



Exploring a Special Assessment for Fire Services

April 7, 2008

#070623

Review Agenda

- Review Agenda
- Status of Fire Services
- Background Information
- Fire Assessment Report
- Properties Subject to a Special Assessment
- Key Issues
- Budgetary Implications & Millage Rollback Options

Review Agenda

- Expected Impacts on Property Owners
- Payment Options & Potential Hardship Provisions
- Community Outreach Plan
- Commission Decision Points
- Questions

Status of Fire Services

- *Fire-Rescue FY08 Budget*
 - \$13,380,061 for Personnel and Operating
 - Partially funded through property taxes
 - Revenue: Airport Contract for Aircraft Fire Rescue Fire Services, Fire Services Area Agreement (ACFR), Fire Inspection & False Alarm Fees
 - 155 Personnel
 - Seven Fire Stations

Status of Fire Services

- *Current capital projects that have been approved and funded:*
 - Fire Station 8 - \$5,000,000
 - Station Disinfecting Equipment - 20k in FY09, 20k in FY10 and 85k in FY11
 - Replacement of Fire Station Alerting System - \$300,000
 - Special Operations Equipment - 20k in FY09, 20k in FY10 and 40k in FY11
 - Mobile Computers - \$200,000

Status of Fire Services

- In 1975, there were 165 personnel serving 50,000 citizens in 26 sq. miles of city and also urban areas outside the city.
- Today there are 155 personnel serving 122,671 citizens in 60 sq. miles of city and also urban areas outside the city.

Status of Fire Services

- *Insurance Services Organization (ISO)*
 - Gainesville's ISO rating is a Class 3 on a Scale of 1 to 9 with 1 being the best.
 - Last inspection was in 2004: Stated the need for 3 additional engine companies. At risk of losing Class 3 rating.
 - A lowering in our class rating could result in higher property insurance rates.
 - Added an NFPA compliant Fire Station Alerting System to gain enough points to keep Class 3 rating.

Status of Fire Services

- *National Fire Protection Association (NFPA)*
 - NFPA 1710 has a response time performance standard of 4 minutes 90% of the time.
 - While we do not currently meet that standard, it is a performance goal we continue to work towards (currently at 49%).

Status of Fire Services

- *Fire-Rescue FY09 Budget*
 - Target Budget for FY09 is \$14,561,167.
 - Includes Personnel and Operating costs for Station 8 in the 3rd and 4th quarters
 - City Departments have been asked to submit a 5% budget decrement for FY09.
 - GFR's decrement is \$646,810 for FY09. This would likely result in a reduction in people and services.

Status of Fire Services

- *Capital Needs Built into the Fire Assessment Rate Structure*
 - Replacement of mobile and portable radios
 - Emergency power for Fire Stations
 - Asset maintenance for Buildings and Grounds
 - Special Operations Equipment
 - Capital items can be modified if priorities change

Status of Fire Services

- *Coordination with Alachua County Fire Rescue*
 - Share personnel and operating costs under an inter-local agreement.
 - Working on an opportunity to combine the ACFR and GFR Public Information Officer Position. Both are currently open.
 - Agreed upon Job Description and Job duties.
 - We are looking at other areas where we can combine functions and share costs.

Status of Fire Services

- *Current and Future Resource Needs*
 - 4 person engine companies. NFPA Standard 1710 and Florida Statute 633 requires 4 persons to be on scene before beginning operations.
 - Aging Fire Station Replacement
 - Station 9
 - Replacement of GRU Radio System

Status of Fire Services

- *Fire Assessment for GFR*
 - Stable funding source
 - Ability to meet current and future needs
 - Supports City Commission's Strategic Initiative on appropriate staff levels for fire-rescue
 - We ask that you move forward on establishing the fire assessment to diversify and stabilize funding for fire services.

Background Information

- What is a Special Assessment?
- Why Consider a Special Assessment?
 - Lack of Funding to Support Current & Future Fire Service Needs; Potential Budget Reductions in FY 09
 - Stable, Dedicated Revenue for Fire Services
 - Bonds Can be Issued Based on Assessment Revenue
 - Property Tax Revenue Inadequate to Fund Fire Services
 - High Percentage of Tax Exempt Property Value
 - State Limitations on Property Tax & Potential for Further Limitations
 - Diversifies Revenue & Further Reduces Reliance on Property Tax

Background Information

- Assessments Based on Specific Services & Benefit to Property
- Properties With Comparable Demands for Services Pay Comparable Assessments
- Successful Implementation in Many Jurisdictions
- What Actions Has the Commission Taken So Far?
 - October 22, 2007; Presentation to Commission by Staff & Government Services Group (GSG)
 - November 19, 2007; Commission Approval of GSG Contract
 - December 17, 2007; Commission Approval of a Resolution of Intent to Use the Uniform Method for Collecting Non-Ad Valorem Special Assessments

Fire Assessment Report

Government Services, Inc.

- Camille Tharpe, Vice President & Director of Government Services
- Marguerite McCauley, Senior Project Manager

Properties Subject to a Special Assessment

- A Special Assessment would apply to ALL properties except Government-Owned, Non-Assessable Properties
 - Fire Services for Non-Assessable Properties would be funded through the General Fund.

- Fire Service Negotiations/Agreements with Large, Complex Entities on Government-Owned Property
 - Updated Contract with Gainesville Regional Airport
 - Negotiations with University of Florida

Key Issues

- More Equitable & More Regressive
- Impact on Non-Profit Organizations
- Negotiations with University of Florida
- Percentage Funding of Assessable Budget
- Millage Rollback Options

Budgetary Implications & Millage Rollback Options

Fire Assessment Rates at 100%

Fire Assessment Rates @ 100%	Millage Rate Rollback Options					
	No Rollback	1 Mill	1/2 Mill	1/4 Mill	1.0885 mills	1.3825 mills
Proposed Fire Assessment Revenue	\$7,499,338	\$7,499,338	\$7,499,338	\$7,499,338	\$7,499,338	\$7,499,338
Proposed Millage Rates	4.2544	3.2544	3.7544	4.0044	3.1659	2.8719
Reduction in Property Tax from Millage Rate Rollback	\$0	\$5,423,688	\$2,711,844	\$1,355,922	\$5,903,684	\$7,498,248
Net Revenue Realized from Fire Assessment and Millage Rate Rollback	\$7,499,338	\$2,075,650	\$4,787,494	\$6,143,416	\$1,595,654	\$1,090

- 1.0885 option would fund GFR required 5% decrement and scheduled CIP
- 1.3825 option is the dollar for dollar rollback

Budgetary Implications & Millage Rollback Options

Fire Assessment Rates at 50%

Fire Assessment Rates @ 50%	Millage Rate Rollback Options				
	No Rollback	1/2 Mill	1/4 Mill	.3975 Mills	.6915 Mills
Proposed Fire Assessment Revenue	\$3,749,669	\$3,749,669	\$3,749,669	\$3,749,669	\$3,749,669
Proposed Millage Rates	4.2544	3.7544	4.0044	3.8569	3.5629
Reduction in Property Tax from Millage Rate Rollback	\$0	\$2,711,844	\$1,355,922	\$2,155,916	\$3,750,480
Net Revenue Realized from Fire Assessment and Millage Rate Rollback	\$3,749,669	\$1,037,825	\$2,393,747	\$1,593,753	(\$811)

- .3975 option would fund GFR required 5% decrement and scheduled CIP
- .6915 option is the dollar for dollar rollback

Expected Impacts on Property Owners

Industrial/Warehouse

Value	FY2008 Taxes	Sq Footage	Fire Assessment	Net Cost (Savings)				
				1 Mill	1/2 Mill	1/4 Mill	1.0885 mills	1.3825 mills
322,900	\$1,374	10,900	\$654	331	493	573	303	208
3,981,400	\$16,938	56,907	\$3,414	(567)	1,424	2,419	(919)	(2,090)
3,590,000	\$15,273	142,956	\$8,577	4,987	6,782	7,680	4,670	3,614
5,030,200	\$21,400	97,422	\$5,845	815	3,330	4,588	370	(1,109)

Fire Assessment Rate @ 100% = \$.06/Sq. Ft

Expected Impacts on Property Owners

Commercial

Value	FY2008 Taxes	Sq Footage	Fire Assessment	Net Cost (Savings)				
				1 Mill	1/2 Mill	1/4 Mill	1.0885 mills	1.3825 mills
371,700	\$1,581	3,045	\$396	24	210	303	(9)	(118)
224,600	\$0	2,970	\$386	386	386	386	386	386
1,847,700	\$7,861	24,325	\$3,162	1,315	2,238	2,700	1,151	608
467,500	\$1,989	11,796	\$1,533	1,066	1,300	1,417	1,025	887
9,051,600	\$38,509	185,790	\$24,153	15,101	19,627	21,890	14,300	11,639

Fire Assessment Rate @ 100% = \$.13/Sq. Ft

Expected Impacts on Property Owners

Institutional

Value	FY2008 Taxes	Sq Footage	Fire Assessment	Net Cost (Savings)				
				1 Mill	1/2 Mill	1/4 Mill	1.0885 mills	1.3825 mills
249,500	\$0	7,287	\$1,239	1,239	1,239	1,239	1,239	1,239
6,762,500	\$0	88,192	\$14,993	14,993	14,993	14,993	14,993	14,993
66,700	\$0	1,640	\$279	279	279	279	279	279
96,100	\$409	2,996	\$509	413	461	485	405	376
5,279,200	\$22,460	66,840	\$11,363	6,084	8,723	10,043	5,616	4,064

Fire Assessment Rate @ 100% = \$.17/Sq. Ft

Expected Impacts on Property Owners

Residential

Value	FY2008 Taxes	Sq Footage	Fire Assessment	Net Cost (Savings)				
				1 Mill	1/2 Mill	1/4 Mill	1.0885 mills	1.3825 mills
500,000	\$1,914		\$99	(351)	(126)	(14)	(391)	(523)
250,000	\$851		\$99	(101)	(1)	49	(119)	(178)
100,000	\$213		\$99	49	74	87	45	30
75,000	\$106		\$99	74	87	93	72	64
50,000	\$106		\$99	74	87	93	72	64
25,000	\$0		\$99	99	99	99	99	99
22,969,200	\$97,720	252 units	\$24,948	1,979	13,463	19,206	(54)	(6,807)

Fire Assessment Rate @ 100% = \$99/unit

Expected Impacts on Property Owners

Rollback Option & Assessment @ 100%	1 Mill	1/2 Mill	1/4 Mill	1.0885	1.3825 mills
Institutional					
Average Increase(Decrease)	\$734	\$1,523	\$1,918	\$594	\$130
Industrial/Warehouse					
Average Increase(Decrease)	\$443	\$646	\$747	\$407	\$288
Commercial					
Average Increase(Decrease)	\$570	\$878	\$1,032	\$516	\$335
Residential					
Average Increase(Decrease)	\$13	\$61	\$85	\$4	(\$24)
Apartments					
Average Increase(Decrease)	\$5,523	\$6,754	\$7,370	\$5,304	\$4,580

Payment Options

- Tax Collector's Office offers the option to make quarterly installments based on estimated taxes (estimated taxes = actual taxes of preceding year, adjusted to actual on 3rd & 4th installments)
- Tax Bill must exceed \$100 per year per notice to be eligible
 - Apply for installment option by May 1, first payment notice sent to property owner before June 15
 - 1st quarter payment due June 30, discounted 6%
 - 2nd quarter payment due September 30, discounted 4.5%
 - 3rd quarter payment due December 31, no discount
 - 4th quarter payment due March 31
 - Interest shall apply after March 31

Deferral Option

- Taxpayers may defer all or part of their taxes, with interest accruing until paid
- Deferral becomes a lien on the property
- Property must be homesteaded
- May defer taxes in excess of 5% of their income
- If 65 or older, may defer taxes in excess of 3% of their income
- Residents with income less than \$10,000 (\$12,000 if over 70) may defer the entire amount of taxes
- Mortgage may not exceed 70% of assessed value
- All liens and deferred may not exceed 85% of assessed value
- Proof of home insurance required
- Annual application required by January 31

Potential Hardship Provisions

- **Alachua County Model**
 - Applies to Non Ad-valorem assessment for Solid Waste
 - Offered to low-income homeowners (property must be homesteaded)
 - Eligibility based on 150% of Poverty Income Scale
 - Annual application required
 - Payment of Assessment from funds appropriated by the BOCC
- **Clay County Model**
 - Applies to Solid Waste Collection Assessments
 - Property must be homesteaded
 - Eligibility based on poverty level income and asset guidelines utilized by County Social Service Programs
 - Renew Annually

Potential Hardship Provisions

- GRU Project Share Model
 - Partners with Salvation Army, administer distribution of funds
 - Paid from Voluntary Donations
 - Assist elderly, handicapped, those in financial hardship due to illness
- Grant Program
 - Appropriate other general revenues for payment of assessment
 - Based on Poverty Income Scale
 - Apply Annually

Community Outreach Plan

- Press Releases
- Designated Web Page
- Frequently Asked Questions
- Phone Hotline/Bank
- Speakers' Bureau
- Meetings with Community Groups
- Community12
- Public Service Announcements
- Requested Interviews With Media

Commission Decision Points

- Proceed With a Special Assessment?
- If Proceeding, Provide Initial Guidance On:
 - Proposed Rate Structure & Rates
 - Percentage Funding of the Assessable Budget
 - Millage Rollback Options
 - Exploring Possible Hardship Provisions
 - Areas of Interest or Concern for GSG & Staff to Research

Recommended Commission Action

Authorize the Clerk of the Commission to advertise and City Attorney to draft the Ordinance and Assessment Resolutions for a Special Assessment for Fire Services

Questions?