



# The City of Cape Coral

## Fire/Rescue Non-Ad Valorem Assessment Study

*Final Report – Revised 8-22-13*



August 22, 2013

Prepared By:

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## **BURTON & ASSOCIATES**

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# **BURTON & ASSOCIATES**

August 22, 2013

Mr. John Szerlag  
City Manager  
City of Cape Coral  
PO Box 150027  
Cape Coral, FL, 33915-0027

Re: Fire/Rescue Non-Ad Valorem Assessment Study – Revised Final Report

Dear Mr. Szerlag:

Burton & Associates is pleased to present this Revised Final Report of the Fire/Rescue Assessment Study that we have conducted for the City. The revisions in this report were to include editorial adjustments suggested by legal counsel, adjust the cost recovery to 38% and modify language referring to appeals. We appreciate the fine assistance provided by you, your staff and all of the members of City staff who participated in the analysis.

Please note that the Appendix of this report includes the legal opinion provided by Mr. Terry Lewis, of Lewis, Longman and Walker, regarding the legal sufficiency of the assessment methodology presented in this report and used to calculate the assessment rates.

If you have any questions, please do not hesitate to call me at (904) 247-0787.

Very truly yours,



Michael E. Burton  
President

Enclosure

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## **SECTION 1. INTRODUCTION**

This report presents the results of an analysis to develop a recommended Non-Ad Valorem Fire/Rescue Assessment Program for the City of Cape Coral. The term “fire protection service” as used in this study refers to the twenty-four hours per day, seven days per week service for fire suppression provided by the City to properties located within its limits, including first responder service. This study was conducted by Burton & Associates, a firm that specializes in providing rate and assessment consulting services to local governments.

### **1.1 OBJECTIVE AND SCOPE**

The objective of this study, as adopted by Resolution of the City Council, was to develop a Non-Ad Valorem Fire Assessment Program that will result in assessment rates that will recover up to 75% of the full cost requirement of providing fire protection service to properties within the City limits for FY 2014 and subsequent years in proportion to the benefit received from the fire protection service provided by the City.

### **1.2 STUDY PROCEDURES**

During this study we identified the full FY 2014 cost requirements for the provision of fire protection service that recognizes the high level of service that has traditionally been provided by the City. We also projected annual cost requirements for providing fire protection service in each year of a multi-year projection period from FY 2014 through FY 2024. We accomplished this through interactive work sessions with City staff.

During these work sessions, we evaluated all cost components with City staff and evaluated a detailed cost allocation of all Fire Department costs to Fire/Rescue Service and Emergency Medical Service (EMS) that was performed by City staff. During this evaluation, we made adjustments to the allocation, in consultation with City staff, which allocated additional costs to EMS.

After isolating Fire/Rescue Service Costs, we then examined the impact of alternative scenarios upon key financial indicators. This was accomplished by use of visual representations projected on a large viewing screen from our assessment rate model. In this way, we identified the recommended Fire/Rescue Assessments presented in this report that will allow the City to recover approximately 38% of its FY 2014 fire protection service cost requirements from the recommended assessment program. We also identified subsequent annual percentage adjustments that will be required for the Fire/Rescue Assessments in the remainder of the

projection period from FY 2014 through FY 2023 to maintain at least 38% cost recovery through the multi-year projection period.

In order to initiate our analysis, we obtained the City's historical and budgeted Fire Department financial information, including three years of historical operating expenditures and other revenues generated from the Fire Program, the FY 2013 operating budget, year-to-date actual FY 2013 results, the preliminary estimates of the FY 2014 operating budget, and the multi-year capital improvement program. The capital improvement program includes a schedule of annual capital costs for equipment, vehicle and facility renewal and replacement, as well as new station cost requirements, and also identifies the additional operating and maintenance requirements associated with each capital expenditure.

To determine the full annual cost and corresponding revenue requirements of fire protection service, we included all costs associated with the provision of Fire/Rescue service and input all cost data into our Financial Analysis and Management System (FAMS-XL®) model to develop a ten-year financial management plan.

The FY 2014 fire protection service revenue requirement was then apportioned to vacant and improved residential and non-residential property classes based upon property data obtained from the Lee County Property Appraiser's Office (Property Appraiser). Property classifications were based upon Department of Revenue (DOR) property use codes for each parcel as maintained on the Property Appraiser's database. Once the allocations were complete, a Fire/Rescue Assessment rate structure was developed and specific Fire/Rescue Assessment rates were developed, the results of which are presented herein.

### **1.3 BACKGROUND**

The development of a non-ad valorem assessment to fund fire protection requires that the services and facilities for which properties are to be assessed confer a special benefit upon the property burdened by the special assessment. Simply stated, there must be a logical relationship between the services and facilities provided and the benefit to real property assessed.

In addition to the special benefit requirement, the costs associated with providing the services and facilities must be reasonably apportioned to the properties that receive a benefit from fire protection service in proportion to the benefit received. Therefore, the recommended Fire/Rescue Assessments calculated in this study were developed such that the costs incurred by the City in providing fire protection service will be recovered through assessments to

properties in proportion to the benefit received by the availability of fire protection service to all properties and by the protection from loss of structures due to fire on improved property.

This section describes the assessment methodology used to develop the Fire/Rescue Assessments in this report. The first section discusses relevant Florida Law regarding Special Non-ad Valorem Assessments, followed by sections discussing how Florida Law has been applied to the determination of special benefit and the apportionment of the annual revenue requirements of the Fire/Rescue Assessment to benefitting properties.

### **1.3.1 SUMMARY OF RELEVANT FLORIDA LAW GOVERNING SPECIAL ASSESSMENTS**

This section discusses relevant Florida Law regarding special non-ad valorem assessments as it relates to the City's proposed Fire/Rescue Assessment program. The discussion covers how Florida law relates to special benefit and proportional benefit.

Special non-ad valorem assessments are a revenue source available to local governments in Florida to fund capital improvements as well as operations and maintenance expenses for essential services such as roads, drainage, fire/rescue services, utilities, etc. Florida case law has established two requirements for the imposition of a non-ad valorem special assessment. These two requirements have become known as the two pronged test. They are 1) the property assessed must derive a special benefit from the improvement, service or facilities provided, and 2) the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit.

In considering special benefit, the following question must be considered, "Can a special benefit be derived from Fire/Rescue Service by all properties within the City to meet the first prong of the two pronged test, even if all properties are not improved and/or do not receive calls for service?". The answer is yes based in part upon the Florida Supreme Court determination in Fire District No. 1 of Polk County v. Jenkins that a sufficient special benefit was derived by the availability of fire services to justify the imposition of the special assessment. Also, in Meyer v. City of Oakland Park, the Court upheld a sewer assessment on both improved and unimproved property, stating that the benefit need not be direct or immediate but must be substantial, certain and capable of being realized within a reasonable time. Nor must the benefit be determined in relation to the existing use of the property. In City of Hallendale v. Meekins, the Court indicated that the proper measure of benefits accruing to property from the assessed improvement was not limited to the existing use of the property, but extended to any future use which could reasonably be made.

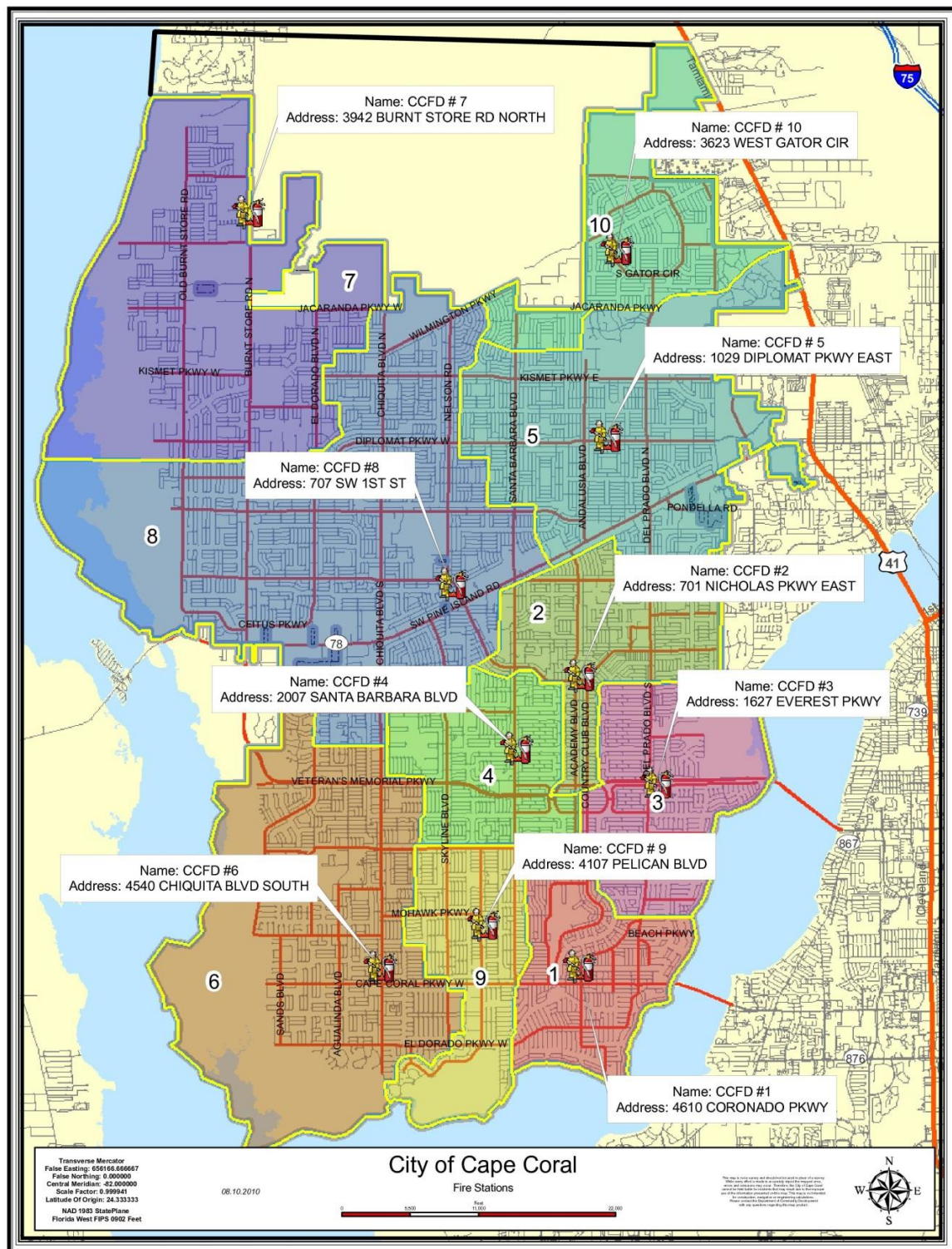
**1.3.1.2 PROPORTIONAL BENEFIT**

It is well settled under Florida law that local governments are afforded great latitude regarding legislative determinations of special benefit and reasonable apportionment of costs (as evidenced by the Florida Supreme Court finding in *City of Boca Raton v. State of Florida*), that the apportionment of benefits is a legislative function, and if reasonable persons may differ as to whether the land assessed was benefitted by the local improvement, the findings of the city officials must be sustained. In *City of Boca Raton v. State of Florida*, the Florida Supreme Court also determined that the manner of the assessment is immaterial and may vary within the community, as long as the amount of the assessment for each tract is not in excess of the proportional benefits as compared to other assessments on other tracts.

**1.3.2 SPECIAL BENEFIT – THE FIRST PRONG OF THE TWO PRONGED TEST**

Based upon discussions with City staff about the extent and nature of the Fire/Rescue Services provided, we have concluded that all parcels within the City receive a special benefit from the availability of Fire/Rescue Services provided by the City, because the Fire/Rescue resources are maintained throughout the City at the same state of response readiness and availability to all parcels. A map of the City's fire stations was provided by City staff and is presented on the following page and shows that the fire stations are distributed throughout the City.





In considering special benefit, it is important to consider that the City maintains its Fire/Rescue resources at a level that provides a response readiness condition to respond to calls for service throughout the City at relatively equal levels of service. When needed, responses are made to calls for service without discrimination as to the property type, size, location within the City, or any other factors specific to the property requiring the service. Therefore, all properties receive a special benefit from the City's Fire/Rescue Service by its very availability, and improved parcels also receive an additional special benefit in the protection from the loss of structures on the property afforded by the ability to obtain fire insurance at attractive rates and the availability of the fire protection services provided by the City to actually suppress a fire and protect the structure(s) on the property from damage and/or loss. The special benefits provided to all parcels, improved and un-improved, by the availability of Fire/Rescue Service provided by the City include:

- Availability of immediate response to fire,
- First responder medical aid to protect the life and safety of occupants,
- Containment of liability for emergency incidents on the subject parcels and the spread of fires to other property,
- Enhanced property value, and
- Enhanced marketability of and/or ability to develop property.

In addition to the above special benefits that are conferred upon all parcels in the City, the following additional benefits are conferred upon improved parcels:

- Protection from the loss of structures on the property due to fire by virtue of:
  - The ability to obtain fire insurance and to obtain that insurance at attractive rates because of the availability of fire protection service, and
  - Protection of loss of structures provided by the availability of fire suppression service provided by the City,

Therefore, the first prong of the two pronged test (the property burdened by the assessment must derive a special benefit from the service provided by the assessment) is met because all properties in the City receive a special benefit from the availability of the City-wide Fire/Rescue service provided by the City.

### **1.3.3 FAIR APPORTIONMENT – THE SECOND PRONG OF THE TWO PRONGED TEST**

In considering the assessment methodology, the second prong of the two pronged test requires that the costs of the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit. In this Study we have developed an apportionment methodology based upon the readiness-to-serve availability of fire protection service to all parcels (improved and un-improved), and an additional benefit that this availability of service provides to improved property by the protection from the loss of the structures on improved parcels through the ability to obtain insurance at attractive rates and the ability of the City to respond to and suppress a fire.

Accordingly, the apportionment methodology recognizes two tiers of benefit:

1. Tier 1 - the simple availability of fire protection service which is available equally without discrimination to all parcels of all types within the City by virtue of the continued state of readiness to provide fire/rescue service that is maintained by the City, and
2. Tier 2 - the protection from the loss of structures on the property provided by the availability of fire protection service by:
  - a. The ability to obtain fire insurance, and
  - b. The continued state of readiness maintained by the City so that when actual calls for service are received the City can provide fire suppression service to protect property owners from the loss of structures on their property.

### **1.3.4 APPORTIONMENT OF FIRE/RESCUE COSTS TO BENEFIT COST POOLS**

In order to apportion costs to benefitting parcels, the first step is to apportion the costs to be recovered in the Fire Assessment (exclusive of EMS costs) to the Tier 1 - Response Readiness Benefit Cost Pool and the Tier 2 - Protection from Loss of Structures Benefit Cost Pool as follows:

1. *Tier 1 - Response Readiness*

The City maintains the facilities, equipment and personnel necessary to provide fire protection services on a 24 hour a day, seven days a week, year-round basis to all parcels in the City. This state of response readiness is provided by the fixed costs of the system that are not discretionary and that are not deployed in the actual response to calls. These costs are not associated with actual responses to incidents, but are incurred

to maintain a constant state of readiness to serve every parcel of real property in the City and will be incurred regardless of that parcel's character, use, size or composition. The fixed, non-discretionary costs of the Fire Department are the personnel costs that must be incurred independent of the number of calls for service (which are total personnel costs less the portion of personnel costs involved in actually responding to calls for service) plus lease payments and capital expenses. These costs represent approximately 70% of total Fire/Rescue costs as calculated in Section 2 – Analysis and Results.

2. *Tier 2 - Protection from Loss of Structures*

The costs associated with protection from loss of structures on property include all other costs that are not included in the Tier 1 - Response Readiness Benefit cost pool. These costs include the portion of personnel costs involved in actually responding to calls for service, plus other costs that are incurred relative to variable drivers, such as fuel, equipment maintenance, and other operating costs. These costs represent approximately 30% of total Fire/Rescue costs as calculated in Section 2 – Analysis and Results.

### **1.3.5 APPORTIONMENT OF BENEFIT COST POOLS TO PROPERTIES**

The next step is to apportion the costs in each benefit cost pool to benefitting properties as follows:

1. *Tier 1 - Response Readiness Benefit Cost Pool*

All parcels in the City benefit from the availability of fire protection service that the City provides on call, without discrimination as to property class or size, on a 24 hours a day, seven days a week, year-round basis. This availability benefit is conferred upon all parcels whether or not a request for actual assistance to the parcel is ever received. These costs to maintain a constant state of readiness to serve are generally static and recurring from year to year, apply in substantially equal measure to every parcel of real property in the City, are not associated with responding to actual incidents, and will be incurred regardless of that parcel's character, use, size or composition. As stated earlier in this report, the special benefits provided to all parcels by the availability of Fire/Rescue Service provided by the City include:

- Availability of immediate response to fire,
- First responder medical aid to protect the life and safety of occupants,

- Containment of liability for emergency incidents on the subject parcels and the spread of fires to other property,
- Enhanced property value, and
- Enhanced marketability of and/or ability to develop property.

Therefore, it is appropriate to apportion the costs in this cost pool equally per parcel as calculated in Section 2 – Analysis and Results.

2. *Tier 2 - Protection from Loss of Structures Benefit Cost Pool*

Improved properties benefit from the protection from loss of the structures on the parcels. The protection from the loss of the structures due to fire is best represented by the protection from the loss of the investment in the structure(s) or the avoidance of the cost of replacing the structure(s) on the property. This protection from loss is conferred on such parcels by the availability of the fire protection services provided by the City either through the ability to obtain fire insurance or by the ability of the City to provide actual fire suppression services, whether or not a request for service is ever received.

The actual investment or replacement cost of the structure(s) on the parcels in the City is not readily available and would require inordinate resources to determine and maintain over time. However, the structure values in the Property Appraiser's data base are readily available and are the best data reasonably available as a surrogate representation of the relative investment or replacement cost of structures on each parcel in the City as compared to the investment or replacement cost of structures on all parcels in the City. As stated earlier in this report, in addition to the special benefits that are conferred upon all parcels in the City by the Tier 1 availability benefit, the following additional benefits are conferred upon improved parcels:

- Protection from the loss of the value of structures on the property due to fire by virtue of:
  - The ability to obtain fire insurance and to obtain that insurance at attractive rates because of the availability of fire protection service whether or not a request for service is ever received, and
  - The protection of loss provided by the availability of fire suppression service provided by the City to respond to a call and to suppress the fire whether or not a request for service is ever received,



Therefore, it is appropriate to apportion the costs in this cost pool based upon the relative value of structures on improved parcels as contained in the Property Appraiser's data base. It is important to note that structure value is not taxable value and it is used simply as the best readily available surrogate representation of the relative investment or replacement cost of structures on each parcel in the City as compared to the investment or replacement costs of structures on other parcels in the City.

However, because structure value is not a precise, dollar for dollar surrogate for the investment or replacement cost of structures on parcels in the City, this benefit of protection from the loss of structures does not materially increase with every dollar of increase in structure value. Rather, it increases over a larger order of magnitude of increases in structure value. Therefore, we have determined that a reasonable Equivalent Benefit Unit (EBU) for this benefit cost pool that recognizes the relative value of structures on parcels as a surrogate for investment or replacement cost of those structures is \$5,000 increments of structure value (rounded down to the nearest \$5,000) as calculated in Section 2 – Analysis and Results.

### **1.3.6 DISCUSSION OF THE APPORTIONMENT METHODOLOGY**

#### **1.3.6.1 READINESS TO SERVE – TIER 1**

As described above, readiness to serve apportionment is based upon the premise that real property receives a substantial benefit from the mere presence and availability of on-call fire protection services and facilities. Such benefit is independent of, and enjoyed even in the absence of, a call or need for actual service. The mere availability of fire protection services and facilities benefits each Tax Parcel of real property in the City in a substantially uniform fashion by relieving the common burden placed upon City services and facilities collectively created by individual Tax Parcels whether a fire event occurs or not. Fundamentally, the presence of each Tax Parcel within the City creates a comparable and similar requirement to stand ready to serve and continually maintain a preparedness to provide fire protection and associated services and facilities for all Tax Parcels.

A given parcel is benefited over time by that availability alone, even when that parcel does not generate a call for service, through increased value and marketability, heightened use and enjoyment of the property, and reduced insurance premiums. The City expends substantial and measurable resources each year in maintaining a constant state of availability, readiness and preparedness which is the primary function of the Fire Department. Preparedness costs

are generally those incurred in providing the personnel, operations and facilities necessary for continual, around-the-clock readiness to serve fire protection. Aside from annual inflationary adjustments and atypical expenditures necessitated in a given budget cycle, such costs remain relatively static and unchanged from year to year and are therefore predictable with accuracy across consecutive budget cycles. Preparedness costs are not determined by the nature of an actual fire event or the physical characteristics of the parcel generating the call for service, and are incurred even when the department remains on standby.

Preparedness costs associated with readiness to serve will be incurred without regard to the nature, extent or duration of actual deployments, or the physical characteristics associated with an individual parcel, and logically apply to every parcel of real property in the City. Preparedness costs are logically related to the number of tax parcels which, in the aggregate, define the geography of the City and establish the basic service area within which the City must ensure preparedness and readiness to serve. Such preparedness costs are equitably and reasonably shared by all tax parcels on an equal basis since each parcel benefits in a substantially similar degree from the readiness to serve aspect of such costs.

The dispatch function illustrates this point. Dispatch is a fundamental requirement of readiness to serve fire protection. Although the form may vary from department to department with respect to the man-hours, equipment and facilities involved, dispatch in essence requires round-the-clock employment of personnel trained and ready to receive incoming calls and deploy appropriate response resources. The cost of dispatch personnel and equipment must be incurred by the City, regardless of whether the first distress call is ever received, in order to maintain continual readiness to serve. When a call for assistance is received, it makes no difference from the City's cost perspective whether the call originates from a single family residence or a large commercial property. In other words, the physical characteristics of the source parcel are irrelevant to the cost of providing the readiness component of municipal fire protection, and each parcel benefits in substantially equal amounts from the provision of dispatch and all other functions of the department which support continual readiness to serve. Accordingly, it is fair and reasonable to apportion readiness costs equally among benefitted tax parcels.

The methodology is thus a benefit based approach which is the legal requirement for a non-ad valorem assessment. This methodology does not rely upon *demand* based calls-for-service data. Rather, the recommended methodology herein focuses on *benefit* to the property based upon the availability of service which is a better matching of benefit received from the service provided, which is the availability of fire protection service on a 24 hours per day 7 days a week

basis, which provides benefit to all properties regardless of whether or not requests for service are ever received from any class of properties, or individual properties.

This methodology recognizes the fact that...

First and foremost the fire protection resources maintained by the City are maintained to stand ready and available to provide fire protection service 1) to all real property, and 2) to protect improved real property from the loss of structures due to fire.

Therefore, the second prong of the two pronged test is met by the recommended approach that is based upon two tiers of benefit, 1) availability of service to all parcels, and 2) protection from loss of structures on improved parcels, both of which are derived from the continuous state of readiness maintained by the City to provide fire protection service on a 24 hours a day, seven days a week, year-round basis to these parcels whether or not requests for service are ever received from any class of properties, or individual properties.

#### **1.3.6.2 PROTECTION FROM LOSE OF STRUCTURE VALUE – TIER 2**

Apportionment based upon structure value inherently addresses the higher and proportionate benefit accruing to properties facing potentially greater financial loss in the event of fire incident and is a direct and logical means to allocate the costs and benefits of fire protection services and facilities. Besides cost and efficiency advantages associated with relying upon a publicly maintained database for apportionment metrics, a methodology utilizing structure value is advantageous because it is uniform across all tax parcels in its application of value as a proxy for measuring and allocating the relative benefit conveyed to each improved parcel. Parcels with similar structure value are assessed with proportionate fairness, and the methodology provides an internal system of controls which is self-correcting in that valuation may change over time according to improvements, redevelopment, market conditions and other factors and such changes in value will be addressed automatically each subsequent year in accordance with the latest structure value determined by the Property Appraiser.

It is clear that improvement value may be utilized as one factor among several considered in a given methodology since the resulting assessments form a logical valuation base against which the special benefits and costs may be multiplied or determined. When the two tiers are used together, and in conjunction with other legally available funds, the City achieves a diversified funding approach which results in heightened equity and fairness across all affected tax parcels.

The formula utilized to derive Tier 2 of the assessment generally excludes any reasonably ascertainable or severable land value since the land associated with any given tax parcel (and



the value of such land) will remain even in the event of total loss fire incident. In the case of condominiums or similar statutory regimes where land value (1) can become a common element by law, (2) is no longer easily severable, (3) may not be isolated, separately identified or determined by the Property Appraiser, or (4) is necessarily not used separately in the tax roll preparation process for valuation purposes, just value fairly and reasonably represents the measure for Tier 2 of the assessment. This is reasonable because the legal structure of condominium or similar common ownership materially restricts the severability of individual structure units created thereon from any associated parcel of land. Effectively this limitation conveys benefit that might otherwise exist from land and any other shared common features back to the statutorily recognized unit itself in the form of improvement value. This valuation treatment in a statutorily-created common ownership regime differs from the example of a typical house and lot in which the house might be severed or removed physically by the owner from any associated land to be subsequently replaced with a materially larger or more valuable improvement which can be appraised separately if necessary.

### **1.3.6.3 PROPERTY APPRAISER DATABASE**

The two-tiered apportionment methodology relies upon the property database maintained by the Lee County Property Appraiser in the normal course of performing his or her constitutional responsibilities. The database indicates the number of parcels within the City, each parcel's status as improved or un-improved, and the structure or improvement cost value associated with each. Parcel counts and structure cost value are updated by the Property Appraiser as properties within the City develop or are combined, split or subdivided. Therefore, the fire assessments will be essentially self-correcting as the assessment roll is updated each year and un-improved parcels upon which structures have been constructed are reclassified as improved parcels and their assessments are adjusted accordingly. Furthermore, this database can be accessed from year to year without extraordinary effort or cost to the City and provides a stable, reliable, reasonably accurate and cost effective basis for annual administration and updating of the assessment program.

Use of such publicly maintained data avoids duplication of efforts and the ongoing expenses associated with the City developing and maintaining apportionment metrics on its own, thereby resulting in cost-efficient administration. The City avoids expending substantial resources in determining the factors upon which the methodology is based and administered over time because it relies upon the database developed, compiled and maintained by the Property Appraiser each year during the course of performing his or her constitutional responsibilities, at no additional cost to the Property Appraiser.

## **SECTION 2. ANALYSIS AND RESULTS**

This section presents the basis for and the results of 1) the development of a ten-year financial management plan for the City, and 2) the calculation of FY 2014 Fire/Rescue Assessments designed to recover up to 75% of the full cost of providing fire protection services in the City. The methodology used results in assessments to individual properties that are in proportion to the benefit received by the availability of fire protection service to the properties to be assessed.

The analysis was conducted in two work elements as follows:

### **Work Element 1 – Revenue Sufficiency Analysis**

This work element consisted of the development of a multi-year financial management plan for the City that will provide sufficient revenue to meet all of its current and projected operating, maintenance, and capital cost requirements during all years of the projection period, assuming that the Fire/Rescue Assessments recover up to 75% of the annual Fire/Rescue Service revenue requirements. This work element also served as the basis for the FY 2014 revenue requirement for the development of specific Fire/Rescue Assessment rates for FY 2014.

### **Work Element 2 – Cost Apportionment and Assessment Rate Design**

This work element consisted of the development of a cost apportionment methodology, specific assessment rates, and an assessment roll of all properties within the City to be assessed in order to recover the revenue requirement for FY 2014 that was identified in Work Element 1. The analysis and results of each work element are presented in the following sections.

## **2.1 WORK ELEMENT 1 – REVENUE SUFFICIENCY ANALYSIS**

This section presents the results of the analysis conducted in this work element and our recommendations based upon those results.

### **2.1.1 ANALYSIS AND RESULTS**

In order to develop the Fire/Rescue Assessments, it was first necessary to determine the cost of providing fire protection services to all properties located within the City limits. As such, we conducted several interactive work sessions with City staff during which we compiled fire protection costs and evaluated the allocation of costs to fire protection and emergency medical service (EMS) that had been conducted by City Staff. During that evaluation we determined

adjustments to the allocations that resulted in additional costs being allocated to EMS. It should be noted that the City's Fire Department does not transport patients. Also all firefighter personnel are cross certified as Firefighter/EMT or Firefighter/Paramedic. The apportionment allocates the differential pay for Paramedic certification to EMS. The apportionment also allocates portions of other administrative and support costs to EMS based upon the use of appropriate allocation criteria for each cost object, even though those costs would continue to be incurred if Advanced Life Support (ALS) service was not to be provided. Also, only one half of the fire stations in the City provide ALS service, so the support services associated with fire stations were allocated based upon 50% of the weighted allocation to reflect that fact. A summary of the cost apportionment analysis of Fire Department costs to Fire/Rescue Service and to EMS is on the following pages:

## Apportionment of Fire Department Costs to Fire/Rescue Service and EMS

			FY 2014				
BU Description	Category	Description	Apportionment				
			Bdgt./Proj.	Criteria	% EMS	\$ EMS	Fire/Rescue
Fire Administration	Payroll	Regular Salary	\$ 161,279	Weighted	3.4%	\$ 5,539	\$ 155,740
Fire Administration	Payroll	Overtime	\$ 600	Weighted	3.4%	\$ 21	\$ 579
Fire Administration	Payroll	Special Pay/Add Pay	\$ 2,520	Weighted	3.4%	\$ 87	\$ 2,433
Fire Administration	Payroll	FICA Taxes	\$ 10,857	Weighted	3.4%	\$ 373	\$ 10,484
Fire Administration	Payroll	Medicare Taxes	\$ 2,539	Weighted	3.4%	\$ 87	\$ 2,452
Fire Administration	Payroll	General Retirement	\$ 5,422	Weighted	3.4%	\$ 186	\$ 5,236
Fire Administration	Payroll	Fire Retirement	\$ 25,285	Weighted	3.4%	\$ 868	\$ 24,417
Fire Administration	Payroll	Life,Health,Disability Insur	\$ 20,388	Weighted	3.4%	\$ 700	\$ 19,688
Fire Administration	Payroll	Workers Compensation	\$ 5,924	Weighted	3.4%	\$ 203	\$ 5,721
Fire Administration	Payroll	Leave Payout	\$ 8,313	Weighted	3.4%	\$ 286	\$ 8,027
Fire Administration	Operating	Outside Services	\$ -	Weighted	3.4%	\$ -	\$ -
Fire Administration	Operating	Food And Mileage (City)	\$ 300	Weighted	3.4%	\$ 10	\$ 290
Fire Administration	Operating	Recruitment Travel	\$ -	Weighted	3.4%	\$ -	\$ -
Fire Administration	Operating	Travel Costs	\$ 4,448	Weighted	3.4%	\$ 153	\$ 4,295
Fire Administration	Operating	Communication Service	\$ -	Weighted	3.4%	\$ -	\$ -
Fire Administration	Operating	Telephone Service	\$ 392	Weighted	3.4%	\$ 13	\$ 379
Fire Administration	Operating	Postage & Shipping	\$ 4,000	Weighted	3.4%	\$ 137	\$ 3,863
Fire Administration	Operating	Copy & Fax Machine Rent/Lease	\$ 3,000	Weighted	3.4%	\$ 103	\$ 2,897
Fire Administration	Operating	Equip Repair/Maintenance	\$ 200	Weighted	3.4%	\$ 7	\$ 193
Fire Administration	Operating	Unleaded Fuel	\$ 771	Weighted	3.4%	\$ 26	\$ 745
Fire Administration	Operating	Facilities Charges	\$ 1,600	Weighted	3.4%	\$ 55	\$ 1,545
Fire Administration	Operating	Fleet Charges	\$ 6,000	Weighted	3.4%	\$ 206	\$ 5,794
Fire Administration	Operating	Printing	\$ 2,570	Weighted	3.4%	\$ 88	\$ 2,482
Fire Administration	Operating	Public Relations	\$ -	Weighted	3.4%	\$ -	\$ -
Fire Administration	Operating	Office Supplies	\$ 2,500	Weighted	3.4%	\$ 86	\$ 2,414
Fire Administration	Operating	Uniforms	\$ 8,000	Weighted	3.4%	\$ 275	\$ 7,725
Fire Administration	Operating	Small Equipment	\$ 500	Weighted	3.4%	\$ 17	\$ 483
Fire Administration	Operating	Other Operating Mat & Supplies	\$ 3,050	Weighted	3.4%	\$ 105	\$ 2,945
Fire Administration	Operating	Books Pubs Subscript & Membrshp	\$ 3,500	Weighted	3.4%	\$ 120	\$ 3,380
Fire Administration	Operating	Training & Seminars	\$ 1,985	Weighted	3.4%	\$ 68	\$ 1,917
Fire Administration	Capital Outlay	Equipment	\$ -	Weighted	3.4%	\$ -	\$ -
EOC Operations	Operating	Other Professional Services	\$ 7,500	NA	0.0%	\$ -	\$ 7,500
EOC Operations	Operating	Communication Service	\$ 6,000	NA	0.0%	\$ -	\$ 6,000
EOC Operations	Operating	Telephone Service	\$ 15,375	NA	0.0%	\$ -	\$ 15,375
EOC Operations	Operating	Postage & Shipping	\$ -	NA	0.0%	\$ -	\$ -
EOC Operations	Operating	Electric	\$ 52,500	NA	0.0%	\$ -	\$ 52,500
EOC Operations	Operating	Water & Sewer	\$ 4,684	NA	0.0%	\$ -	\$ 4,684
EOC Operations	Operating	Building Maintenance	\$ 2,000	NA	0.0%	\$ -	\$ 2,000
EOC Operations	Operating	Diesel Fuel	\$ 1,260	NA	0.0%	\$ -	\$ 1,260
EOC Operations	Operating	Facilities Charges	\$ 42,000	NA	0.0%	\$ -	\$ 42,000
EOC Operations	Operating	Dyed Diesel Fuel	\$ 4,000	NA	0.0%	\$ -	\$ 4,000
EOC Operations	Operating	Printing	\$ 2,000	NA	0.0%	\$ -	\$ 2,000
EOC Operations	Operating	Various Fees	\$ 450	NA	0.0%	\$ -	\$ 450
EOC Operations	Operating	Office Supplies	\$ 1,500	NA	0.0%	\$ -	\$ 1,500
EOC Operations	Operating	Small Equipment	\$ 500	NA	0.0%	\$ -	\$ 500
EOC Operations	Operating	Janitorial Supplies	\$ 1,000	NA	0.0%	\$ -	\$ 1,000
EOC Operations	Operating	Computer Equip/Accessory	\$ -	NA	0.0%	\$ -	\$ -
EOC Operations	Operating	Computer Software/License	\$ 3,795	NA	0.0%	\$ -	\$ 3,795
EOC Operations	Operating	Safety Equipment	\$ -	NA	0.0%	\$ -	\$ -
EOC Operations	Operating	Other Operating Mat & Supplies	\$ 2,200	NA	0.0%	\$ -	\$ 2,200
EOC Operations	Operating	Books Pubs Subscript & Membrshp	\$ 745	Weighted	3.4%	\$ 26	\$ 719
Fire Grants	Operating	Printing	\$ -	NA	0.0%	\$ -	\$ -
Fire Grants	Operating	Office Supplies	\$ -	NA	0.0%	\$ -	\$ -
Fire Grants	Operating	Uniforms	\$ -	NA	0.0%	\$ -	\$ -
Fire Grants	Operating	Small Equipment	\$ -	NA	0.0%	\$ -	\$ -
Fire Grants	Operating	Other Operating Mat & Supplies	\$ -	NA	0.0%	\$ -	\$ -
Fire Grants	Capital Outlay	Equipment	\$ -	NA	0.0%	\$ -	\$ -

## Apportionment of Fire Department Costs to Fire/Rescue Service and EMS

			FY 2014				
BU Description	Category	Description	Apportionment		% EMS	\$ EMS	Fire/Rescue
			Bdgt./Proj.	Criteria			
Fire Support Services	Payroll	Regular Salary	\$ 447,698	% of Weighted (50% of Stations have ALS)	1.7%	\$ 7,688	\$ 440,010
Fire Support Services	Payroll	Longevity Salary	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Payroll	Overtime	\$ 3,896	""	1.7%	\$ 67	\$ 3,829
Fire Support Services	Payroll	Fire Overtime	\$ 3,415	""	1.7%	\$ 59	\$ 3,356
Fire Support Services	Payroll	Special Pay/Add Pay	\$ 43,220	""	1.7%	\$ 742	\$ 42,478
Fire Support Services	Payroll	Standby Pay	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Payroll	FICA Taxes	\$ 32,010	""	1.7%	\$ 550	\$ 31,460
Fire Support Services	Payroll	Medicare Taxes	\$ 7,486	""	1.7%	\$ 129	\$ 7,357
Fire Support Services	Payroll	General Retirement	\$ 25,731	""	1.7%	\$ 442	\$ 25,289
Fire Support Services	Payroll	Fire Retirement	\$ 175,655	""	1.7%	\$ 3,016	\$ 172,639
Fire Support Services	Payroll	Life,Health,Disability Insur	\$ 83,231	""	1.7%	\$ 1,429	\$ 81,802
Fire Support Services	Payroll	Workers Compensation	\$ 17,088	""	1.7%	\$ 293	\$ 16,795
Fire Support Services	Payroll	Unemployment	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Payroll	Leave Payout	\$ 11,398	""	1.7%	\$ 196	\$ 11,202
Fire Support Services	Operating	Other Professional Services	\$ 29,560	""	1.7%	\$ 508	\$ 29,052
Fire Support Services	Operating	Outside Services	\$ 7,500	""	1.7%	\$ 129	\$ 7,371
Fire Support Services	Operating	Travel Costs	\$ 7,198	""	1.7%	\$ 124	\$ 7,074
Fire Support Services	Operating	Communication Service	\$ 127,255	""	1.7%	\$ 2,185	\$ 125,070
Fire Support Services	Operating	Telephone Service	\$ 718	""	1.7%	\$ 12	\$ 706
Fire Support Services	Operating	Electric	\$ 197,217	""	1.7%	\$ 3,387	\$ 193,830
Fire Support Services	Operating	Water & Sewer	\$ 45,810	""	1.7%	\$ 787	\$ 45,023
Fire Support Services	Operating	Propane Fuel	\$ 7,000	""	1.7%	\$ 120	\$ 6,880
Fire Support Services	Operating	Copy & Fax Machine Rent/Lease	\$ 2,275	""	1.7%	\$ 39	\$ 2,236
Fire Support Services	Operating	Other Rentals/Leases	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Operating	Equip Repair/Maintenance	\$ 60,000	""	1.7%	\$ 1,030	\$ 58,970
Fire Support Services	Operating	Building Maintenance	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Operating	Diesel Fuel	\$ 2,500	""	1.7%	\$ 43	\$ 2,457
Fire Support Services	Operating	Unleaded Fuel	\$ 15,082	""	1.7%	\$ 259	\$ 14,823
Fire Support Services	Operating	Fleet Charges	\$ 22,900	""	1.7%	\$ 393	\$ 22,507
Fire Support Services	Operating	Printing	\$ 1,000	""	1.7%	\$ 17	\$ 983
Fire Support Services	Operating	Advertising	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Operating	Various Fees	\$ 150	""	1.7%	\$ 3	\$ 147
Fire Support Services	Operating	Office Supplies	\$ 1,000	""	1.7%	\$ 17	\$ 983
Fire Support Services	Operating	Uniforms	\$ 8,437	""	1.7%	\$ 145	\$ 8,292
Fire Support Services	Operating	Small Equipment	\$ 2,750	""	1.7%	\$ 47	\$ 2,703
Fire Support Services	Operating	Computer Equip/Accessory	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Operating	Computer Software/License	\$ 78,241	""	1.7%	\$ 1,344	\$ 76,897
Fire Support Services	Operating	Other Operating Mat & Supplies	\$ 600	""	1.7%	\$ 10	\$ 590
Fire Support Services	Operating	Books Pubs Subscrpt & Membrshp	\$ 2,000	""	1.7%	\$ 34	\$ 1,966
Fire Support Services	Operating	Training & Seminars	\$ 16,325	""	1.7%	\$ 280	\$ 16,045
Fire Support Services	Operating	In-House Training	\$ 1,000	""	1.7%	\$ 17	\$ 983
Fire Support Services	Capital Outlay	Building Improvement	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Capital Outlay	Equipment	\$ -	""	1.7%	\$ -	\$ -
Fire Support Services	Capital Outlay	Vehicles	\$ -	""	1.7%	\$ -	\$ -
Fire Special Operations	Operating	Lab Services	\$ 325	NA	0.0%	\$ -	\$ 325
Fire Special Operations	Operating	Travel Costs	\$ 3,165	NA	0.0%	\$ -	\$ 3,165
Fire Special Operations	Operating	Equip Repair/Maintenance	\$ 5,300	NA	0.0%	\$ -	\$ 5,300
Fire Special Operations	Operating	Fleet Charges	\$ -	NA	0.0%	\$ -	\$ -
Fire Special Operations	Operating	Office Supplies	\$ 1,000	NA	0.0%	\$ -	\$ 1,000
Fire Special Operations	Operating	Uniforms (PPG)	\$ 2,500	NA	0.0%	\$ -	\$ 2,500
Fire Special Operations	Operating	Uniforms	\$ 500	NA	0.0%	\$ -	\$ 500
Fire Special Operations	Operating	Chemicals	\$ 22,750	NA	0.0%	\$ -	\$ 22,750
Fire Special Operations	Operating	Small Equipment	\$ 9,398	NA	0.0%	\$ -	\$ 9,398
Fire Special Operations	Operating	Safety Equipment	\$ 3,000	NA	0.0%	\$ -	\$ 3,000
Fire Special Operations	Operating	Other Operating Mat & Supplies	\$ 4,000	NA	0.0%	\$ -	\$ 4,000
Fire Special Operations	Operating	Books Pubs Subscrpt & Membrshp	\$ 12,300	Weighted	3.4%	\$ 422	\$ 11,878
Fire Special Operations	Operating	Training & Seminars	\$ 5,640	NA	0.0%	\$ -	\$ 5,640
Fire Special Operations	Operating	Discounts Taken/Lost	\$ -	NA	0.0%	\$ -	\$ -
Fire Special Operations	Capital Outlay	Equipment	\$ -	NA	0.0%	\$ -	\$ -

## Apportionment of Fire Department Costs to Fire/Rescue Service and EMS

				FY 2014				
BU Description	Category	Description	Apportionment					
			Bdgt./Proj.	Criteria	% EMS	\$ EMS	Fire/Rescue	
Fire Training	Operating	Outside Services	\$ 4,050	Weighted	3.4%	\$ 139	\$ 3,911	
Fire Training	Operating	Travel Costs	\$ 6,876	Weighted	3.4%	\$ 236	\$ 6,640	
Fire Training	Operating	Communication Service	\$ 16,400	Weighted	3.4%	\$ 563	\$ 15,837	
Fire Training	Operating	Copy & Fax Machine Rent/Lease	\$ 2,200	Weighted	3.4%	\$ 76	\$ 2,124	
Fire Training	Operating	Office Supplies	\$ 375	Weighted	3.4%	\$ 13	\$ 362	
Fire Training	Operating	Small Equipment	\$ 1,700	Weighted	3.4%	\$ 58	\$ 1,642	
Fire Training	Operating	Other Operating Mat & Supplies	\$ 2,700	Weighted	3.4%	\$ 93	\$ 2,607	
Fire Training	Operating	Books Pubs Subscrpt & Membrshp	\$ 3,750	Weighted	3.4%	\$ 129	\$ 3,621	
Fire Training	Operating	Training & Seminars	\$ 5,300	Weighted	3.4%	\$ 182	\$ 5,118	
Fire Training	Operating	In-House Training	\$ 240	Weighted	3.4%	\$ 8	\$ 232	
Fire ALS	Payroll	Contract Employees Salary/Wage	\$ 15,000	Direct	100.0%	\$ 15,000	\$ -	
Fire ALS	Payroll	FICA Taxes	\$ 930	Direct	100.0%	\$ 930	\$ -	
Fire ALS	Payroll	Medicare Taxes	\$ 218	Direct	100.0%	\$ 218	\$ -	
Fire ALS	Payroll	Workers Compensation	\$ 60	Direct	100.0%	\$ 60	\$ -	
Fire ALS	Operating	Travel Costs	\$ 6,358	Direct	100.0%	\$ 6,358	\$ -	
Fire ALS	Operating	Communication Service	\$ 11,781	Direct	100.0%	\$ 11,781	\$ -	
Fire ALS	Operating	Equip Repair/Maintenance	\$ 22,512	Direct	100.0%	\$ 22,512	\$ -	
Fire ALS	Operating	Printing	\$ 2,000	Direct	100.0%	\$ 2,000	\$ -	
Fire ALS	Operating	Public Relations	\$ 1,750	Direct	100.0%	\$ 1,750	\$ -	
Fire ALS	Operating	Various Fees	\$ 2,000	Direct	100.0%	\$ 2,000	\$ -	
Fire ALS	Operating	Small Equipment	\$ 10,000	Direct	100.0%	\$ 10,000	\$ -	
Fire ALS	Operating	Operating Medical Supply	\$ 108,000	Direct	100.0%	\$ 108,000	\$ -	
Fire ALS	Operating	Computer Software/License	\$ -	Direct	100.0%	\$ -	\$ -	
Fire ALS	Operating	Safety Equipment	\$ 10,000	Direct	100.0%	\$ 10,000	\$ -	
Fire ALS	Operating	Other Operating Mat & Supplies	\$ 500	Direct	100.0%	\$ 500	\$ -	
Fire ALS	Operating	Books Pubs Subscrpt & Membrshp	\$ -	Direct	100.0%	\$ -	\$ -	
Fire ALS	Operating	Training & Seminars	\$ 2,700	Direct	100.0%	\$ 2,700	\$ -	
Fire ALS	Operating	In-House Training	\$ 750	Direct	100.0%	\$ 750	\$ -	
Fire ALS	Operating	Discounts Taken/Lost	\$ -	Direct	100.0%	\$ -	\$ -	
Fire ALS	Capital Outlay	Equipment	\$ -	Direct	100.0%	\$ -	\$ -	
Fire Life Safety	Payroll	Regular Salary	\$ 491,553	NA	0.0%	\$ -	\$ 491,553	
Fire Life Safety	Payroll	Longevity Salary	\$ 1,909	NA	0.0%	\$ -	\$ 1,909	
Fire Life Safety	Payroll	Overtime	\$ 17,910	NA	0.0%	\$ -	\$ 17,910	
Fire Life Safety	Payroll	Fire Overtime	\$ 8,429	NA	0.0%	\$ -	\$ 8,429	
Fire Life Safety	Payroll	Special Pay/Add Pay	\$ 40,837	NA	0.0%	\$ -	\$ 40,837	
Fire Life Safety	Payroll	Standby Pay	\$ 13,469	NA	0.0%	\$ -	\$ 13,469	
Fire Life Safety	Payroll	FICA Taxes	\$ 37,237	NA	0.0%	\$ -	\$ 37,237	
Fire Life Safety	Payroll	Medicare Taxes	\$ 8,709	NA	0.0%	\$ -	\$ 8,709	
Fire Life Safety	Payroll	General Retirement	\$ 4,207	NA	0.0%	\$ -	\$ 4,207	
Fire Life Safety	Payroll	Fire Retirement	\$ 173,239	NA	0.0%	\$ -	\$ 173,239	
Fire Life Safety	Payroll	Life,Health,Disability Insur	\$ 75,127	NA	0.0%	\$ -	\$ 75,127	
Fire Life Safety	Payroll	Workers Compensation	\$ 24,048	NA	0.0%	\$ -	\$ 24,048	
Fire Life Safety	Payroll	Leave Payout	\$ 19,188	NA	0.0%	\$ -	\$ 19,188	
Fire Life Safety	Operating	Outside Services	\$ -	NA	0.0%	\$ -	\$ -	
Fire Life Safety	Operating	Travel Costs	\$ 4,434	NA	0.0%	\$ -	\$ 4,434	
Fire Life Safety	Operating	Communication Service	\$ 4,092	NA	0.0%	\$ -	\$ 4,092	
Fire Life Safety	Operating	Telephone Service	\$ -	NA	0.0%	\$ -	\$ -	
Fire Life Safety	Operating	Electric	\$ 9,006	NA	0.0%	\$ -	\$ 9,006	
Fire Life Safety	Operating	Water & Sewer	\$ 976	NA	0.0%	\$ -	\$ 976	
Fire Life Safety	Operating	Copy & Fax Machine Rent/Lease	\$ 2,200	NA	0.0%	\$ -	\$ 2,200	
Fire Life Safety	Operating	Other Rentals/Leases	\$ -	NA	0.0%	\$ -	\$ -	
Fire Life Safety	Operating	Equip Repair/Maintenance	\$ 500	NA	0.0%	\$ -	\$ 500	
Fire Life Safety	Operating	Building Maintenance	\$ 500	NA	0.0%	\$ -	\$ 500	
Fire Life Safety	Operating	Unleaded Fuel	\$ 18,912	NA	0.0%	\$ -	\$ 18,912	
Fire Life Safety	Operating	Facilities Charges	\$ 890	NA	0.0%	\$ -	\$ 890	
Fire Life Safety	Operating	Fleet Charges	\$ -	NA	0.0%	\$ -	\$ -	
Fire Life Safety	Operating	Printing	\$ 2,386	NA	0.0%	\$ -	\$ 2,386	
Fire Life Safety	Operating	Public Relations	\$ 230	NA	0.0%	\$ -	\$ 230	

## Apportionment of Fire Department Costs to Fire/Rescue Service and EMS

				FY 2014				
BU Description	Category	Description	Apportionment					
			Bdgt./Proj.	Criteria	% EMS	\$ EMS	Fire/Rescue	
Fire Life Safety	Operating	Credit Card Fees	\$ -	NA	0.0%	\$ -	\$ -	
Fire Life Safety	Operating	Office Supplies	\$ 3,000	NA	0.0%	\$ -	\$ 3,000	
Fire Life Safety	Operating	Uniforms	\$ 3,500	NA	0.0%	\$ -	\$ 3,500	
Fire Life Safety	Operating	Tools	\$ 500	NA	0.0%	\$ -	\$ 500	
Fire Life Safety	Operating	Small Equipment	\$ 3,000	NA	0.0%	\$ -	\$ 3,000	
Fire Life Safety	Operating	Computer Equip/Accessory	\$ 2,300	NA	0.0%	\$ -	\$ 2,300	
Fire Life Safety	Operating	Computer Software/License	\$ -	NA	0.0%	\$ -	\$ -	
Fire Life Safety	Operating	Other Operating Mat & Supplies	\$ 1,345	NA	0.0%	\$ -	\$ 1,345	
Fire Life Safety	Operating	Books Pubs Subscrpt & Membrshp	\$ 9,522	Weighted	3.4%	\$ 327	\$ 9,195	
Fire Life Safety	Operating	Training & Seminars	\$ 4,485	NA	0.0%	\$ -	\$ 4,485	
Fire Life Safety	Capital Outlay	Equipment	\$ -	NA	0.0%	\$ -	\$ -	
Fire Plan Review	Payroll	Regular Salary	\$ 109,959	NA	0.0%	\$ -	\$ 109,959	
Fire Plan Review	Payroll	Overtime	\$ 1,298	NA	0.0%	\$ -	\$ 1,298	
Fire Plan Review	Payroll	FICA Taxes	\$ 6,999	NA	0.0%	\$ -	\$ 6,999	
Fire Plan Review	Payroll	Medicare Taxes	\$ 1,637	NA	0.0%	\$ -	\$ 1,637	
Fire Plan Review	Payroll	General Retirement	\$ 12,856	NA	0.0%	\$ -	\$ 12,856	
Fire Plan Review	Payroll	Life,Health,Disability Insur	\$ 9,792	NA	0.0%	\$ -	\$ 9,792	
Fire Plan Review	Payroll	Workers Compensation	\$ 318	NA	0.0%	\$ -	\$ 318	
Fire Plan Review	Payroll	Leave Payout	\$ -	NA	0.0%	\$ -	\$ -	
Fire Plan Review	Operating	Other Professional Services	\$ 3,975	NA	0.0%	\$ -	\$ 3,975	
Fire Plan Review	Operating	Travel Costs	\$ 1,573	NA	0.0%	\$ -	\$ 1,573	
Fire Plan Review	Operating	Communication Service	\$ 1,416	NA	0.0%	\$ -	\$ 1,416	
Fire Plan Review	Operating	Printing	\$ 200	NA	0.0%	\$ -	\$ 200	
Fire Plan Review	Operating	Office Supplies	\$ 1,000	NA	0.0%	\$ -	\$ 1,000	
Fire Plan Review	Operating	Small Equipment	\$ 400	NA	0.0%	\$ -	\$ 400	
Fire Plan Review	Operating	Computer Equip/Accessory	\$ 675	NA	0.0%	\$ -	\$ 675	
Fire Plan Review	Operating	Training & Seminars	\$ 1,970	NA	0.0%	\$ -	\$ 1,970	
Fire Operations	Payroll	Regular Salary	\$ 10,868,002	NA	0.0%	\$ -	\$ 10,868,002	
Fire Operations	Payroll	Longevity Salary	\$ 30,428	NA	0.0%	\$ -	\$ 30,428	
Fire Operations	Payroll	Overtime	\$ 2,434	NA	0.0%	\$ -	\$ 2,434	
Fire Operations	Payroll	Fire Overtime	\$ 477,477	NA	0.0%	\$ -	\$ 477,477	
Fire Operations	Payroll	Special Pay/Add Pay	\$ 1,357,477	ALS Add Pay	45.4%	\$ 616,720	\$ 740,757	
Fire Operations	Payroll	Tuition Reimbursement Spec Pay	\$ -	NA	0.0%	\$ -	\$ -	
Fire Operations	Payroll	Standby Pay	\$ -	NA	0.0%	\$ -	\$ -	
Fire Operations	Payroll	FICA Taxes	\$ 830,219	ALS Add Pay % of Total Operations Pay	4.8%	\$ 40,203	\$ 790,016	
Fire Operations	Payroll	Medicare Taxes	\$ 194,166	ALS Add Pay % of Total Operations Pay	4.8%	\$ 9,402	\$ 184,764	
Fire Operations	Payroll	General Retirement	\$ 5,187	NA	0.0%	\$ -	\$ 5,187	
Fire Operations	Payroll	Fire Retirement	\$ 1,929,123	ALS Add Pay % of Total Operations Pay	4.8%	\$ 93,416	\$ 1,835,707	
Fire Operations	Payroll	Life,Health,Disability Insur	\$ 1,715,614	NA	0.0%	\$ -	\$ 1,715,614	
Fire Operations	Payroll	Workers Compensation	\$ 568,726	ALS Add Pay % of Total Operations Pay	4.8%	\$ 27,540	\$ 541,186	
Fire Operations	Payroll	Unemployment	\$ -	NA	0.0%	\$ -	\$ -	
Fire Operations	Payroll	Leave Payout	\$ 441,144	NA	0.0%	\$ -	\$ 441,144	
Fire Operations	Operating	Lab Services	\$ 300	NA	0.0%	\$ -	\$ 300	
Fire Operations	Operating	Other Professional Services	\$ 6,000	NA	0.0%	\$ -	\$ 6,000	
Fire Operations	Operating	Trash Removal	\$ -	NA	0.0%	\$ -	\$ -	
Fire Operations	Operating	Outside Services	\$ 29,500	NA	0.0%	\$ -	\$ 29,500	
Fire Operations	Operating	Food And Mileage (City)	\$ 4,000	NA	0.0%	\$ -	\$ 4,000	
Fire Operations	Operating	Travel Costs	\$ 9,988	NA	0.0%	\$ -	\$ 9,988	
Fire Operations	Operating	Communication Service	\$ 6,000	NA	0.0%	\$ -	\$ 6,000	
Fire Operations	Operating	Telephone Service	\$ 36,900	NA	0.0%	\$ -	\$ 36,900	
Fire Operations	Operating	Telecommunication Service	\$ -	NA	0.0%	\$ -	\$ -	
Fire Operations	Operating	Equipment Rental/Leases	\$ -	NA	0.0%	\$ -	\$ -	

## Apportionment of Fire Department Costs to Fire/Rescue Service and EMS

			FY 2014				
BU Description	Category	Description	Apportionment		% EMS	\$ EMS	Fire/Rescue
			Bdgt./Proj.	Criteria			
Fire Operations	Operating	Other Rentals/Leases	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Operating	Equip Repair/Maintenance	\$ 80,000	NA	0.0%	\$ -	\$ 80,000
Fire Operations	Operating	Building Maintenance	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Operating	Diesel Fuel	\$ 145,199	NA	0.0%	\$ -	\$ 145,199
Fire Operations	Operating	Unleaded Fuel	\$ 21,059	NA	0.0%	\$ -	\$ 21,059
Fire Operations	Operating	Facilities Charges	\$ 242,000	NA	0.0%	\$ -	\$ 242,000
Fire Operations	Operating	Fleet Charges	\$ 475,000	NA	0.0%	\$ -	\$ 475,000
Fire Operations	Operating	Dyed Diesel Fuel	\$ 600	NA	0.0%	\$ -	\$ 600
Fire Operations	Operating	Printing	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Operating	Public Relations	\$ 2,000	NA	0.0%	\$ -	\$ 2,000
Fire Operations	Operating	Various Fees	\$ 500	NA	0.0%	\$ -	\$ 500
Fire Operations	Operating	Office Supplies	\$ 14,900	NA	0.0%	\$ -	\$ 14,900
Fire Operations	Operating	Uniforms (PPG)	\$ 119,922	NA	0.0%	\$ -	\$ 119,922
Fire Operations	Operating	Uniforms	\$ 127,586	NA	0.0%	\$ -	\$ 127,586
Fire Operations	Operating	Tools	\$ 2,000	NA	0.0%	\$ -	\$ 2,000
Fire Operations	Operating	Small Equipment	\$ 66,000	NA	0.0%	\$ -	\$ 66,000
Fire Operations	Operating	Janitorial Supplies	\$ 25,200	NA	0.0%	\$ -	\$ 25,200
Fire Operations	Operating	Computer Equip/Accessory	\$ 11,030	NA	0.0%	\$ -	\$ 11,030
Fire Operations	Operating	Computer Software/License	\$ 1,540	NA	0.0%	\$ -	\$ 1,540
Fire Operations	Operating	Safety Equipment	\$ 30,600	NA	0.0%	\$ -	\$ 30,600
Fire Operations	Operating	Plants,Trees,Flower,Shrub	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Operating	Other Operating Mat & Supplies	\$ 78,680	NA	0.0%	\$ -	\$ 78,680
Fire Operations	Operating	Books Pubs Subscript & Membrshp	\$ 4,000	Weighted	3.4%	\$ 137	\$ 3,863
Fire Operations	Operating	Training & Seminars	\$ 3,650	NA	0.0%	\$ -	\$ 3,650
Fire Operations	Operating	In-House Training	\$ 2,000	NA	0.0%	\$ -	\$ 2,000
Fire Operations	Operating	Discounts Taken/Lost	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Capital Outlay	Building Improvement	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Capital Outlay	Improvements Other Than Bldgs	\$ -	NA	0.0%	\$ -	\$ -
Fire Operations	Capital Outlay	Equipment	\$ -	NA	0.0%	\$ -	\$ -
Fire Public Education	Operating	Fleet Charges	\$ -	NA	0.0%	\$ -	\$ -
Fire Public Education	Operating	Public Relations	\$ 9,300	NA	0.0%	\$ -	\$ 9,300
	Payroll	UAAL Fire Retirement	\$ 6,341,528	NA	0.0%	\$ -	\$ 6,341,528
<b>Total</b>			<b>\$ 29,687,513</b>		<b>3.4%</b>	<b>\$ 1,019,611</b>	<b>\$ 28,667,902</b>

Based upon the foregoing analysis, the portion of operations, maintenance and capital costs included in the City budget that were allocated to Fire/Rescue Service were included in the compilation of costs eligible to be recovered in the Fire/Rescue Assessments. In addition, the eligible costs included costs associated with preparing and certifying the annual assessment roll, the payment to the Lee County Tax Collector to process the annual assessment, mailing costs, and future cost requirements associated with vehicle replacement, station rehabilitation, and other capital improvement projects.

We then developed a multi-year financial management plan for the Fire Department. The projections for future years operating and maintenance costs in the plan were based upon annual escalation factors for each category of operating and maintenance costs which were determined based upon recent history, our experience with similar analyses, and consultation with City staff.



The table on the following page presents a schedule of the projected revenue requirements of the City's Fire Department, net of EMS costs, during the entire projection period.

**FIRE/RESCUE EXPENDITURE PROJECTIONS**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>1 FIRE OPERATING EXPENSES</b>											
2 Regular Salary	\$ 12,065,264	12,306,569	12,552,701	12,803,755	13,059,830	13,321,026	13,587,447	13,859,196	14,136,380	14,419,107	14,707,489
3 Overtime	\$ 26,050	26,571	27,103	27,645	28,198	28,762	29,337	29,924	30,522	31,133	31,755
4 Special Pay/Add Pay	\$ 826,505	843,035	859,896	877,094	894,636	912,529	930,779	949,395	968,383	987,750	1,007,505
5 FICA Taxes	\$ 876,197	893,721	911,595	929,827	948,424	967,392	986,740	1,006,475	1,026,604	1,047,136	1,068,079
6 Medicare Taxes	\$ 204,919	209,017	213,198	217,462	221,811	226,247	230,772	235,387	240,095	244,897	249,795
7 General Retirement	\$ 52,775	53,830	54,907	56,005	57,125	58,268	59,433	60,622	61,834	63,071	64,332
8 Life, Health, Disability Insur	\$ 1,902,023	2,092,225	2,301,447	2,531,592	2,784,751	3,063,226	3,369,549	3,706,504	4,077,154	4,484,870	4,933,357
9 Workers Compensation	\$ 588,067	599,828	611,825	624,061	636,543	649,274	662,259	675,504	689,014	702,795	716,850
10 Leave Payout	\$ 479,562	496,346	513,719	531,699	550,308	569,569	589,504	610,136	631,491	653,593	676,469
11 Longevity Salary	\$ 32,337	31,690	31,056	30,435	29,827	29,230	28,645	28,073	27,511	26,961	26,422
12 Fire Overtime	\$ 489,262	499,048	509,029	519,209	529,593	540,185	550,989	562,009	573,249	584,714	596,408
13 Standby Pay	\$ 13,469	13,738	14,013	14,293	14,579	14,871	15,168	15,472	15,781	16,097	16,419
14 Fire Retirement	\$ 2,206,001	2,250,121	2,295,124	2,341,026	2,387,847	2,435,604	2,484,316	2,534,002	2,584,682	2,636,376	2,689,103
15 UAAL Fire Retirement	\$ 6,341,528	6,468,359	6,597,726	6,729,680	6,864,274	7,001,559	7,141,591	7,284,422	7,430,111	7,578,713	7,730,287
16 Other Professional Services	\$ 46,527	47,923	49,361	50,842	52,367	53,938	55,556	57,223	58,939	60,708	62,529
17 Communication Service	\$ 158,414	162,375	166,434	170,595	174,860	179,231	183,712	188,305	193,013	197,838	202,784
18 Telephone Service	\$ 53,359	54,693	56,061	57,462	58,899	60,371	61,880	63,427	65,013	66,638	68,304
19 Postage & Shipping	\$ 3,863	3,959	4,058	4,160	4,264	4,370	4,479	4,591	4,706	4,824	4,944
20 Electric	\$ 255,336	270,656	286,896	304,110	322,356	341,698	362,199	383,931	406,967	431,385	457,268
21 Water & Sewer	\$ 50,683	50,683	50,683	50,683	50,683	50,683	50,683	50,683	50,683	50,683	50,683
22 Building Maintenance	\$ 2,500	2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122	3,200
23 Diesel Fuel	\$ 148,916	157,851	167,322	177,361	188,003	199,283	211,240	223,915	237,350	251,591	266,686
24 Facilities Charges	\$ 286,435	293,596	300,936	308,459	316,171	324,075	332,177	340,481	348,993	357,718	366,661
25 Dyed Diesel Fuel	\$ 4,600	4,876	5,169	5,479	5,807	6,156	6,525	6,917	7,332	7,772	8,238
26 Printing	\$ 8,051	8,252	8,458	8,670	8,886	9,108	9,336	9,570	9,809	10,054	10,305
27 Various Fees	\$ 1,097	1,125	1,153	1,182	1,211	1,242	1,273	1,304	1,337	1,371	1,405
28 Office Supplies	\$ 25,159	25,788	26,433	27,094	27,771	28,465	29,177	29,906	30,654	31,420	32,206
29 Small Equipment	\$ 84,125	86,228	88,384	90,594	92,858	95,180	97,559	99,998	102,498	105,061	107,687
30 Janitorial Supplies	\$ 26,200	26,855	27,526	28,215	28,920	29,643	30,384	31,144	31,922	32,720	33,538
31 Computer Equip/Accessory	\$ 14,005	14,355	14,714	15,082	15,459	15,845	16,242	16,648	17,064	17,490	17,928
32 Computer Software/License	\$ 82,232	84,288	86,395	88,555	90,769	93,038	95,364	97,748	100,192	102,697	105,264
33 Safety Equipment	\$ 33,600	34,440	35,301	36,184	37,088	38,015	38,966	39,940	40,938	41,962	43,011
34 Other Operating Mat & Supplies	\$ 92,367	94,676	97,043	99,469	101,956	104,505	107,118	109,796	112,540	115,354	118,238
35 Books Pubs Subscript & Membrshp	\$ 34,621	35,487	36,374	37,283	38,215	39,171	40,150	41,154	42,183	43,237	44,318
36 Outside Services	\$ 40,782	42,413	44,110	45,874	47,709	49,618	51,602	53,666	55,813	58,046	60,367
37 Food And Mileage (City)	\$ 4,290	4,397	4,507	4,620	4,735	4,853	4,975	5,099	5,227	5,357	5,491
38 Travel Costs	\$ 37,169	38,099	39,051	40,027	41,028	42,054	43,105	44,183	45,287	46,420	47,580
39 Copy & Fax Machine Rent/Lease	\$ 9,457	9,694	9,936	10,185	10,439	10,700	10,968	11,242	11,523	11,811	12,106
40 Equip Repair/Maintenance	\$ 144,963	148,587	152,302	156,109	160,012	164,012	168,112	172,315	176,623	181,039	185,565
41 Unleaded Fuel	\$ 55,539	58,871	62,403	66,147	70,116	74,323	78,782	83,509	88,520	93,831	99,461
42 Fleet Charges	\$ 503,301	515,883	528,780	542,000	555,550	569,439	583,674	598,266	613,223	628,554	644,267
43 Public Relations	\$ 11,530	11,818	12,114	12,417	12,727	13,045	13,371	13,706	14,048	14,399	14,759
44 Uniforms	\$ 147,603	151,293	155,076	158,953	162,926	167,000	171,175	175,454	179,840	184,336	188,945
45 Training & Seminars	\$ 38,824	39,795	40,790	41,810	42,855	43,926	45,024	46,150	47,304	48,486	49,699
46 Tools	\$ 2,500	2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122	3,200
47 Lab Services	\$ 625	641	657	673	690	707	725	743	762	781	800
48 Uniforms (PPG)	\$ 122,422	125,483	128,620	131,835	135,131	138,509	141,972	145,521	149,159	152,888	156,711
49 In-House Training	\$ 3,215	3,295	3,377	3,462	3,548	3,637	3,728	3,821	3,917	4,015	4,115
50 Discounts Taken/Lost	\$ -	-	-	-	-	-	-	-	-	-	-
51 Chemicals	\$ 22,750	23,888	25,082	26,336	27,653	29,035	30,487	32,012	33,612	35,293	37,057
52 Propane Fuel	\$ 6,880	7,052	7,228	7,409	7,594	7,784	7,978	8,178	8,382	8,592	8,807
<b>53 ADDITIONAL OPERATING EXPENSES OUTSIDE OF BUDGET</b>											
54 Allowance for Non-Collection <sup>(1)</sup>	\$ 360,087	612,147	644,337	678,736	716,211	756,644	799,879	846,116	895,567	948,459	1,005,037
55 Pre-Payment Discount <sup>(2)</sup>	\$ 480,116	816,197	859,116	904,981	954,948	1,008,859	1,066,506	1,128,155	1,194,089	1,264,612	1,340,050
56 Tax Collector Expense <sup>(3)</sup>	\$ 240,058	408,098	429,558	452,490	477,474	504,429	533,253	564,077	597,044	632,306	670,025
57 Additional Payroll Expense for New Fire Station	\$ -	-	-	372,360	1,489,440	1,531,030	1,574,612	1,620,341	1,668,385	1,718,931	1,772,180
58 Additional Operating Expense for New Fire Station	\$ -	-	-	26,196	104,785	108,159	111,665	115,308	119,095	123,032	127,127
<b>59 Total Operating Expenses</b>	<b>\$ 29,748,162</b>	<b>31,264,983</b>	<b>32,154,334</b>	<b>33,483,264</b>	<b>35,655,379</b>	<b>36,725,181</b>	<b>37,847,944</b>	<b>39,027,607</b>	<b>40,268,458</b>	<b>41,575,167</b>	<b>42,952,819</b>
<b>60 Debt Service &amp; Transfers</b>											
61 Capital Lease Series 2012 - Fire Allocation	\$ 85,889	85,889	85,889	85,889	85,889	-	-	-	-	-	-
62 Special Obligation Bonds Series 2012 <sup>(4)</sup>	\$ 43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883
63 New Long Term Debt for Fire Stations	\$ -	-	29,193	84,421	108,008	108,008	108,008	108,008	108,008	108,008	108,008
<b>64 Total Debt Service and Transfers</b>	<b>\$ 129,772</b>	<b>129,772</b>	<b>158,965</b>	<b>214,193</b>	<b>237,780</b>	<b>151,890</b>	<b>151,890</b>	<b>151,890</b>	<b>151,890</b>	<b>151,890</b>	<b>151,890</b>
<b>65 Capital Outlay</b>											
66 Vehicles	\$ 1,211,025	1,095,319	642,800	883,664	466,728	1,368,408	826,101	765,874	792,896	908,718	1,009,963
67 Equipment	\$ 128,955	421,236	569,657	1,040,536	344,072	367,047	592,415	631,399	644,460	551,040	598,273
68 Capital Maintenance	\$ 17,230	6,635	215,312	322,129	374,337	78,356	213,022	260,642	270,637	258,023	230,684
<b>Total Capital Outlay</b>	<b>\$ 1,357,210</b>	<b>1,523,190</b>	<b>1,427,769</b>	<b>2,246,330</b>	<b>1,185,137</b>	<b>1,813,811</b>	<b>1,631,538</b>	<b>1,657,915</b>	<b>1,707,993</b>	<b>1,717,781</b>	<b>1,838,920</b>
<b>69 TOTAL REVENUE REQUIREMENTS</b>	<b>\$ 31,235,144</b>	<b>\$ 32,917,945</b>	<b>\$ 33,741,068</b>	<b>\$ 35,943,787</b>	<b>\$ 37,078,296</b>	<b>\$ 38,690,883</b>	<b>\$ 39,631,373</b>	<b>\$ 40,837,412</b>	<b>\$ 42,128,341</b>	<b>\$ 43,444,838</b>	<b>\$ 44,943,630</b>

**Notes:**

- (1) Calculated as 3% of Total Assessment at 38% Cost Recovery in FY 2014, 64% Cost Recovery in FY 2015, and increased at 3.75% per year thereafter
- (2) Calculated as 4% of Total Assessment at 38% Cost Recovery in FY 2014, 64% Cost Recovery in FY 2015, and increased at 3.75% per year thereafter
- (3) Calculated as 3% of Total Assessment at 38% Cost Recovery in FY 2014, 64% Cost Recovery in FY 2015, and increased at 3.75% per year thereafter
- (4) Series 2012 Special Obligation Bonds are net of Fire/Rescue Impact Fee allocation.

In each year of the projection period offsetting revenues from other revenue sources were deducted from the previously identified expenditure requirements and the statutory allowance for the 4% prepayment discount, 3% allowance for non-collection and 2% Tax Collector Expense were included to determine the annual assessment revenue requirements presented in the table below. It should be noted that the table above shows the actual expenses as calculated at 38% cost recovery in FY 2014, while the table below calculates these expenses at 100% cost recovery to develop the full Net Revenue Requirement. The final Fire Department Revenue Requirement Projections are as follows:

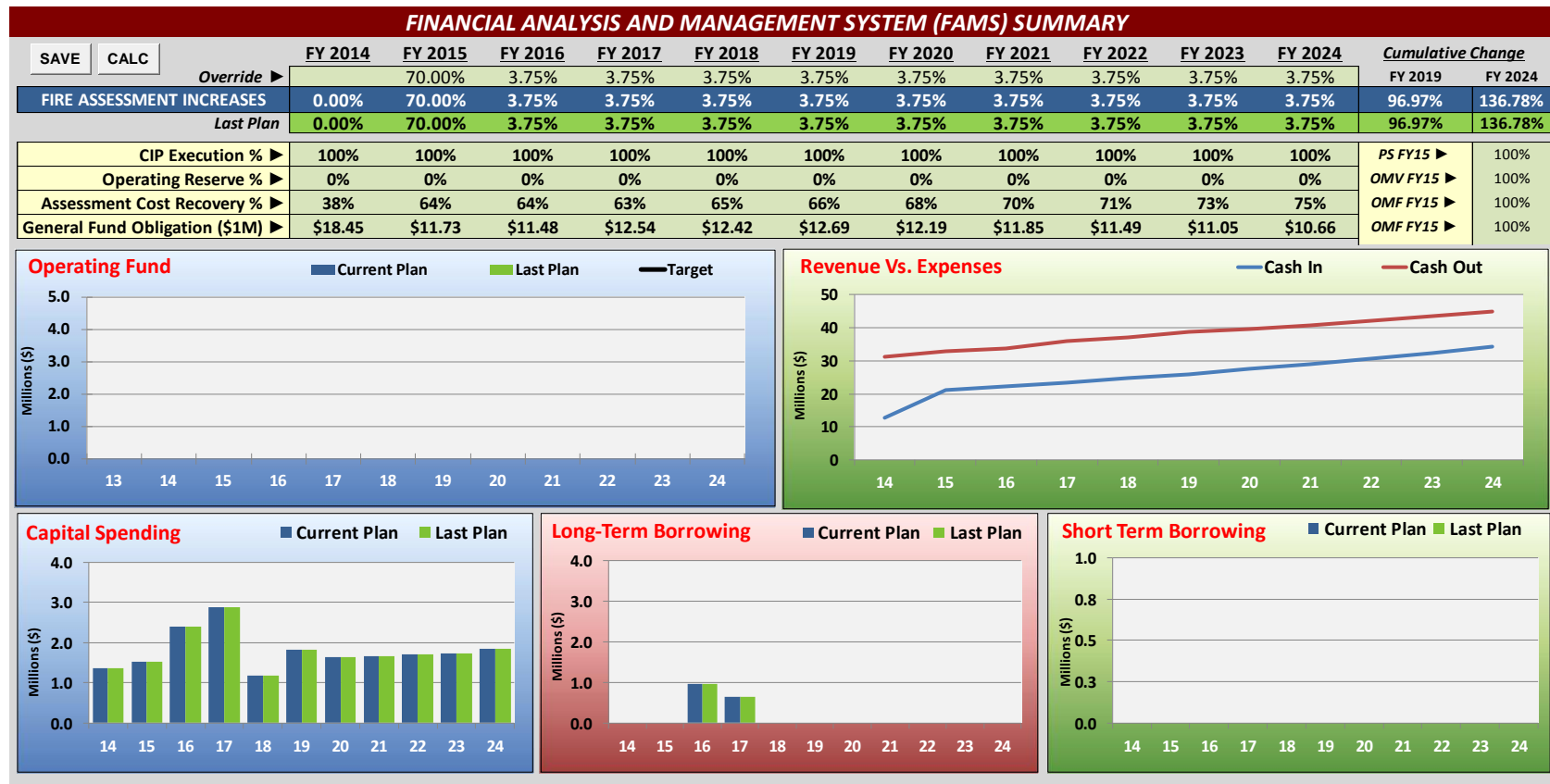
**PROJECTION OF NET REVENUE REQUIREMENT**

<b>FIRE OPERATIONS EXPENDITURES (NON-EMS)</b>											
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Personnel Services	\$ 26,103,959	26,784,100	27,493,338	28,606,144	30,497,185	31,348,772	32,241,141	33,177,461	34,161,197	35,196,143	36,286,451
Operating	\$ 2,563,942	2,644,441	2,727,987	2,840,913	3,009,562	3,106,478	3,207,165	3,311,799	3,420,562	3,533,647	3,651,257
<b>Sub-Total</b>	<b>\$ 28,667,902</b>	<b>29,428,541</b>	<b>30,221,324</b>	<b>31,447,057</b>	<b>33,506,747</b>	<b>34,455,249</b>	<b>35,448,306</b>	<b>36,489,260</b>	<b>37,581,759</b>	<b>38,729,789</b>	<b>39,937,708</b>
<b>OTHER NON-OPERATING EXPENDITURES</b>											
Capital Lease Series 2012 - Fire Allocation	\$ 85,889	85,889	85,889	85,889	85,889	-	-	-	-	-	-
Special Obligation Bonds Series 2012	\$ 43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883	43,883
Vehicle Purchases	\$ 1,211,025	1,095,319	642,800	883,664	466,728	1,368,408	826,101	765,874	792,896	908,718	1,009,963
Equipment Purchases	\$ 128,955	421,236	569,657	1,040,536	344,072	367,047	592,415	631,399	644,460	551,040	598,273
Capital Maintenance Purchases	\$ 17,230	6,635	215,312	322,129	374,337	78,356	213,022	260,642	270,637	258,023	230,684
New Long Term Debt for Fire Stations	\$ -	-	29,193	84,421	108,008	108,008	108,008	108,008	108,008	108,008	108,008
Allowance for Non-Collection (1)	3% NRR \$ 961,840	992,388	1,016,340	1,085,555	1,119,250	1,168,413	1,195,143	1,230,329	1,267,997	1,306,167	1,349,982
Pre-Payment Discount (2)	4% NRR \$ 1,282,453	1,323,184	1,355,120	1,447,407	1,492,334	1,557,885	1,593,523	1,640,439	1,690,662	1,741,555	1,799,976
Tax Collector Expense (3)	2% NRR \$ 641,227	661,592	677,560	723,703	746,167	778,942	796,762	820,220	845,331	870,778	899,988
<b>Sub-Total</b>	<b>\$ 4,372,502</b>	<b>4,630,125</b>	<b>4,635,754</b>	<b>5,717,188</b>	<b>4,780,667</b>	<b>5,470,942</b>	<b>5,368,856</b>	<b>5,500,793</b>	<b>5,663,873</b>	<b>5,788,171</b>	<b>6,040,755</b>
<b>Cost of Service for Fire Protection (COS)</b>	<b>\$ 33,040,403</b>	<b>34,058,666</b>	<b>34,857,079</b>	<b>37,164,246</b>	<b>38,287,414</b>	<b>39,926,191</b>	<b>40,817,162</b>	<b>41,990,053</b>	<b>43,245,632</b>	<b>44,517,960</b>	<b>45,978,463</b>
<b>LESS: Offsetting Revenue</b>											
Mstu-North Fire Area Tax	\$ (602,000)	(602,000)	(602,000)	(602,000)	(602,000)	(602,000)	(602,000)	(602,000)	(602,000)	(602,000)	(602,000)
Transfer in from All Hazards	\$ (160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)
Miscellaneous Other Revenue	\$ (180,112)	(180,112)	(180,112)	(180,112)	(180,112)	(180,112)	(180,112)	(180,112)	(180,112)	(180,112)	(180,112)
Supplemental Education Reimbursement	\$ (36,963)	(36,963)	(36,963)	(36,963)	(36,963)	(36,963)	(36,963)	(36,963)	(36,963)	(36,963)	(36,963)
<b>Net Revenue Requirement (NRR) For Assessment</b>	<b>\$ 32,061,328</b>	<b>33,079,591</b>	<b>33,878,004</b>	<b>36,185,171</b>	<b>37,308,339</b>	<b>38,947,116</b>	<b>39,838,087</b>	<b>41,010,978</b>	<b>42,266,557</b>	<b>43,538,885</b>	<b>44,999,388</b>

**Notes:**

- (1) Calculated as 3% of Total Assessment at 100% Cost Recovery.
- (2) Calculated as 4% of Total Assessment at 100% Cost Recovery.
- (3) Calculated as 2% of Total Assessment at 100% Cost Recovery.

The Financial Plan Summary for the full projection period is presented on the following page. It is important to note that the financial management plan presented herein reflects funding of all vehicles, equipment, and improvements in FY 2014 and FY 2015 without the issuance of debt. However, it is very likely that the funding for certain capital items during these years will be provided by the issuance of one or more short-term borrowings.



Note: All percentage increases are shown for exemplary purposes only and do not reflect recommendations or decisions regarding future year increases. The percentage increase shown for FY 2015 is what would be required to achieve the initial goal of 64% cost recovery and subsequent years' increases represent the approximate amount necessary to hold the funding obligation of the general fund relatively constant from FY 2015 – FY 2024. The actual annual adjustments will be determined by the City Council based upon need as determined by updating the financial management plan in subsequent years.

### **2.1.2 REVENUE SUFFICIENCY ANALYSIS RECOMMENDATIONS**

Based upon the results of the analysis and the financial management plan presented above, we recommend that the assessments adopted for FY 2014 be developed to recover 38% of the total cost of Fire/Rescue Service, which results in a net recovery of 37.4% of the total costs of Fire/Rescue Service after exclusion of government and other exempted properties discussed in Section 2.2.1.2 Exempt and Excluded Properties. We also recommend that in the adoption of the FY 2014 assessments, the City also adopt a continuing assessment for future years that can be increased up to the maximum assessment rates presented in the rate table in Section 4 – Summary of Recommendations, with the actual annual adjustments to be determined by the City Council based upon need as determined by updating the financial management plan in subsequent years.

## **2.2 WORK ELEMENT 2 – COST APPORTIONMENT & ASSESSMENT RATE DESIGN**

This section presents the results of the analysis conducted in this work element and our recommendations based upon those results.

### **2.2.1 ANALYSIS AND RESULTS**

#### **2.2.1.2 EXEMPT AND EXCLUDED PROPERTIES**

Certain parcel types are exempt by State statutes or case law from non-ad valorem assessments such as this Fire/Rescue Service Assessment. Other parcels are typically excluded from such assessments because they receive no benefit from Fire/Rescue Services, such as lake bottoms, marshes, etc. The excluded parcels are included in the cost apportionment, but it is assumed that the costs apportioned to those parcels will be provided by the General Fund. The exempted/excluded property types by Department of Revenue (DOR) Code are as follows:

DOR Code	DOR Description	Parcel Count
80	Vacant Governmental (80)	1,568
82	Forest/Park/Recreational (82)	50
83	Public Schools (83)	32
85	Hospitals (85)	1
86	County (86)	15
87	State (87)	2
88	Federal (88)	6
89	Municipal (89)	76
90	Leasehold Interests (90)	7
91	Utilities (91)	18
92	Mining, Petroleum, Gas Lands (92)	2
94	Rights-Of-Way (94)	71
95	Rivers, Lakes, Submerged Land	84
96	Wasteland/Marsh (96)	21
97	Outdoor Recreational (97)	18

### 2.2.1.3 COST APPORTIONMENT

#### **Apportionment to Benefit Cost Pools**

A summary of the total Fire/Rescue revenue requirements and the portion that will be recovered by the recommended Fire/Assessments is presented below.

#### **FY 2014 REVENUE ALLOCATION**

<b>ASSESSMENT REVENUE</b>		
100% COST RECOVERY REVENUE REQUIREMENT FOR FIRE/		
RESCUE ASSESSMENT - NET OF EMS COSTS	\$	32,061,328
FIRE/RESCUE ASSESSMENT % COST RECOVERY		38.0%
<b>TOTAL FIRE/RESCUE ASSESSMENT REVENUE REQUIREMENT</b>	<b>\$</b>	<b>12,183,305</b>

After determining the amount of revenue to be recovered in the Fire/Rescue Assessment, the first step was to apportion the FY 2014 revenue requirements to the Tier 1 Benefit Cost Pool (Response Readiness Availability Benefit) and the Tier 2 Benefit Cost Pool (Protection from Loss of Structures Benefit). As stated in Section 1 – Introduction, the City maintains the facilities, equipment and personnel necessary to provide 24 hour a day, seven days a week, year-round fire protection service to all parcels in the City. This state of response readiness that benefits all properties is provided by Tier 1 Benefit Costs which are the fixed costs of the system that are not discretionary and that are not deployed in the actual response to calls. The fixed, non-discretionary costs of the Fire Department are the personnel costs that must be incurred independent of the number of calls for service (total personnel costs less the portion of personnel costs involved in actually responding to calls for service) plus lease payments and

capital expenses. These Tier 1 Benefit Cost Pool costs represent approximately 70% of total Fire/Rescue costs as calculated on the following page.

The Tier 2 Benefit Costs associated with protection of the loss of structures on property include all other costs that are not included in the Tier 1 - Response Readiness Availability Benefit cost pool and that are available for and historically used in the response to calls for service. These costs include the portion of personnel costs involved in responding to calls for service, plus other costs that are incurred relative to variable drivers, such as fuel, equipment maintenance, etc. These Tier 2 Benefit Cost Pool costs represent approximately 30% of total Fire/Rescue costs as calculated below.

### **BENEFIT TIER ALLOCATION**

<b><u>Total Man-Hours Spent on Calls for Service:</u></b>	
<b>3-Year Annual Average <sup>(1)</sup> - Total Man-Hours Spent on Calls for Service</b>	<b>64,289</b>
<b><u>Annual FTE Man-Hours:</u></b>	
Total Fire Department FTE's <sup>(2)</sup>	188
Annual Man-Hours per FTE (48 hrs/week x 52 weeks):	2,496
<b>Total Annual FTE Man-Hours:</b>	<b>469,248</b>
<b><u>Percent Man-Hours Allocation:</u></b>	
% of Annual FTE Man-Hours Spent on Calls:	13.7%
% of Annual FTE Hours Spent on Response Readiness:	86.3%
<b><u>Personnel Expense Allocated to Response Readiness:</u></b>	
FY 2014 Personnel Expense (Non-EMS)	\$ 26,103,959
% of Personnel Expense - Response Readiness:	86.3%
<b>Net Personnel Expense - Response Readiness:</b>	<b>\$ 22,527,617</b>
<b><u>Other Response Readiness Costs:</u></b>	
Capital Lease Series 2012 - Fire Allocation	\$ 85,889
Special Obligation Bonds Series 2012	\$ 43,883
Vehicle Purchases	\$ 1,211,025
Equipment Purchases	\$ 128,955
Capital Maintenance Purchases	\$ 17,230
<b>Total Other Expense - Response Readiness:</b>	<b>\$ 1,486,982</b>
<b>Total Expense - Response Readiness</b>	<b>\$ 24,014,599</b>
<b><u>Percent Allocation of Net Revenue Requirements:</u></b>	
FY 2014 Net Revenue Requirement (NRR)	\$ 32,061,328
Response Readiness Costs as a % of NRR	74.9%
<b>Tier 1 - Response Readiness Costs as a % of NRR rounded</b>	<b>70.0%</b>
<b>Tier 2 - Protection from Loss of Structure Value Costs as a % of NRR</b>	<b>30.0%</b>

(1) 2010, 2011 and 2012 Calls. 2012 call data was provided through December 4, 2012. The full year of calls was obtained using a straight line extrapolation of 11 months of call data.

(2) Excludes Non-Certified Fire employees, Department & Division Chiefs.

Apportionment of the total Fire/Rescue assessment revenue requirements based upon the above analysis is presented below:

### FY 2014 REVENUE ALLOCATION

ASSESSMENT REVENUE		
100% COST RECOVERY REVENUE REQUIREMENT FOR FIRE/RESCUE ASSESSMENT - NET OF EMS COSTS		
	\$	32,061,328
FIRE/RESCUE ASSESSMENT % COST RECOVERY		38.0%
<b>TOTAL FIRE/RESCUE ASSESSMENT REVENUE REQUIREMENT</b>	<b>\$</b>	<b>12,183,305</b>
<b>TIER 1 ASSESSMENT REVENUE REQUIREMENT ALLOCATION</b>	<b>\$</b>	<b>8,528,313</b> 70.0%
<b>TIER 2 ASSESSMENT REVENUE REQUIREMENT ALLOCATION</b>	<b>\$</b>	<b>3,654,991</b> 30.0%

### Apportionment of Benefit Cost Pools to Parcels

After apportioning the revenue requirement to Benefit Cost Pools the next step was to apportion the costs in each benefit cost pool to benefitting properties as follows:

1. Tier 1 - Response Readiness Availability Benefit Cost Pool

All parcels in the City benefit equally from the availability of fire protection service that the City provides on call, without discrimination as to property class, on a 24 hours a day, seven days a week, year-round basis. These benefits include 1) availability of immediate response to fire, (2) first responder medical aid to protect the life and safety of occupants, 3) containment of liability for emergency incidents on the subject parcels and the spread of fires to other property, 4) enhanced property value, and 5) enhanced marketability of and/or ability to develop property. Therefore, it is appropriate to apportion the costs in this cost pool equally per parcel as calculated below.

<b>TIER 1 ALLOCATION:</b>	<b>\$</b>	<b>8,528,313</b>
<i>Rate Class Description</i>	<i># of PARCELS</i>	
Residential	75,634	
Non-Residential	3,588	
Vacant/Agriculture	58,279	
<b>TOTAL ASSESSABLE PARCELS:</b>	<b>137,501</b>	
<b>TIER 1 RATE PER PARCEL:</b>	<b>\$</b>	<b>62.02</b>



2. *Tier 2 - Protection from the Loss of Structures Benefit Cost Pool*

In addition to the benefits that improved properties realize from Tier 1 benefits, improved parcels also benefit from protection from the loss of the value of structures on the property due to fire by virtue of, a) the ability to obtain fire insurance and to obtain that insurance at attractive rates because of the availability of fire protection service, and b) protection from loss provided by the availability of fire suppression service provided by the City,

The actual value protected is the investment in the structures or the avoidance of the cost of replacing the structures on the property in the case of fire, either through insurance or by the availability of fire suppression services provided by the City. The actual investment or replacement cost of the structures on the parcels in the City is not readily available. However, the structure cost values in the Property Appraiser's data base are readily available and they are the best data that is reasonably available as a surrogate representation of the relative investment or replacement cost value of structures for each parcel in the City as compared to the investment or replacement cost value of structures on other parcels in the City. Therefore, it is appropriate to apportion the costs in this cost pool based upon the relative cost value of structures on improved parcels as contained in the Building Cost Value and Building Extra Features data fields from the Property Appraiser's data base.

However, because structure cost value is not a precise, dollar for dollar surrogate for the investment or replacement cost of structures on parcels in the City, this benefit of protection from the loss of structures does not materially increase with every dollar of increase in structure value. Rather, it increases over a larger order of magnitude of increases in structure cost value. Therefore, we have determined that a reasonable Equivalent Benefit Unit (EBU) for this benefit cost pool that recognizes the relative cost value of structures on parcels as a surrogate for investment or replacement cost of those structures is \$5,000 increments of structure cost value (rounded down to the nearest \$5,000)<sup>1</sup>, which results in a Tier 2 rate per EBU as calculated in the table below.

---

<sup>1</sup> Parcels with structure cost value less than \$5,000 are assigned a minimum EBU of 1.

<b>TIER 2 ALLOCATION:</b>	<b>\$ 3,654,991</b>
<b>TOTAL APPLICABLE STRUCTURE EBU's:</b>	<b>2,492,599</b>
<b>TIER 2 RATE PER STRUCTURE EBU:</b>	<b>\$ 1.46</b>

\*EBU is the Equivalent Benefit Unit, representing each property's Structure Value rounded down to the nearest \$5,000, divided by 5,000. For example, a structure valued at \$165,712 is rounded down to \$165,000; then divided by 5,000 for 33 EBU's. 33 EBU's multiplied by the rate of \$1.46 will result in a Tier 2 - Structure/Loss Assessment of \$48.18.

## 2.2.2 COST APPORTIONMENT & ASSESSMENT RATE DESIGN RECOMMENDATIONS

We recommend that 1) the FY 2014 Fire Assessments be developed based upon the cost apportionment methodology described herein, and 2) the assessment rates be adopted that were developed based upon this cost apportionment methodology and the assessment rate structure described in the prior sub-section. Based upon the foregoing, the recommended FY 2014 Fire/Rescue Assessment rates and the maximum authorized assessment rates are presented in the following table.

PROPERTY TYPE	Tier 1 - Response Readiness Rate per Parcel	Tier 2 - Structure/Loss Rate per EBU*
<b>FY 2014 Rates</b>		
Improved Parcels:		
Residential	\$ 62.02	\$ 1.46
Non-Residential	\$ 62.02	\$ 1.46
Unimproved Parcels:		
Vacant/Agriculture	\$ 62.02	\$ -
<b>Maximum Rates</b>		
Improved Parcels:		
Residential	\$ 140.28	\$ 3.31
Non-Residential	\$ 140.28	\$ 3.31
Unimproved Parcels:		
Vacant/Agriculture	\$ 140.28	\$ -

\*EBU is the Tier 2 Equivalent Benefit Unit, representing \$5,000 of structure value.

### 2.2.3 PROPERTY IMPACT ANALYSIS

Based upon the above referenced recommended assessment rates the following table presents a summary of the impact for representative types of parcels:

RESIDENTIAL PROPERTY IMPACTS	Bldg Value	Bldg EBU's	Tier 1 Response Readiness	Tier 2 Protection from Structure/Loss	Total Assessment
Typical SF Residential Property	\$165,712	33	\$62.02	\$48.18	\$110.20
Vacant SF Residential Property	N/A	N/A	\$62.02	\$0.00	\$62.02

NON-RESIDENTIAL PROPERTY IMPACTS	Bldg Value	Bldg EBU's	Tier 1 Response Readiness	Tier 2 Protection from Structure/Loss	Total Assessment
Small Retail	\$314,500	62	\$62.02	\$90.52	\$152.54
Home Store - Big Box	\$4,691,401	938	\$62.02	\$1,369.48	\$1,431.50
Professional Office	\$4,608,000	921	\$62.02	\$1,344.66	\$1,406.68
Large Retail - Big Box	\$5,581,282	1116	\$62.02	\$1,629.36	\$1,691.38
Vacant Non-Residential Property	N/A	N/A	\$62.02	\$0.00	\$62.02

## **SECTION 3. FINDING OF BENEFITS SUMMARY**

A properly developed cost apportionment methodology for Fire/Rescue Assessments will result in assessments that are proportional to the special benefit received from fire protection service provided by the City. Based upon the foregoing analysis and discussion presented in this report, we present the following summary of the finding of benefits:

**Tier 1 Benefit - Response Readiness Availability of Service** – Every parcel receives the benefit of the availability of the fire protection service provided by the City, without discrimination relative to location, property class, size or any other factors on a 24 hour a day, seven days a week, year-round basis.

**Tier 2 Benefit - Protection from Loss of the Value of Structures** – All improved properties with structures on them receive an additional benefit of protection from the loss of those structures due to fire as follows:

- **Maintenance of Minimum Cost of Insurance** – By providing a favorable ISO rating, the City provides the property owner with the ability to obtain fire insurance at favorable rates.
- **Benefit if Not Insured** - If not insured, properties owners have the assurance that they are protected from actual economic loss of structures on their property by the City's maintenance of fire protection resources that, if needed, can respond within reasonably short response times to provide substantial fire suppression to limit the amount of loss of structures that a fire could cause.

Furthermore:

**Apportionment to Benefit Cost Pools** - The annual revenue requirement for the Fire/Rescue Assessment is appropriately allocated 70% to Response Readiness Benefit (Tier 1) and 30% to Protection from Loss of Structures Benefit (Tier 2) based upon the proportion of the revenue requirement associated with maintaining a response readiness condition versus responding to calls for service.

### **Apportionment of Benefit Cost Pools to Parcels**

- **Tier 1** - All parcels in the City, un-improved and improved, benefit equally per parcel from the Tier 1 - Response Readiness Availability Benefit. Therefore, the Tier 1 Benefit Cost Pool is appropriately apportioned equally to all parcels on a per parcel basis.

- Tier 2 - Improved parcels in the City benefit from the Tier 2 - Protection from Loss of Structures Benefit in proportion to the value of the structure(s) on the parcel relative to the value of the structures on other parcels in increments of \$5,000 of structure value. Therefore, the Tier 2 Benefit Cost Pool is appropriately apportioned to improved parcels in the City in proportion to the value of the structure(s) on the parcels in increments of \$5,000 dollars of structure value (rounded down to the nearest \$5,000).

A summary of benefits conferred by benefit tier cost pool includes:

- Tier 1 – *Applies to all parcels, improved and un-improved.* The special benefits provided to all parcels by the response readiness availability of Fire/Rescue Service provided by the City include:
  - Availability of immediate response to fire,
  - First responder medical aid to protect the life and safety of occupants,
  - Containment of liability for emergency incidents on the subject parcels and the spread of fires to other property,
  - Enhanced property value, and
  - Enhanced marketability of and/or ability to develop property.
- Tier 2 – *Applies only to improved parcels.* In addition to the special benefits that are conferred upon all parcels in the City by the Tier 1 response readiness availability benefit, the following additional benefits are conferred upon improved parcels:
  - Protection from the loss of the value of structures on the property due to fire by virtue of:
    - The ability to obtain fire insurance and to obtain that insurance at attractive rates because of the availability of fire protection service, and
    - Protection of loss provided by the availability of fire suppression service from the City to respond to a call and to suppress the fire.

## SECTION 4. SUMMARY OF RECOMENDATIONS

### 4.1 REVENUE SUFFICIENCY ANALYSIS

Based upon the results of the analysis and the financial management plan presented herein, we recommend that the assessment rates presented in this section be adopted for FY 2014. We also recommend that in the adoption of the FY 2014 assessments, the City also adopt a continuing assessment for future years that can increase up to 5% per year, with the actual annual adjustments to be determined by the City Council based upon need as determined by updating the financial management plan in subsequent years.

### 4.2 COST APPORTIONMENT AND ASSESSMENT RATE DESIGN

We recommend adoption of the FY 2014 Fire Assessment rates presented below that were developed based upon the cost apportionment methodology described herein.

PROPERTY TYPE	Tier 1 - Response Readiness Rate per Parcel	Tier 2 - Structure/Loss Rate per EBU*
FY 2014 Rates		
Improved Parcels:		
Residential	\$ 62.02	\$ 1.46
Non-Residential	\$ 62.02	\$ 1.46
Unimproved Parcels:		
Vacant/Agriculture	\$ 62.02	\$ -
Maximum Rates		
Improved Parcels:		
Residential	\$ 140.28	\$ 3.31
Non-Residential	\$ 140.28	\$ 3.31
Unimproved Parcels:		
Vacant/Agriculture	\$ 140.28	\$ -

\*EBU is the Tier 2 Equivalent Benefit Unit, representing \$5,000 of structure value.

## SECTION 5. LEGAL OPINION SUMMARY

Mr. Terry Lewis, of the law firm of Lewis, Longman & Walker, served as special legal counsel to Burton & Associates in the development of the recommended Fire/Rescue Assessment methodology and rates. Throughout the project we have consulted with Mr. Lewis regarding the assessment methodology used in this Study to ensure that it meets all legal requirements for a non-ad valorem assessment program. Mr. Lewis' responsibility was to counsel with our consulting team during the development of the proposed methodology and to review the final methodology that is proposed herein to protect the City's interest by ensuring that the recommended assessment methodology is in compliance with all legal requirements for non-ad valorem assessments as contained in State statutes and case law.

Mr. Lewis' detailed legal opinion is presented in the Appendix. It is recommended that Mr. Lewis' detailed legal opinion be reviewed; however, he has provided the following summary statement for inclusion in this report:

*"Based upon my discussions with the Burton & Associates consulting team regarding the proposed assessment methodology, and my review of this report, my opinion is that the proposed assessment methodology is in compliance with applicable State statutes and case law defining a legal non-ad valorem assessment." Terry Lewis, Lewis, Longman & Walker*

The entirety of Mr. Lewis' legal opinion is presented in the Appendix.

## **SECTION 6. ASSESSMENT ROLL**

This section presents the Preliminary Fire/Rescue Assessment Roll.

### **6.1 PRELIMINARY FIRE/RESCUE ASSESSMENT ROLL**

We developed a Preliminary Fire/Rescue Assessment Roll (Roll) of all parcels within the City that will receive a Fire/Rescue Assessment. This Roll includes specific information for each parcel, including the recommended FY 2014 Fire/Rescue Assessment. The Roll is being delivered to the City electronically.



## **SECTION 7. APPENDIX – LEGAL OPINION**

Mr. Terry Lewis, of the law firm of Lewis, Longman & Walker, served as special legal counsel to Burton & Associates in the development of the recommended Fire/Rescue Assessment methodology and rates. Mr. Lewis has provided a detailed legal opinion which is presented on the following pages of this Appendix.



*Reply To: West Palm Beach*

June 5, 2013

Mayor John Sullivan and Members of the City Council  
City of Cape Coral  
P.O. Box 150027  
Cape Coral, FL 33915-0027

**RE: City of Cape Coral Fire Protection Service Assessment Opinion**

Dear Mayor Sullivan:

The Firm of Lewis, Longman & Walker, P.A. has consulted with Burton & Associates in the development of a proposed non-ad valorem assessment (the fire protection assessment) which, if adopted, will fund sixty-three (63%) percent of the City of Cape Coral's (the "City") costs of providing fire protection services throughout the City for fiscal year 2013-2014 with adjustments for subsequent years. We have been asked to provide an opinion as to whether the assessment recommended by Burton & Associates may be legally imposed and collected by the City.

In order to provide the requested opinion, we have undertaken the following preliminary tasks:

1. Consultation with Burton & Associates' assessment specialists and City staff in the development of an assessment methodology and program.
2. Review of the proposed Fire Assessment Study developed by Burton & Associates.
3. Legal research and review of applicable Florida Statutes and case law relating to the imposition and collection of non-ad valorem assessments.

Our opinion is based upon the following legal analysis:

A. General Background.

Non-ad valorem assessments are distinguishable from taxes (though both are mandatory) in that a legally valid assessment:

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***See Things Differently***

BRADENTON  
101 Riverfront Boulevard  
Suite 620  
Bradenton, Florida 34205

p | 941-708-4040 • f | 941-708-4024  
00210670-1

JACKSONVILLE  
245 Riverside Avenue  
Suite 150  
Jacksonville, Florida 32202

p | 904-353-6410 • f | 904-353-7619

TALLAHASSEE  
315 South Calhoun Street  
Suite 830  
Tallahassee, Florida 32301

p | 850-222-5702 • f | 850-224-9242

WEST PALM BEACH  
S15 North Flagler Drive  
Suite 1500  
West Palm Beach, Florida 33401

p | 561-640-0820 • f | 561-640-8202

[M]ust confer a specific benefit on the land burdened by the assessment;  
and

It is imposed upon the theory that that portion of the community which is required to bear it, receives some special or peculiar benefit in the enhancement of value of the property against which it is imposed as a result of the improvement made with the proceeds of the special assessment.

City of Boca Raton v. State, 595 So. 2d 25, 29 (Fla. 1992); Collier County v. State, 733 So. 2d 1012, 1016, 1017 (Fla. 1999).

It is well settled that counties and cities are generally authorized to impose and collect special assessments by ordinance as a result of their constitutional grant of home rule power. Id. at 30. Art. VIII §1, Fla. Const.; §125.01(1), Fl. Stat.

Since at least 1969, fire protection service non-ad valorem assessments levied by local governments have been regarded as valid non-ad valorem assessments by the Florida Supreme Court. Fire District No. 1 of Polk County v. Jenkins, 221 So. 2d 740 (Fla. 1969); South Trail Fire Control District, Sarasota County v. State, 273 So. 2d 380 (Fla. 1973). As recently as 1997 and 2002, the Supreme Court has validated fire rescue services financed by non-ad valorem assessments for the entire unincorporated area of Lake County and the cities of Minneola, Lady Lake and North Lauderdale. Lake County v. Water Oak Management Corporation, 695 So. 2d 667, 668 (Fla. 1997). City of North Lauderdale v. SMM Properties, Inc., 825 So. 2d 343 (Fla. 2002). See also Desiderio Corporation v. City of Delray Beach, 39 So. 3d 487 (Fla. 4<sup>th</sup> DCA)

In order for such non-ad valorem assessments to be legally valid, they must pass a two-prong test. First, the assessment must provide a special benefit to the assessed property. Second, the assessment for services must be properly apportioned. Lake County at 669. The determination as to special benefit and proper apportionment are questions of fact for a legislative body (in this case the City Council), not the judiciary. The Supreme Court has stated that:

[t]he legislative determination as to the existence of special benefits and as to the apportionment of the cost of these benefits should be upheld unless the determination is arbitrary.

Sarasota County v. Sarasota Church of Christ, Inc., 667 So. 2d 180, 184 (Fla. 1995).

B. Special Benefit.

The Supreme Court has opined that the test of special benefit is:

[w]hether there is a logical relationship between the services provided and the benefit to real property.

(Cities omitted). Lake County v. Water Oak Management Corporation at 669.

In Lake County the court concluded that while fire protection services were generally available to the community at large, the most substantial benefit from these services were to owners of real property. Id. at 669. This finding is consistent with the earlier determination in South Trail Fire Control District, Sarasota County v. State. (The Supreme Court determined that fire protection benefited all property).

Based upon the foregoing, the City may determine that there is a logical relationship between the provision of fire protection services and benefit to real property. The legislative determination of such a relationship based upon the facts presented to the Council satisfies the special benefit requirement imposed by the Supreme Court for the levy of a valid non-ad valorem assessment. The analysis that has been presented to the Council by Burton & Associates demonstrates that there is a logical relationship and that substantially all real property within the City receives special benefits from the provision of fire protection services in the form of service availability of around-the-clock fire protection for all City property. These benefits include reduced insurance premiums, enhanced public health and safety, increased value of business property and better protection to tenants which should reflect in higher rental charges for property. Lake County at 669.

C. Proper Apportionment.

A valid non-ad valorem assessment which provides a special benefit in the form of a service or capital improvement to benefited properties must also be:

[f]airly and reasonably apportioned upon the properties that receive the .... benefit.

City of Boca Raton v. State, 595 So. 2d at 29. Per Sarasota County, the determination of reasonableness of apportionment is a legislative determination left to the City Council and should be upheld unless the determination is arbitrary. Sarasota County at 184.

The Burton & Associates report proposes an allocation of assessments among benefited property in two tiers. Tier one proposes a uniform per parcel assessment for response readiness benefits. That is each parcel within the City will be charged an equal amount representing an allocable share of costs of equipment and manpower necessary to provide available city-wide, high quality fire protection service seven (7) days a week, twenty-four (24) hours a day.

Tier two assessments are apportioned based on the relative percentage value of improvements on each improved parcel as compared with the total value of all improvements on all improved parcels in the City (vacant, unimproved parcels are not assessed in tier two).

Similar apportionment methodologies have previously been approved in bond validation proceedings in the Hernando County Circuit Court. City of Brooksville v. State of Florida, Case No. CA-12-2037 (Fla. 5<sup>th</sup> Cir. Ct. July 30, 2012). See also City of Boca Raton v. State.

D. Assessment Collection Procedures.

The City intends to utilize Section 197.3632, Florida Statutes, to impose and collect the referenced non-ad valorem assessments beginning in fiscal year 2013/2014. The referenced statute requires individual first-class mail notice to all property owners upon whom the non-ad valorem assessment is to be imposed and adoption of the assessment roll at a public hearing if:

1. The non-ad valorem assessment is levied for the first time;
2. The non-ad valorem assessment is increased beyond the maximum rate authorized by law or judicial decree at the time of initial imposition;
3. The local government's boundaries have changed, unless all newly affected property owners have provided written consent for such assessment to the local governing board; or
4. There is a change in the purpose for such assessment or in the use of the revenue generated by such assessment. § 197.3632(4)(a), Fla. Stat.

In a case rendered by the 4<sup>th</sup> District Court of Appeal, Atlantic Gulf Communities Corporation v. City of Port St. Lucie, 34 So. 2d 1208 (Fla. 4<sup>th</sup> DCA, 1999), the court determined that unless the notice to benefited property owners references the fact that the assessments will continue for multiple years and conceivably increase, any subsequent assessment or increase in assessment must honor the entire notice and public hearing process in Section 197.3632, Florida Statutes. In Atlantic Gulf, the City clearly failed to provide such notice and attempted to collect stormwater assessments for multiple years and raise the assessments from time to time. Atlantic Gulf Communities Corporation v. City of Port St. Lucie, 734 So. 2d 1208 (Fla. 4<sup>th</sup> DCA 1999), rev. denied, 744 So.2d 453 (Fla. 1999).

In the matter of the proposed City assessment, the notices to individual property owners and the Burton & Associates' analysis will disclose the fact that the assessment is to continue indefinitely. Hence, the proposed notice of assessments to all landowners will fully comply with the requirements of the referenced case and Section 197.3632(4), Florida Statutes, for a valid multi-year assessment. Further, Section 197.3632(6), Florida Statutes, states:

- (6) If the non-ad valorem assessment is to be collected for a period of more than one year or is to be amortized over a number of years, the local governing board shall so specify and shall not be required to annually adopt the non-ad valorem assessment roll and shall not be required to provide individual notices to each taxpayer unless the provisions of subsection (4) apply.

Therefore, pursuant to the referenced statute, the notice and hearings specified by Section 197.3634(4)(b), Florida Statutes, will not be required in subsequent years so long as the assessment methodology or assessment rates are not modified.

E. Conclusions and Opinions

Based upon the foregoing the Firm is of the opinion that:

1. The City is authorized, pursuant to its local home rule power and referenced case law to levy, impose and collect fire protection assessments to fund provision of fire protection services within the City.
2. The notice procedures employed by the City will provide all property owners with notice that the assessment will be collected for multiple years. Therefore, pursuant to Section 197.3632(6), Florida Statutes, the City may collect fire protection assessments for multiple years without the necessity of annually undertaking the individual notice and hearing procedures in Section 197.3632(4), Florida Statutes, unless the cap rate in its adopted ordinance or the methodology is modified in some manner.
3. The fire protection service to be provided by the City confers a special benefit upon all assessed real property within the City and the Burton & Associates methodology proposes a fair and reasonable apportionment of the assessment among benefited properties.

In reliance upon the documents reviewed, statutory interpretation and case analysis, the Firm's general conclusion and opinion is that the fire protection assessment to be imposed by the City is consistent with the special benefit and reasonable apportionment requirements for a valid non-ad valorem assessment. Lake County v. Water Oak Management Corporation, 695 So. 2d 667 (Fla. 1997) Sarasota County v. Sarasota County Church of Christ, 667 So. 2d 180 (Fla. 1995).

John Sullivan, Mayor  
June 5, 2013  
Page 6

Thank you for the opportunity to provide this opinion to the City.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Terry E. Lewis".

Terry E. Lewis

For the Firm of Lewis, Longman & Walker, P.A.

TEL/bas

c: John Szerlag, City Manager  
Delores D. Menendez, Esquire – City Attorney  
Mr. Michael E. Burton – Burton & Associates