment on properties within the city. Since Florida law exempts governmental properties from local property taxes and assessments, UF would be exempt from this special assessment. The cost of providing fire service to UF would therefore be paid by City residents and property owners in the form of ad valorem taxes. The City seeks to achieve equitable funding of fire services so City residents and property owners do not bear an unfair burden. Therefore, for reasons of fairness and critical budgetary limitations, the City requests that UF enter into a cost-recovery agreement for fire services.

Key Example of Public University Fire Service Fees

A prime example of relevance to the City of Gainesville and UF are the fire service fees paid by Florida State University (FSU) and Florida A&M University (FAMU) to the City of Tallahassee implemented eight years ago.

Steps to Resolving the Issue

There are opportunities available to UF to pay for fire service that are consistent with the City's existing relationship with UF. The City would prefer to negotiate a fire services contract, as is currently done for mass transit and traffic signal operations. A second option is for UF to develop the means internally to provide fire services as was done in creating the University Police Department. There may be other options that can be explored in face-to-face meetings. We are confident that a mutually agreeable resolution can be achieved.



Status of Fire Fee Negotiations with the University of Florida

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Status of Fire Fee Negotiations with the University of Florida

- Commission Direction to Negotiate with UF Seeking Compensation for City Provided Fire Services
- History & Demand for City Fire Services to UF
 1. History & Demand
 2. Investment in Essential Fire Protection Infrastructure & Professionally Trained Staff
 3. Specialized Fire Services for UF
 4. Level of Service to UF
- UF Independent in Providing Many Services on Campus

Status of Fire Fee Negotiations with the University of Florida

- City Services to UF Under Cost-Recovery Arrangements:
 1. Transit
 2. Traffic Signals
 3. Large Athletic Events Through University Athletic Association
- UF Purchases Water & Natural Gas From GRU
- City Stormwater Fee
- Campus Development Agreement

Status of Fire Fee Negotiations with the University of Florida

Portion of Fire Services Assessment Revenues (Estimated for University of Florida)

Residential Property Use Category		Number of Dwelling Units	Rate Per Dwelling Unit	Estimated Fire Assessment
Total Residential		1,235	\$97.00	\$119,795
Subtotal				\$119,795
Non-Residential Property Use Categories		Number of Square Feet	Rate Per Square Foot	Estimated Fire Assessment
Total Commercial		267,368	\$0.12	\$32,084
Total Industrial/Warehouse		2,382,225	\$0.06	\$142,934
Total Institutional		14,535,730	\$0.18	\$2,616,442
Subtotal				\$2,791,460
Estimated Total University of Florida				\$2,911,255

Status of Fire Fee Negotiations with the University of Florida

- Meetings with UF
- Issues/Concerns Expressed by UF
 1. UF's Fiscal Challenges
 2. Exemption of Government Entities From Special Assessments
 3. On-Campus Services Provided by UF
 4. Economic Impact of UF

Status of Fire Fee Negotiations with the University of Florida

- Focus on Fire Services to UF Main Campus
- Impact of Large, Complex Entities With Significant Requirements and/or Demands for Fire Services
 1. Gainesville Regional Airport
 2. UF
- Buildings on Government-Owned Land Subject to Fire Assessment

Status of Fire Fee Negotiations with the University of Florida

- Proposal to UF
 1. FY 09 – 25% of City's Cost
(\$800,000 credit for fire truck thru Campus Development Agreement)
 2. FY 10 – 50% of City's Cost
 3. FY 11 – 75% of City's Cost
 4. FY12 – 100% of City's Cost

Status of Fire Fee Negotiations with the University of Florida

Recommendation

- The City Commission approve that a letter be sent under the Mayor's signature to UF President Machen with the City's proposal.

Harris, Helen J.

From: Folkers, Paul E.
Sent: Friday, September 19, 2008 12:04 PM
To: Harris, Helen J
Subject: FW: UF Fire Fee Agenda Item

Helen,

Please schedule

Thanks,

Paul

Paul Folkers
Assistant City Manager
City of Gainesville

From: Folkers, Paul E.
Sent: Friday, September 19, 2008 12:03 PM
To: Northcutt, William K.; Rountree, Becky L.
Subject: RE: UF Fire Fee Agenda Item

We should probably have a brief discussion. I'll schedule a meeting

Thanks,

Paul

Paul Folkers
Assistant City Manager
City of Gainesville

From: Northcutt, William K.
Sent: Friday, September 19, 2008 8:37 AM
To: Folkers, Paul E.; Rountree, Becky L
Subject: FW: UF Fire Fee Agenda Item

I have made my comments in strikeout form.

Bill Northcutt
Fire Chief
Gainesville Fire Rescue
352-334-5078
northcutwk@cityofgainesville.org
www.gfr.org
Life's most persistent and Urgent Question is:
What are you doing for others?
Martin Luther King, Jr

From: Folkers, Paul E.

Sent: Thursday, September 18, 2008 4:39 PM
To: Northcutt, William K.; Rountree, Becky L.
Subject: UF Fire Fee Agenda Item

Bill and Becky,

The Commission gave direction for staff to provide an update on this in October or November. I have prepared a draft agenda item for the November 6, 2008 Commission meeting. Please review and provide your comments.

Thanks,

Paul

Paul Folkers
Assistant City Manager
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(352) 334-3119 Fax
folkerspe@cityofgainesville.org