City of Sanford, FL

Fire Protection Assessment Study

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RAFTELIS

Raftelis Team

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Agenda

- Background
  - Considerations of Special Assessments
  - Florida Law Regarding Special Assessments
- Fire Assessment Methodology
- Fire Assessment Calculation
  - Full Cost Recovery
  - Partial Cost Recovery

Background

Background

- The City of Sanford has retained Raftelis to design a Fire Protection Non-Ad Valorem Assessment program that would fund a portion or all of the City's Fire Department
- The City currently funds its Fire Department through the City's General Fund

What is a Non-Ad Valorem Fire Assessment?

- A fire assessment is a charge imposed against real property to pay for fire services provided by the local government
- Is a Fire Assessment a Tax? - No
  - Similarities:
    - Both generate revenue to pay for services and facilities
    - Both are mandatory and can be collected on the tax bill
  - Differences:
    - Assessments must provide a special benefit to property; taxes need not
    - Authorization for special assessments comes from the Home Rule powers of the local government; taxes are authorized by general law

Florida Law Regarding Special Assessments

- 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.
- Fire services provide a special benefit to property
- EMS services above “first responder” services do not provide a special benefit to property
  - First responder services include traditional fire protection services, and first response medical aid including stabilization, first aid and basic life support services which are considered one of the routine duties of a firefighter
  - Costs for EMS, Medical Transport and other advanced medical cannot be recovered by the assessment
- Required exemptions include governmental owned properties

Why Consider a Fire Assessment?

- An assessment is a cost-effective and financially stable means of funding fire services and facilities
  - Revenues do not fluctuate with changes in property values or other economic variances
- Revenue diversification
- Dedicated funding source for the Fire Department
  - Revenue raised by the Fire Assessment must be used for the Fire Department
- Can be designed to fund all or a specific portion of the Fire Department
- Accountability
- City Commission determines level of rates and cost recovery percentage each year

Adoption Requirements for Special Assessments

- The City has reached an agreement between the Property Appraiser and Tax Collector to use the uniform method of collection on property tax bills should the City adopt an assessment program for FY 2026

- Initial Adoption requires Two Public Hearings, to be completed by the end of the Fiscal Year or per Property Appraiser's deadline:

  - The first hearing establishes the intended rates and revenues to be adopted, as well as maximum rates

    - Maximum rates are adopted so that the City may adjust rates in future years up to the maximum without dual-hearings and First Class Mail notices

  - After the first hearing - typical local advertisement requirements PLUS First Class mailing of notices to all potentially assessed property owners stating the assessment rate(s) and the proposed assessments for the property. The First Class Mail notices must be sent 20-days prior to the second hearing

  - The second hearing formally adopts the rates and certifies the assessment roll

Fire Assessment Methodology

Availability Methodology

- The chosen methodology for this study is the Availability Method, which is a simple, Two-Tier rate structure for ALL residential and non-residential parcels:
  - Tier 1 – Flat Fee per parcel
  - Tier 2 – Variable Fee per parcel
- Administratively easier to maintain than the other commonly used methodology which is the Calls-for-Service methodology
  - Utilizes publicly available data from the County Property Appraiser
  - Assessments do not shift based on changes in call demand
  - Does not distinguish between property classifications
- Availability of fire service based upon cost apportionment with Two Tiers of benefit

Availability Methodology

- **Tier 1 Benefit –** Response Readiness Availability
  - All properties, whether vacant or developed are charged the Tier 1 rate (single fee per parcel)
  - 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.
  - Benefits 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,
    - Enhanced marketability of and/or ability to develop property. Therefore, it is appropriate to apportion the costs in this cost pool equally per parcel.

Availability Methodology

- **Tier 2 Benefit –** Protection from loss of structure
  - Only Improved properties are charged the Tier 2 rate
    - Improved properties are all non-vacant properties with developed structures
  - Charge per every $5,000 of structure value (not assessed value) as determined by the Property Appraiser ($5,000 of structure Value equals an Equivalent Benefit Unit, or EBU)
  - Improved properties receive the following benefits in addition to the Tier 1 benefits:
    - 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
      - Protection from loss provided by the availability of fire suppression service provided by the City

Fire Assessment Calculation

FY 2026 Fire Assessment Calculation

- Allocated costs based upon preliminary projection of FY 2026 Fire Department Costs
- Includes all department needs for projected personnel and capital requirements

Net Revenue Requirement (NRR) Calculation	FY 2026
Operating Expenses	$ 15,647,601
Debt Service	$ 473,097
Cash Funded Capital	$ 4,607,086
Less: Non Assessment Revenues	$ (264,501)
Net Cost of Service	$ 20,463,283
Plus: Statutory Discounts (4%)	$ 818,531
Plus: Non-Collection Contingency (1%)	$ 204,633
Plus: Property Appraiser's Fee (2%)	$ 409,266
Plus: Tax Collector's Fee (2%)	$ 409,266
Plus: First Class Mailing Expense	$ 20,833
Net Revenue Requirement	**$ 22,325,811**

FY 2026 Fire Assessment Calculation – Full Cost Recovery

Assessment Rate Class	% Allocation of Costs	FY 2026 Net Revenue Requirement (NRR) $ Allocation	Allocated Units	Unit Type	FY 2026 100% Cost Recovery Assessment
Tier 1 - Response Readiness	30.3%	$ 6,774,857	21,596	per Parcel	**$ 313.71**
Tier 2 - Structure Loss Protection	69.7%	$ 15,550,955	1,231,911	per Structure Value EBU	**$ 12.62**
Total	**100.0%**	**$ 22,325,811**			

- Rates are calculated by dividing the allocated cost in each tier by the allocated units
  - Tier 1 Units are the number of assessable parcels of real-property within the City (excludes parcels that do not benefit from fire protection, such as river beds, lake bottoms, etc.)
  - Tier 2 Units are structure value Equivalent Benefit Units within the City
    - 1 EBU = $5,000 of structure value

- Note: Allocation of costs between tiers (the second column above) is based on the proportional relationship of land and structure value of all assessable parcels within the City

Example of Applied Assessment Rates

- Average structure value of a single-family home within the City - $193,000

Total Structure Value:	$	193,000
Rounded Structure Value:	$	190,000
Structure Value EBUs (Rounded Value/$5,000):		38
Tier 1 Rate per Parcel:	$	313.71
Tier 2 Rate per Structure Value EBU:	$	12.62
Tier 1 Bill:	$	313.71
Tier 2 Bill (Rate x Structure Value EBUs):	$	479.56
Total Annual Assessment:	$	793.27

Note: Structure value is rounded down to the nearest $5,000 (Second line above)

Example of Applied Assessment Rates

Parcel Type	Structure Value	Tier 1 Units	Tier 2 Units	Tier 1 Rate/Bill	Tier 2 Rate	Tier 2 Bill	Calculated Annual Assessment	Effective Monthly Assessment
Single Family Home - Low Value	$ 75,000	1	15	$ 313.71	$ 12.62	$ 189.30	$ 503.01	$ 41.92
Single Family Home - Average Value	**$ 190,000**	**1**	**38**	**$ 313.71**	**$ 12.62**	**$ 479.56**	**$ 793.27**	**$ 66.11**
Single Family Home - High Value	$ 400,000	1	80	$ 313.71	$ 12.62	$ 1,009.60	$ 1,323.31	$ 110.28
Small Apartment Complex	$ 1,200,000	1	240	$ 313.71	$ 12.62	$ 3,028.80	$ 3,342.51	$ 278.54
Large Apartment Complex	$ 48,000,000	1	9,600	$ 313.71	$ 12.62	$ 121,152.00	$ 121,465.71	$ 10,122.14
Retail Store	$ 300,000	1	60	$ 313.71	$ 12.62	$ 757.20	$ 1,070.91	$ 89.24
Restaurant	$ 465,000	1	93	$ 313.71	$ 12.62	$ 1,173.66	$ 1,487.37	$ 123.95
Department Store	$ 4,500,000	1	900	$ 313.71	$ 12.62	$ 11,358.00	$ 11,671.71	$ 972.64
Light Mfg	$ 1,500,000	1	300	$ 313.71	$ 12.62	$ 3,786.00	$ 4,099.71	$ 341.64
Auto Sales	$ 3,000,000	1	600	$ 313.71	$ 12.62	$ 7,572.00	$ 7,885.71	$ 657.14
Vacant Lot	$ -	1	0	$ 313.71	$ 12.62	$ -	$ 313.71	$ 26.14

FY 2026 Fire Assessment Calculation – Partial Cost Recovery

- Assessment calculations shown thus far are for full cost recovery
- The City may consider a partial cost recovery at any rate below the full cost calculation. Considerations may include:
  - Identifying a specific revenue target for funding a specific portion of the Fire Department, or
  - Identifying a maximum acceptable rate applied to homes or properties for future years
- Note: If a partial cost recovery rate is adopted the fire costs not recovered by the assessment must be funded from the general fund or other sources

FY 2026 Fire Assessment Calculation – Partial Cost Recovery

A	B	C	D	E	F	G	H
% Cost Recovery	Allocated Assessment Costs	Tier 1 Rate per Parcel	Tier 2 Rate per Structure Value EBU	Tier 2 EBUs for Avg Single Family Home ($190,000 Value)	Tier 2 Bill for Avg Single Family Home (Columns D x E)	Total Annual Avg Single Family Home Assessment (Columns C + F)	FY 2026 Net Estimated Collected Revenue
100%	$ 22,325,811	$313.71	$12.62	38	$479.56	**$793.27**	**$ 19,800,423**
95%	$ 21,209,521	$298.02	$11.99	38	$455.62	**$753.64**	**$ 18,810,402**
90%	$ 20,093,230	$282.34	$11.36	38	$431.68	**$714.02**	**$ 17,820,380**
85%	$ 18,976,940	$266.65	$10.73	38	$407.74	**$674.39**	**$ 16,830,359**
80%	$ 17,860,649	$250.97	$10.10	38	$383.80	**$634.77**	**$ 15,840,338**
75%	$ 16,744,358	$235.28	$9.47	38	$359.86	**$595.14**	**$ 14,850,317**
70%	$ 15,628,068	$219.60	$8.84	38	$335.92	**$555.52**	**$ 13,860,296**
65%	$ 14,511,777	$203.91	$8.21	38	$311.98	**$515.89**	**$ 12,870,275**
60%	$ 13,395,487	$188.23	$7.57	38	$287.66	**$475.89**	**$ 11,880,254**
55%	$ 12,279,196	$172.54	$6.94	38	$263.72	**$436.26**	**$ 10,890,233**
50%	$ 11,162,906	$156.85	$6.31	38	$239.78	**$396.63**	**$ 9,900,211**
45%	$ 10,046,615	$141.17	$5.68	38	$215.84	**$357.01**	**$ 8,910,190**
40%	$ 8,930,325	$125.48	$5.05	38	$191.90	**$317.38**	**$ 7,920,169**
35%	$ 7,814,034	$109.80	$4.42	38	$167.96	**$277.76**	**$ 6,930,148**
30%	$ 6,697,743	$94.11	$3.79	38	$144.02	**$238.13**	**$ 5,940,127**
25%	$ 5,581,453	$78.43	$3.16	38	$120.08	**$198.51**	**$ 4,950,106**
20%	$ 4,465,162	$62.74	$2.52	38	$95.76	**$158.50**	**$ 3,960,085**
15%	$ 3,348,872	$47.06	$1.89	38	$71.82	**$118.88**	**$ 2,970,063**
10%	$ 2,232,581	$31.37	$1.26	38	$47.88	**$79.25**	**$ 1,980,042**
5%	$ 1,116,291	$15.69	$0.63	38	$23.94	**$39.63**	**$ 990,021**

FY 2026 Fire Assessment Calculation – Partial Cost Recovery

- Example 1 – Rates designed to recover approximately $2,000,000 per year

% Cost Recovery	Allocated Assessment Costs	Tier 1 Rate per Parcel	Tier 2 Rate per Structure Value EBU	Tier 2 EBUs for Avg Single Family Home ($190,000 Value)	Tier 2 Bill for Avg Single Family Home (Columns D x E)	Total Annual Avg Single Family Home Assessment (Columns C + F)	FY 2026 Net Estimated Collected Revenue
10%	$ 2,232,581	$31.37	$1.26	38	$47.88	**$79.25**	**$ 1,980,042**

- Note: Collected Revenue is the allocated assessment costs less required exemptions (i.e. governmental properties)

FY 2026 Fire Assessment Calculation – Partial Cost Recovery

- Example 2 – Rates designed to not exceed $200 per year for average single-family home. Generates approximately $5,000,000 per year in revenues

% Cost Recovery	Allocated Assessment Costs	Tier 1 Rate per Parcel	Tier 2 Rate per Structure Value EBU	Tier 2 EBUs for Avg Single Family Home ($190,000 Value)	Tier 2 Bill for Avg Single Family Home (Columns D x E)	Total Annual Avg Single Family Home Assessment (Columns C + F)	FY 2026 Net Estimated Collected Revenue
25%	$ 5,581,453	$78.43	$3.16	38	$120.08	**$198.51**	**$ 4,950,106**

- Note: Collected Revenue is the allocated assessment costs less required exemptions (i.e. governmental properties)

Q&A

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Thank you!

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End of Presentation