



**INTER-OFFICE COMMUNICATION**

**DATE:** Tuesday, June 1, 2010  
**TO:** Honorable Mayor Lowe and City Commissioners  
**FROM:** Russ Blackburn, City Manager  
**SUBJECT:** Special Assessment for Fire Services - Initial Assessment Resolution

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At the June 3, 2010 City Commission meeting, the Commission will consider an Initial Assessment Resolution to impose a Special Assessment for Fire Services. If approved by the Commission, the resolution will establish the maximum assessment rate for FY11. The Commission can subsequently establish a lower assessment rate but may not establish a rate higher than the maximum rate established in the Initial Assessment Resolution. The Commission is scheduled to consider a Final Assessment Resolution on July 15, 2010.

In considering the Initial Assessment Rate Resolution, I recommend that the Commission establish a rate of 67% that would cover fire services assessed costs of \$7,166,675. This will allow the Commission the flexibility to evaluate the impact of the FY 11/FY12 Recommended Budget that will be provided to the Commission in early July. The FY11/FY12 Recommended Budget will reflect no additional revenue from a fire assessment or a millage increase, so the City Commission will be able to evaluate the impacts of the budget reductions that would be necessary to balance the budget versus the revenue that can be generated from a fire assessment at different assessment rates.

Cc: Marion Radson, City Attorney  
Elizabeth Waratuke, Litigation Attorney  
Paul Folkers, Assistant City Manager  
Becky Rountree, Administrative Services Director  
Gene Prince, Interim Fire Chief

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(352) 334-5010 – (352) 334-3119-fax**

**DATE:** Tuesday, June 1, 2010  
**TO:** Honorable Mayor, Lowe and City Commissioners  
**VIA:** Russ Blackburn, City Manager *RB*  
**FROM:** Paul Folkers, Assistant City Manager *PF*  
**SUBJECT:** Billing & Collection for a Special Assessment for Fire Services

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In response to questions raised by apartment owners and Commission discussion at the May 24, 2010 Fire Assessment Workshop, City staff has explored the issue of billing and collection for a Special Assessment for Fire Services. The City's consultant, Government Services Group (GSG), indicates that the vast majority of jurisdictions that have imposed fire assessments use the property tax bill for billing and collection. GSG also indicates that some jurisdictions use an alternative billing and collection method in the first year a fire assessment is imposed if they do not have adequate time to implement property tax bill billing and collection but almost all then gravitate to use of the property tax bill. Some key issues are identified below.

1. City Ordinance specifies billing to the owner of the property.
2. Under law, since a special assessment provides a benefit to property, fire assessments must be charged to property owners.
3. In addition to number 2 above, fire assessments are determined on a building basis (not a per unit basis). Therefore, the City could not simply add the fire assessment for rental properties on a tenant's utility bill.
4. Even if fire assessments could be billed to tenants of rental properties, the City would face a collection issue when rental units are vacant. Rental property owners could face the prospect of liens being placed on their properties for their tenant's failure to pay the fire assessment.
5. Billing on the property tax bill results in the highest collection rate with the least administrative cost and burden.
6. Fire assessments cannot be imposed on government owned properties regardless of the billing method used.
7. In addition, GRU has expressed concerns on the potential use of the utility bill for collection of a Special Assessment for Fire Services (please see attachment).

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In summary, staff has explored billing and collection for a Special Assessment for Fire Services and believes use of the property tax bill is the only viable option.

Cc: Marion Radson, City Attorney  
Elizabeth Waratuke, Litigation Attorney  
Paul Folkers, Assistant City Manager  
Becky Rountree, Administrative Services Director  
Gene Prince, Interim Fire Chief

## **Fire Assessment Billing**

GRU strongly recommends that the Fire Service Fee not be billed on GRU bills for the following reasons:

- Putting additional charges on the bill negatively impacts the perception customers have of the services they receive for the price they pay
  - In our residential customer satisfaction research, the category in which customers are most dissatisfied is “price.” Adding another fee would increase the overall total of the bill.
  - Currently GRU bills for electric, gas, water, wastewater, refuse and storm water. Charges on the bill also include city utility taxes, county surcharges and state gross receipts tax which makes the GRU bill the single largest recurring household expense besides the mortgage or rent.
  - Neighboring utilities such as Clay Electric and Progress Energy only bill for electric so when customers compare bills, they are generally comparing their multiple service utility bills to their neighbors served by electric only utilities.
- GRU has no ability to put a lien on property and therefore collecting the fee when a customer disconnects service is less certain.
- High vacancies in the rental market like we are currently experiencing mean that many of these fees would not even be billed since no one is living there. There would be no one to send a bill to. This is true of storm water as well and GG may want to give some consideration to moving this to the tax bill at some point in the future.
- GRU’s bill increases in size each time a new service is added. While on one hand we are trying to minimize the length and complexity of the bill to help hold down costs, we are also trying to provide more information to help customers better manage their energy and water use. The more services on the bill, the more confusion and the lengthier the bill needs to be.
- The Fire Assessment is not a utility fee therefore it should not be on the utility bill.
- We believe it could be significantly more expensive to put on GRU bills than on tax bills. There will be additional ongoing charges to General Government for billing and this will also include setup costs to add a new service. Because SAP is still a relatively new billing system and we have many high priority issues that are being worked, we would hire outside resources to implement this new fee.



# Fire Assessment June 3, 2010

Legislative #091050



## Revenue Generated

Rate @	Rate/FPU	Revenue Generated	Less Govt Non-Assessable	Net Revenue
100%	\$155	\$10,696,530	\$1,038,905	\$9,657,625
67%	\$104	\$7,166,675	\$696,066	\$6,470,609
33%	\$51	\$3,529,855	\$342,839	\$3,187,016
50%	\$78	\$5,406,953	\$519,453	\$4,887,500
37%	\$57	\$3,975,497	\$384,395	\$3,591,102



## Rate Examples at 100%

100% Rate	Demand /Avail. Factor	1 FPU		1.5 FPU		2 FPU		2.5 FPU	
		Sq Ft	Assess ment	Sq Ft	Assess ment	Sq Ft	Assess ment	Sq Ft	Assess ment
Hazard Class 3	0.8792	100-399	\$136	400-799	\$204	800-1199	\$273	1200-1599	\$341
Hazard Class 4	0.8792	100-499	\$136	500-899	\$204	900-1399	\$273	1400-1899	\$341
Hazard Class 5	1.4375	100-699	\$223	700-1199	\$334	1200-1799	\$446	1800-2499	\$557
Hazard Class 6	1.6011	100-899	\$248	900-1599	\$372	1600-2499	\$496	2500-3499	\$620
Hazard Class 7	0.9901	100-1199	\$153	1200-1999	\$230	2000-3099	\$307	3100-4499	\$384

- 90% of Class 7 properties fall within 2.5 FPU's per structure



## Rate Examples at 67%

	Demand/ Avail.	1 FPU		1.5 FPU		2 FPU		2.5 FPU	
	Factor	Sq Ft	Assess ment	Sq Ft	Assess ment	Sq Ft	Assess ment	Sq Ft	Assess ment
Hazard Class 3	0.8792	100-399	\$91	400-799	\$137	800-1199	\$183	1200-1599	\$228
Hazard Class 4	0.8792	100-499	\$91	500-899	\$137	900-1399	\$183	1400-1899	\$228
Hazard Class 5	1.4375	100-699	\$149	700-1199	\$224	1200-1799	\$299	1800-2499	\$373
Hazard Class 6	1.6011	100-899	\$166	900-1599	\$249	1600-2499	\$333	2500-3499	\$416
Hazard Class 7	0.9901	100-1199	\$103	1200-1999	\$154	2000-3099	\$206	3100-4499	\$257





## Rate Examples at 33%

	Demand Avail. Factor	1 FPU		1.5 FPU		2 FPU		2.5 FPU	
		Sq Ft	Assessment	Sq Ft	Assessment	Sq Ft	Assessment	Sq Ft	Assessment
Hazard Class 3	0.8792	100-399	\$45	400-799	\$67	800-1199	\$90	1200-1599	\$112
Hazard Class 4	0.8792	100-499	\$45	500-899	\$67	900-1399	\$90	1400-1899	\$112
Hazard Class 5	1.4375	100-699	\$74	700-1199	\$110	1200-1799	\$147	1800-2499	\$184
Hazard Class 6	1.6011	100-899	\$82	900-1599	\$123	1600-2499	\$164	2500-3499	\$205
Hazard Class 7	0.9901	100-1199	\$51	1200-1999	\$76	2000-3099	\$101	3100-4499	\$127



- 90% of the buildings in each hazard class fall within the FPU's shown below
- the table reflects the square footage range at that FPU and rate examples

	FPU	Sq Ft	Rate at 100%	Rate at 67%	Rate at 33%
Hazard Class 3	10	17800-19599	\$1,363	\$913	\$450
Hazard Class 4	10	21100-23199	\$1,363	\$913	\$450
Hazard Class 5	7	13700-15699	\$1,560	\$1,045	\$515
Hazard Class 6	8.5	27800-31199	\$2,109	\$1,413	\$696
Hazard Class 7	2.5	3100-4499	\$384	\$257	\$127



# Hardship Provisions

- Low Income Senior Exemption
  - Age 65 and older
  - Household Income \$25,723 or less
  
- Low Income Homeowner Exemption
  - 150% of poverty used to determine eligibility
  - Based on Family Size

Family Size	Annual Income @ 150%
1	\$16,245
2	\$21,855
3	\$27,465
4	\$33,075
5	\$38,685
6	\$44,295
7	\$49,905
8	\$55,515

# **CITY OF GAINESVILLE FIRE RESCUE ASSESSMENT PROGRAM**

## **JUNE 3, 2010**

**Presented by:**

**Government Services Group, Inc.**

1500 Mahan Drive, Suite 250

Tallahassee, Florida 32308

Office: (850) 681-3717

Fax: (850) 224-7206

Legislative #091050

# Assessment Methodology

- Based on NFPA guidelines
- Uses hazard classes
- Charge based on fire protection units

# Fire Protection Units

- Uses NFPA standards for determining minimum water supplies for structural fire fighting purposes.
- Assigns hazard class to each building use.
- Uses actual square footage of buildings.
- Uses formula to calculate fire flow requirements for each building based on Fire Department's initial alarm standards, hazard class and building square footage.
- Result is presented as fire protection units.

# Hazard Class Examples

Class 7 - Residential, hotel, nursing home, school, office

Class 6 - Bakery, barber shop, churches and similar religious structures, gas station, government building

Class 5 - Restaurant, laundry, nursery

Class 4 - Warehouse, department store, exhibition hall, paper mill

Class 3 - Sawmill, flour mill, plastic processing

# Factored Fire Protection Units

- Develops relationship between the hazard classes to account for the historical demand for fire services
  - Adds probability for fire protection units within hazard classes to require fire services
- Two Factors:
  - Demand Component Factor
  - Availability Component Factor
- Determine proportion of person-hours attributable to the Demand and Availability Components



## Credits

- Eligibility for properly designed and functioning sprinkler systems
- Applied to fire protection units calculated for buildings
- Application by property owner
- Verified by Fire Department
- Credit is 10% unit reduction

# Fire Assessment Rate Scenarios

<b>Funding Level</b>	<b>Factored Fire Protection Units</b>	<b>Fire Protection Unit Rate</b>	<b>Gross Revenue Generation</b>
100% Funding Level (Maximum)	74,014.49	\$155.00	\$10,696,530.00
67% Funding Level	74,014.49	\$104.00	\$7,166,675.00
33% Funding Level	74,014.49	\$51.00	\$3,529,855.00

# Sample Tier Matrix

<b>Square Foot Tier</b>	<b>Min Sq Ft</b>	<b>Max Sq Ft</b>	<b>Equivalent Fire Protection Units</b>	<b>Factored Fire Protection Units</b>
CLS 7 TIER 1	100	1,199	1.0	0.9901
CLS 7 TIER 2	1,200	1,999	1.5	1.4852
CLS 7 TIER 3	2,000	3,099	2.0	1.9802
CLS 7 TIER 4	3,100	4,499	2.5	2.4753
CLS 7 TIER 5	4,500	6,099	3.0	2.9703
CLS 7 TIER 6	6,100	7,999	3.5	3.4654
CLS 7 TIER 7	8,000	9,999	4.0	3.9604
CLS 7 TIER 8	10,000	12,399	4.5	4.4555

## **What Happens Next?**

- Mail and Publish Notice – By June 24
- Hotline to assist property owners with questions and corrections
- Opportunity for Public Education
- Final Hearing to Implement Program – July 15