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GOVERNMENT SERVICES GROUP, INC.
WASHDC@GMAIL.COM



Martin County Fire Assessment Methodology Study

July 10, 2018

Topics of Discussion

- Special Assessment Case Law Requirements
- Court-Approved Methodologies
- Data Components
- Apportionment Methodology
- Rate Scenarios
- Policy Direction
- Implementation Schedule

Case Law Requirements

Special benefit to property and fair and reasonable apportionment

- Fire service provides benefit to property, whereas EMS does not.
- Logically and factually driven method must be developed to spread the costs among the benefited properties.
- Does method of apportionment make sense in terms of what is being provided?
- Legislative determination receives judicial deference.

Historical Demand Methodology*

- Historical demand is the driving factor
- Most widely adopted
- Based on initial response; therefore, treats all calls equally
- One rate for single family residential structures regardless of size

*Methodology was upheld by the Fourth District Court of Appeals in *Desiderio Corporation, et al. vs. The City of Boynton Beach, Florida, et al.*, 39 So.3d 487 (Fla. 4th DCA 2010).

Data Components

Service Delivery

- Type of services provided
 - ALS with transport
 - Types of apparatus and fire flow available
- Benefit area
 - Unincorporated area, Village of Indiantown, and Town of Ocean Breeze

Fire Department Budget (FY 2018-19 through FY 2020-21)

- Status Quo
- Full Costs

Develop Cost Apportionment

- Call/incident data (2016)

Develop Parcel Apportionment/Preliminary Assessment Roll

- Ad Valorem Tax Roll Data
 - Building/Property Use
 - Dwelling Units
 - Square Footage

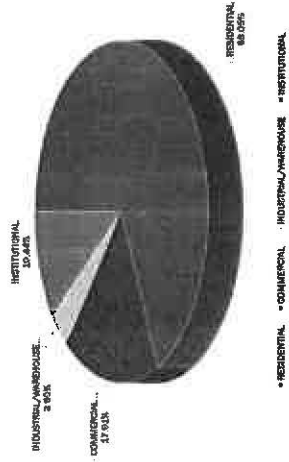
3-Year Pro Forma Summary Budget Status Quo

	FY 2025-26 Available	FY 2026-27 Available	FY 2027-28 Available	FY 2028-29 Available
Total Expenditures	\$42,794,000	\$39,793,000	\$37,454,798	\$32,897,292
Total Revenues	\$7,429,540	\$8,048,308	\$8,561,329	\$9,048,308
Total Net Expenditures	\$35,364,460	\$31,744,692	\$28,893,469	\$23,848,984
Collection Costs @ 2% (The Collector)	\$447,767	\$469,548	\$472,448	\$480,454
Collection Costs @ 2% (Property Appraiser)	\$221,822	\$228,780	\$233,889	\$237,407
Resolving Disputes @ 2% (4th Year Payment) (7% Non-collection)	\$1,154,197	\$1,181,599	\$1,218,438	\$1,264,806
Shoring/Underpinning	\$66,900	-	-	\$22,894
Digital Insurance	\$24,260	\$21,500	\$24,000	\$22,500
Per Capita Income Costs	\$58,800	-	-	\$28,870
Additional Expenditures	\$2,008,049	\$1,890,947	\$1,848,326	\$1,548,778
Available Expenditures	\$21,844,367	\$22,448,228	\$23,448,228	\$22,833,342

3-Year Pro Forma Summary Budget Full Costs

	FY 2018-19	FY 2019-20	FY 2020-21	3 Year Average
Full Pro Forma Summary Budget				
CP - Vehicle Equipment Replacement	\$1,794,000	\$2,376,000	\$2,657,200	\$2,275,733
CP - Insurance	\$1,798,000	\$2,381,300	\$2,657,200	\$2,278,833
CP - Maintenance	\$1,190,000	\$1,871,000	\$2,000,000	\$1,820,333
CP - Other	\$1,190,000	\$1,871,000	\$2,000,000	\$1,820,333
Total CP	\$5,972,000	\$8,509,300	\$9,314,400	\$7,938,633
Total Expenses	\$5,972,000	\$8,509,300	\$9,314,400	\$7,938,633
Total Revenue	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Total Net Expenses	\$4,572,000	\$7,109,300	\$7,914,400	\$6,538,633
Collection Costs @ 3% (on collection)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 5% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 10% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 15% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 20% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 25% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 30% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 35% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 40% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 45% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 50% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 55% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 60% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 65% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 70% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 75% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 80% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 85% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 90% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 95% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Collection Costs @ 100% (on Property Appraisal)	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
Total Collection Costs	\$15,075,000	\$15,075,000	\$15,075,000	\$15,075,000
Total Revenue	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Total Net Expenses	\$13,675,000	\$13,675,000	\$13,675,000	\$13,675,000

Cost Apportionment Based on Historical Demand for Fire Services



**Cost Apportionment
Status Quo**

Category	Number of Incidents	Percentage of Calls	Proportion of 3-Year Average Assessable Costs
Residential	984	68.05%	\$15,320,214
Commercial	259	17.91%	\$4,032,455
Industrial/Warehouse	52	3.60%	\$809,605
Institutional	151	10.44%	\$2,350,968
Total	1,446	100%	\$22,513,242

**Cost Apportionment
Full Costs**

Category	Number of Incidents	Percentage of Calls	Proportion of 3-Year Average Assessable Costs
Residential	964	68.05%	\$18,531,489
Commercial	259	17.81%	\$4,982,886
Industrial/Warehouse	52	3.60%	\$1,000,445
Institutional	151	10.44%	\$2,505,139
Total	1,448	100%	\$27,820,059

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Parcel Apportionment		
Category	Parcel Apportionment	Units
Residential	Dwelling Unit	62,905
Non-Residential		
Commercial		7,941,719
Industrial/Warehouse	Square Footage	10,235,737
Institutional		5,999,489

Preliminary Assessment Rates Status Quo (Fiscal Year 2018-19)

	2018 Status Quo	75th Percentile	90th Percentile	95th Percentile
Headwater	\$294.00	\$185.00	\$122.00	\$93.00
Non-Headwater				
Candidate	\$0.51	\$0.28	\$0.26	\$0.18
Incumbent/Residence	\$0.08	\$0.05	\$0.04	\$0.02
Individual	\$0.28	\$0.29	\$0.18	\$0.10
Estimated Base Revenue	\$27,813,943	\$16,881,801	\$11,398,891	\$8,108,130
Estimated Revenue (Repayment, Amortization, and Right-of-Way Fees)	\$1,892,874	\$1,512,579	\$982,853	\$518,548
Estimated Net Revenue	\$29,706,817	\$18,394,380	\$12,381,744	\$8,626,678

Preliminary Assessment Rates Full Costs (Fiscal Year 2018-19)

	2018 Rates	2018 Rates	2018 Rates
Residential	\$261.00	\$268.00	\$151.00
Non-Residential			
Commercial	\$4.03	\$0.49	\$0.32
Industrial/Wholesale	\$3.10	\$0.04	\$0.09
Industrial	\$0.47	\$0.35	\$0.24
Estimated Class Revenue	\$17,890,000	\$10,000,000	\$4,800,017
Estimated Class Revenue	\$2,450,000	\$1,000,000	\$400,000
Estimated Class Revenue	\$2,450,000	\$1,000,000	\$400,000
Estimated Class Revenue	\$2,450,000	\$1,000,000	\$400,000
Estimated Class Revenue	\$2,450,000	\$1,000,000	\$400,000

Rate Scenarios - Residential

Assumptions		25%	50%	75%	100%
Average Single Family Taxable Value	\$ 386,000.00				
Homestead Exemption	\$ 50,000.00				
Adjusted Taxable Value	\$ 336,000.00				
2.0% General Exc.	\$ 6,720.00				
PSD Incremental Fee MTU	\$ 2,441.2				
Average Single Family Fee MTU Tax Paid	\$ 9,161.20				
Funding Level					
Residential - Fire Assessment Rate	\$ 78.00	\$ 151.00	\$ 226.50	\$ 302.00	\$ 377.50
Estimated Net Revenue @ 68.05% of Total	\$ 4,363,673.80	\$ 8,615,624.72	\$ 12,890,100.81	\$ 17,261,886.50	\$ 21,633,672.50
New EMS MTU Total	\$ 37,693,251.10	\$ 53,977,340.28	\$ 80,962,764.34	\$ 107,948,150.50	\$ 134,933,526.50
EMS MTU Millage	1.370579406	2.69438645	4.06819989	5.44201333	6.81582678
EMS MTU Revenue	\$ 463.25	\$ 962.35	\$ 1,641.59	\$ 2,901.80	\$ 4,213.80
Total Taxable Household Payment	\$ 518.25	\$ 974.70	\$ 1,648.18	\$ 2,903.80	\$ 4,227.60
Net Difference Per Household	\$ 23.40	\$ 40.70	\$ 73.74	\$ 106.04	\$ 138.34

Rate Scenarios - Commercial

Assumptions		
Commercial Property Value	\$ 519,950.00	
Homestead Exemption	\$ -	
Assessed Taxable Value	\$ 519,950.00	
Secure Package		1987.00
1 mil percentage	\$ 15,503.986.00	
7119 Tentative Fire M&TU Millage		2.6412
7119 Tentative Fire M&TU	\$ 42,002.965.00	
Commercial Property Fire M&TU Tax Paid	\$ 1,373.11	
Funding Level		2396
Commercial - Fire Assessment Paid	\$ 317.92	
Estimated M&TU Revenue @ 17.51% of Total	\$ 1,137,678.91	
New EMS M&TU Total	\$ 37,695,291.10	
EMS M&TU Millage		2.370575405
EMS M&TU Revenue	\$ 1,132.51	
Total Property Payments	\$ 1,560.43	
Mis. Difference	\$ 377.22	

Rate Scenarios - Industrial/Warehouse

Assumptions	
Industrial/Warehouse Property Value	\$ 914,270.00
Homestead Exemption	\$ -
Assessed Taxable Value	\$ 914,270.00
Sq/ftage Footage	10850.00
1 mil generation	\$ 13,902,906.00
Py15 Tennessee Fire MSTU Millage	2.6412
Py15 Tennessee Fire MSTU	\$ 42,002,965.00
Industrial Property Fee MSTU Tax Paid	\$ 2,454.77
Pending Level	15%
Industrial - Fire Assurment Paid	\$ 325.50
Estimated Net Revenue @ 3.60% of Total	\$ 227,674.15
New EMS MSTU Total	\$ 37,692,281.10
EMS MSTU Millage	2.576572406
EMS MSTU Revenue	\$ 2,167.35
Total Property Payment	\$ 2,462.85
Net Difference	\$ 78.68

Policy Direction

- Notice to Proceed with Implementation
- Village of Indiantown and Town of Ocean Breeze
- Budget and Rates
 - Status Quo
 - Full Costs
- Exemption Policy
 - Government Parcels
 - Institutional Tax Exempt Parcels
- Hardship Program
- Other Issues

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Implementation Schedule

Event	Date
Workshop	July 10, 2018
Resolution to Proceed with Implementation	July 2018
County publishes notice of public hearing to adopt Service Assessment Ordinance	July 13, 2018
County adopts Service Assessment Ordinance	July 24, 2018
County adopts Initial Assessment Resolution	July 24, 2018
County publishes Notice of Public Hearing to Adopt Final Assessment Resolution	August 21, 2018
GSG holds First Class Notice to Property Owners	August 21, 2018
County adopts Final Assessment Resolution with final assessment rates	September 11, 2018
County completes not-to-be uniform assessment roll to Martin County Tax Collector	By September 14, 2018
Rolls first mailed	November 1, 2018



Special Assessment for Fire Services Frequently Asked Questions



Q. What is the purpose of the special assessment for fire services?

A. The special assessment for fire services would provide a dedicated, equitable and stable funding source to pay for fire protection and prevention services benefiting property in Martin County.

Q. Why is a special assessment needed?

A. A special assessment for fire services would alleviate the need for Martin County to increase property taxes to maintain present fire service levels.

Q. Why is the current source of funding for fire services considered unstable?

A. Fire services are currently funded by property taxes known as ad valorem taxes. There are a number of challenges associated with the use of ad valorem taxes including:

- Property values fluctuate over time, resulting in an unpredictable funding stream.
- Properties are taxed based on assessed value. This means the tax collected for one property may be different when compared to properties of a similar type.
- Florida Constitutional Amendments are passed from time to time which increase property tax exemptions. Each property tax exemption reduces the county's ad valorem tax revenue which funds fire services.
- If the proposed Florida Constitutional Amendment 1, the homestead exemption increase, passes in November, staff anticipates a decrease of \$2 million in ad valorem funding from the Fire Rescue MSTU (Municipal Service Taxing Unit). With an operating budget of \$2.45 million, this loss in revenue would have a substantial negative impact on the Fire Rescue MSTU operating budget.

Q. What benefits would a special assessment provide to property owners in Martin County?

A. The county would continue to provide the level of fire services property owners have come to expect. Maintaining the current high level of fire service helps the county retain its fire protection classification with the Insurance Services Office (ISO Class 3) which can impact property values and insurance rates. Higher levels of fire service can lead to higher property values and lower insurance rates, while lower levels of fire service can lead to lower property values and higher insurance rates.

Q. What are the advantages of a special assessment?

A. The advantages of a special assessment include:

- Funding to meet the community's fire service needs can be stabilized and more predictable.
- Property types with similar demands for fire services will pay similar amounts.
- Property owners of vacant land within the county will not be charged for fire protection since they have no structures requiring fire services.
- The Board of County Commissioners may consider reductions to property taxes to coincide with implementation of a special assessment, helping to offset the impact to property owners.

Q. What are the disadvantages of a special assessment?

A. A potential disadvantage is that owners of properties that are relatively low in value and pay low property taxes will see an overall increase in what they pay even with a reduction in property taxes.

Q. Do other Florida communities have a special assessment for fire services?

A. Yes, many other cities and counties in Florida have special assessments for fire services.

Q. How much will a special assessment for fire services potentially cost property owners?

A. The proposed assessment fee structure is listed below

Residential Property Use Categories	Full Costs
	Rate Per Dwelling Unit
Residential	\$151
Non-Residential Property Use Categories	Full Costs
	Rate Per Square Foot
Commercial	\$0.32
Industrial/Warehouse	\$0.05
Institutional	\$0.24

Q. Will churches and not-for-profit organizations be required to pay the special assessment?

A. These types of organizations fall under the Institutional property use category and the Board of County Commissioners has tentatively approved to exempt this group.

Q. Is the potential special assessment covered by homestead exemption?

A. No, this is a proposed assessment for service and is not based on property value.

Q. How would this potential assessment affect my property value?

A. Assessments for fire protection provide a special benefit to real property by potentially lowering insurance premiums and enhancing property value. Currently, homes serviced by Martin County Fire Rescue within 5 miles of a fire station have a fire protection classification rating with the Insurance Services Office (ISO Class 3). The accessibility and quality of fire services plays an important role in determining insurance rates.

Q. What do I do if I cannot afford to pay the special assessment for fire services?

A. The county has created an economic hardship program to assist homesteaded residential property owners who meet the requirements of the hardship assistance application.

Q. How can I learn more or voice my opinion about the special assessment for fire services?

A. For more information on the special assessment for fire services visit www.martin.fl/fireassessment. You may also attend a town hall meeting to hear an informational presentation and have an opportunity to ask questions.

Dates and times for the town hall meetings on the special fire assessment:

Thursday, August 2, 6:00 p.m.

Hoke Library-Community Room
1150 NW Jack Williams Way, Jensen Beach

Wednesday, August 8, 6:00 p.m.

Robert Morgade Library-Anderson Community Room
5851 SE Community Drive, Stuart (Port Salerno area)

Wednesday, August 15, 10:00 a.m.

Blake Library-John F. and Rita M. Armstrong Wing
2351 SE Monterey Road, Stuart

Thursday, August 23, 6:00 p.m.

Peter & Julie Cummings Library-Donahue Community Room
2551 SW Matheson Avenue, Palm City

Wednesday, August 29, 6:00 p.m.

Hobe Sound Public Library-Community Room
10595 SE Federal Highway, Hobe Sound