

RESOLUTION NO. 18 - 19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PANAMA CITY BEACH, FLORIDA, ACCEPTING THE EXECUTIVE SUMMARY PERTAINING TO THE APPORTIONMENT OF SPECIAL ASSESSMENTS TO FUND FIRE PROTECTION SERVICES AND FACILITIES; AUTHORIZING INITIATION OF THE PROCESS NECESSARY FOR CITY COUNCIL CONSIDERATION OF THE IMPOSITION AND COLLECTION OF SPECIAL ASSESSMENTS TO FUND FIRE PROTECTION SERVICES AND FACILITIES; AND, PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PANAMA CITY BEACH, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 166, Florida Statutes, the Municipal Charter of the City (the "Charter"), sections 166.021 and 166.041, Florida Statutes and other applicable provisions of law (collectively, the "Act").

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared that:

(A) Under an approved Work Order, and direction by the City Council, the City Council, as of September 1, 2017, engaged Mark G. Lawson, P.A., and authorized the use of GAI Consultants, Inc. (in particular, Dr. Owen M. Beitsch), and Ennead, LLC (collectively, the "Assessment Professionals") to review budget information from the City and cause to be prepared and reviewed an Executive Summary describing an apportionment approach sometimes referred to as 'Simplified Fire' pertaining to special assessments for fire protection services and facilities provided by the City, and such Executive Summary has been presented to, and received and considered by, the City Council at a regularly scheduled meeting.

(B) City Council desires to initiate the process necessary for consideration of the imposition and collection of such assessments, apportioned substantially in accordance with the method set forth in the Executive Summary, in order to provide assessment revenue to fund a portion of the City's fire department budget commencing with Fiscal Year 2018-19.

SECTION 3. DIRECTION.

(A) The Mayor, City Manager or his functional administrative equivalent or designee, City Attorney, Fire Chief and other necessary City officials and employees along with the Assessment Professionals are directed and authorized to undertake the actions contemplated by the Work Order to initiate and fully and promptly notice tax parcel specific information on the City's website and the public hearing process necessary for City Council consideration of a special assessment to fund a significant portion of the fire protection services related budget in Fiscal Year 2018-19 using the 2017-18 budget for purposes of notice and

planning. Such public hearing shall be held if at all possible at the City Council's regularly scheduled meeting on January 11, 2018, or shortly thereafter.


(B) The City Manager, City staff, and City Attorney are hereby authorized to assist in such undertaking and to provide such information and assistance as may be necessary in order for the City Council to promptly consider and determine to fund, implement and collect at a later date, if the City Council so determines, a net amount of approximately \$ 3,680,409 through the imposition of such assessments generally apportioned in the manner set forth in the Executive Summary at a rate of \$ 78 per tax parcel (Tier 2) with the remaining additional amount funded by a rate based upon a relative improvement value (Tier 1), as shown in Example 2 of Appendix B to the Executive Summary, together with an amount of \$5 per tax parcel to defray associated development, advertising, implementation and administrative costs.

(C) As implementation proceeds, the City Manager, and City staff, are directed and authorized to prepare and present to the City Council necessary budget amendments to accomplish the use of such revenues, as necessary from time to time.

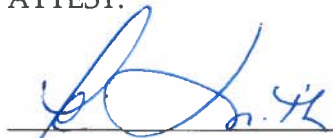
SECTION 4. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED THIS 9th day of November 2017.

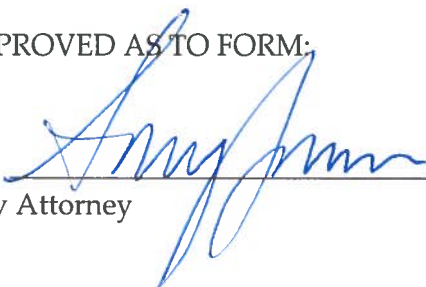
CITY OF PANAMA CITY BEACH, FLORIDA

By: 
Mike Thomas, Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:

By: 
City Attorney

November 2, 2017

Honorable Mayor Mike Thomas and
City Council, City of Panama City Beach, Florida
110 South Arnold Road
Panama City Beach, Florida 32413

CC: Mario Gisbert, City Manager; Amy Myers, City Attorney; Mark G.
Lawson P.A., Special Counsel; Ennead LLC, Special Consultant

**Executive Summary Report
Overview of Simplified Fire Protection Assessment Apportionment Strategy
City of Panama City Beach, Florida**

Dear Honorable Mayor Thomas and City Council Members:

This is a written executive summary report, which among other things, summarized a budget analysis, describes a simplified apportionment method and provides funding (amount) scenarios for decision-making purposes. This information then necessarily will allow for the resultant determination of the proposed assessment for any specific tax parcel, whether developed or undeveloped, in the entire community.

INTRODUCTION AND PURPOSE

The City of Panama City Beach, Florida (City) in Bay County has expressed an interest in exploring and better understanding a reasoned special assessment methodology to fund a portion of the annual operating and capital costs associated with the Panama City Beach Fire Department (PCBFD). Special assessments are levies made against certain real property to recover all or part of the cost of a specific service or capital improvement deemed to benefit those real properties which may be collected either through the City's direct billing of affected property owners or by inclusion on the annual property tax bill, a procedure known as the uniform collection method.

The City directed and has approved GAI Consultants (GAI) to describe and analyze those special benefits associated with the provision of fire protection services and facilities to each of the various tax parcels of property in the City using the simplified approach described herein.¹ Our work represents a reasoned alternative

¹ The use of the maintained database of tax parcels employed by the local property appraiser and tax collector is a relatively accurate, fair and efficient means to annually allocate or distribute costs. For apportioning benefits and allocating costs to property as discussed herein, the use of tax parcels is reasonable, fair, effective, and efficient for all tax parcels, including statutorily defined parcels such as individual condominium or cooperative units.

and equity tool for allocating and sharing all or some portion of benefits, burdens, and the budgeted annual costs associated with the availability of PCBFD's essential services and facilities. This analysis is unique to the PCBFD and its budget data.

This memorandum is provided for initial planning and decision-making purposes though it forms the foundation for implementation should the City determine to proceed with imposition of this alternative methodology. Included is a summary of the Florida law governing special assessments, a description of the special benefits conveyed by the budgeted availability of fire protection services and facilities and a reasoned apportionment methodology reflecting two distinct tiers or classes of assessment allocations:

- Tier 1 – a sharing of benefits, burdens and costs for fire protection services and facilities based upon the *relative value of improvements* for each tax parcel in the City as compared to the value of improvements for all tax parcels in the City.
- Tier 2 – a sharing of benefits, burdens, and costs for fire protection services and facilities on a *per tax parcel* apportionment.

Both are premised upon maintaining a continual state of preparedness and *readiness to serve* whether or not a request for actual assistance is ever received.² These two distinct tiers are used to digest the PCBFD's estimated budget after a reduction for potential advanced life support costs (ALS) to avoid any misunderstanding that emergency medical services are being funded improperly with the resulting special assessments.³

Three funding examples are included to illustrate application of, and the flexibility offered by, the two-tiered apportionment methodology.⁴

SPECIAL ASSESSMENTS IN GENERAL, FLORIDA LAW

Special assessments are a dedicated revenue source available to general purpose local governments to fund capital improvements or essential services. While discussion of the law governing special assessments included herein should not be construed as a legal opinion, there are legal guidelines to draw upon in laying out an assessment methodology which conforms to accepted principles and practices necessary to achieve legal validity. As established by Florida case law, two requirements exist for the imposition of a valid special assessment.

- The property assessed must derive a *special benefit* from the improvement or service provided; and

² Although either of these two tiers might be used by itself to address a significant portion of the budget for special assessment apportionment purposes, the two together provide a simplified equity tool for the City to share assessable benefits, burdens and costs among assessable tax parcels in the City. The combination of these two tiers itself demonstrates equity.

³ See ADDRESSING THE COST OF EMS on page 13 of this report.

⁴ See Appendix B.

- The assessment must be *fairly and reasonably apportioned* among the properties receiving the special benefit.

Under both Florida's case law and certain statutory components, it is well settled that the benefit required for a valid special assessment may be measured or benchmarked against something other than simply an increase in real property market value. The concept of benefit also includes the relief of a burden or demand created by property as well as added use and enjoyment of the real property. The benefits then can be conceptual but they must be capable of being evaluated by some metric and being apportioned in some reasonable manner. It is not necessary that the benefits be direct or immediate, but they must be substantial, certain, and capable of being realized within a reasonable time.

The benefits must be distinguishable or different from those of non-assessed properties but they may coincidentally extend to non-assessed properties. Specifically, Florida's case law, as well as its statutory regime relating to special assessments, supports substantial latitude both in the means by which *benefit to or relief of burden created by* real property is identified and determined and the subsequent manner by which an assessment itself is *calculated* or *apportioned*. Though Florida law requires that special assessments which fund improvements or services must be fairly and reasonably apportioned, the State's Supreme Court has held the method of apportionment is immaterial and may vary provided the amount of the assessment for each property *does not exceed the proportional benefits it receives compared to other properties*.

BENEFIT TO PROPERTY DESCRIBED

Under Florida law, fire protection activities indisputably create special benefits for real property. For the purposes of this memorandum, the reference to benefits specifically includes the annually occurring obligation to underwrite and share the relief of a burden to continually stand in readiness created in the aggregate by the very existence of the various tax parcels in the City. In the aggregate and overall the benefits described equal or exceed the costs of readiness to serve and could be rationally apportioned using *either or both* of the methodology tiers described herein.

Although several of the benefits realized may overlap, it is useful for informational and analytical purposes to articulate them separately since they respond to or satisfy different expectations or needs and assume varying qualities. Through agreements with other jurisdictions or agencies, these benefits may be available beyond the assessment area, but they are coincidental and difficult to plan for in advance. For example, should an agreement exist between Panama City Beach and Bay County for the provision of mutual aid, properties not paying a specific assessment would receive obvious - but totally coincidental, unintended, and relatively immaterial - benefit. While a typical arrangement for mutual aid generates no compensation for services exchanged, it is possible that PCBFD or any similarly positioned department could be reimbursed for coverage beyond the assessment area.

The collective and relative benefits listed below are among those enjoyed by the various tax parcels in the incorporated area of Panama City Beach through the availability of fire protection services and facilities budgeted for continual readiness to serve. These benefits apply to improved and unimproved properties.

- **Assured Fire Protection On Call.** First and foremost, PCBFD has a department of approximately 32 personnel, including two dedicated fire inspectors, the Fire Chief, Deputy Chief and 28 firefighters. PCBFD firefighter's primary responsibilities are to continually stand in readiness to secure individual properties in this community from the threat of fire and to render fire suppression services if required. These firefighters are the dedicated *first responders* charged with continually being available to provide fire protection and associated basic medical aid.
- **Assured First Response Medical Aid On Call.** Among the responsibilities of the department and its staff is to stand in readiness to provide *first response* medical aid stemming from fire incidents or related emergency conditions to persons visiting, residing in, working in, occupying, or otherwise associated with the residential and non-residential properties in its service area. As with fire protection services that are always on call, the obvious special benefit to real property is assured life safety and health for residents, visitors, and employees of protected parcels, residences, businesses, and institutions within the City. All PCBFD firefighters are certified EMTs, and three firefighters are certified paramedics, who are available to stabilize victims until an ambulance arrives.
- **Maintenance of Minimum Insurance Rating(s).** The Insurance Service Office, Inc. (ISO) sets minimum standards for fire and emergency response teams. These standards can be a positive or favorable determinant in actual insurance rates imposed by Florida's insurers for various classes of properties. A basic complement of coverage from the PCBFD is necessary to assure that a minimum fire rating is achieved for actuarial purposes. There are distinct differences in insurance ratings for properties protected by trained full time personnel and those protected by voluntary staff with comparably less equipment and training. That such ratings and the cost of individual coverage for fire insurance vary by location and structural conditions is itself an indicator of the value to property implied in a well-staffed and easily deployed fire unit. As well, the greater or lesser available insurance ratings correspondingly and continuously benefit the attractiveness of unimproved properties for potential improvement or development.
- **Assured Coverage for Other Emergency Conditions.** As with most departments engaged in fire protection and associated life safety activities, the sworn fire personnel and their support team provide coverage to improved and unimproved real property, providing incidental services (often to individuals living, working and visiting thereon) associated with a wide range of emergency and potentially hazardous conditions, for

example, fire events, terrorist attacks, accident clearance, spilled contaminants, and control of noxious or incendiary materials.

- **Protection for the Uninsured.** Those tax parcels without mortgages and/or fire insurance are materially advantaged by supporting a fire assessment program which becomes, by default, an alternate means to shield equity in property. In this case, the benefits associated with continual readiness to deploy are easily evaluated by the value of the residential, commercial, or other improvements, features, or enhancements which are the measure of potential loss when a fire incident is experienced.
- **Enjoyment of Property and Protection of Value Therein.** The combination of available fire protection for tax parcels in the City - regardless of insurance ratings, enhanced life safety, personal security and financial advantage - yields materially greater enjoyment in real property. As the basic complement of fire protection is enhanced through the assessment, the *reduced potential* for fire losses or liabilities stemming from a wide variety of incidents occurring thereon become their own benefits to real property.

When calls are actually received and personnel deployed to a scene of an incident, the economic value of the department's ability to act becomes more apparent as losses are minimized or contained. The losses, or potential losses, or liability can be reasonably measured in terms of the value attributed to any improvements, enhancements, or features on the underlying real property and the parcel itself, but the cost of availability of fire protection services and facilities remains fairly static in the City's budget.

- **Protection for Improved and Unimproved Properties.** Clearly any improvements or enhancements on a tax parcel benefit from the readiness to provide fire protection, but unimproved properties also benefit. Unimproved tax parcels benefit from fire protection services and facilities when the PCBFD is ready to put out yard waste or brush fires, fires resulting from illegal dumping or arson or other similarly isolated instances, and, in addition, is ready to stop the spread of fires from unimproved to improved properties.
- **Relief of Burden.** The benefits, burdens and costs reasonably associated with an annual and recurring budget that underwrites a continual readiness to serve the various tax parcels in the City in the event of fire incidents can be addressed through a direct assessment vehicle. The burden of these costs is assigned to all tax parcels to which services in the event of a fire are continually available throughout each fiscal year, while other alternative funding sources are relieved of this financial encumbrance.

- **Economic Leverage.** The above benefits, viewed in the aggregate, provide a distinct economic advantage to the various improved residential and non-residential tax parcels, as well as unimproved tax parcels in the City. Additionally, properties protected by the availability of full time departments with trained personnel typically receive, or are more easily capable of receiving, more attractive insurance rates than those properties that are not so protected resulting in direct benefit to property. The availability of more attractive insurance rates positively impacts both already improved tax parcels as well as making unimproved tax parcels more attractive for development.

To be clear, the impact of insurance rates is just one of several overall benefits involved in the annual budgeting and provision of fire protection service with a lower numerical score or rating preferable to a higher one. Currently, the City maintains a level 2 out of 10 for fire protection based on the ISO's Public Protection Classification (PPC) rating.

Though at times difficult to quantify, the ISO's PPC rating for fire departments helps provide a way to determine benefit to property. ISO assesses risk based on a series of criteria grouped into categories of the fire alarm and communications system, the fire department including staff, and the water supply system. The rating standardizes levels of fire protection, with Public Protection Classification of 1 being the best and 10 being equivalent to the lowest rating. Many insurance companies consider the ISO rating of the local fire department when determining the premium for property insurance. Insurance rates are, in part, a function of the insurance carrier and the impact of the ISO's PPC rating, and can vary considerably. However, a two to three point shift in ISO rating can have a notable effect on the price of insurance.

The PCBFD, like virtually every fire department, provides fire protection benefits through its available capacity to respond. That is, PCBFD stands alert, ready to respond to the potential of a fire and associated basic life support in such an emergency event. The constant *potential* for the outbreak of a fire represents the predominant requirement for service.

The scale of this potential defines the basic underlying cost of the department's fire infrastructure. Even *prior* to an incident - without regard to what the nature of the incident or call may require - PCBFD's personnel and equipment remain in readiness or preparedness. From a policy and public purpose standpoint, this is the predominant activity of the PCBFD. The amount of resources made available each year, including committable personnel and necessary equipment, is a public administration and policy decision. To limit fire loss and to preserve property values, the City and its fire unit, in this state of readiness, must consider the committable personnel, necessary equipment, and the time likely required to extinguish a fire (*planning or preparing* for the potential incident or event) prior to allocating the direct resources enabling the fire to be extinguished as quickly as possible (*deploying to or intervening* in the incident or event itself). As suggested by the standards of ISO, there are minimal capabilities that must be maintained at all times.

Consequently, an apportionment stemming from a fire department's continual readiness to serve is premised largely on the fact that PCBFD must maintain and the City must underwrite its preparedness *whether or not* a fire-related distress call is ever received. Indeed, records of many departments affirm that a significant portion of the benefit derived or burden relieved occurs through readiness or preparedness and *not* deployment. PCBFD's preparedness costs are generally those *necessary to maintain the readiness of PCBFD's fire personnel to respond* to periodic calls, with the level of service being a policy or budget decision from year to year.

The constant *potential* for the outbreak of a fire represents the predominant requirement for service. Even *prior* to an incident – without regard to what the nature of the incident or call may require - PCBFD's personnel and equipment continually remain in readiness or preparedness to provide fire protection services and facilities to all property within the City.

OVERVIEW OF PROPOSED APPORTIONMENT METHOD

Local governments are afforded great latitude under Florida law with respect to legislative determinations concerning special benefit, and reasonable apportionment is well settled law. No single apportionment methodology has emerged as preferable in the governing case law for a given service or improvement. So long as the apportionment is reasonable and not arbitrary, the assessment is generally capable of withstanding legal challenge.

This should not be construed to mean local governments which consider the use of special assessments should adopt, without reasoned analysis, a particular apportionment methodology solely on the basis of its use elsewhere. Florida's local governments vary in their needs, composition, and policies. The well settled implication is local governments are free to select an apportionment methodology which provides competent and substantial means to share the benefits, burdens, and costs of the fire protection budget and represents the best fit in terms of cost and ease of implementation, not only with respect to affected landowners but also in consideration of the staff required and resources involved with maintenance of the assessment program from year to year.

The parcel identification and classification system required by law to be maintained by the local property appraiser and tax collector will always be sustained and updated over the years as properties within Panama City Beach develop and change. The use of such classification and appraisal system and description of tax parcels is publicly prepared, stable, readily accessible, reasonably consistent and accurate, maintained without cost to the City and capable of being used from year to year without extraordinary consumption of resources better expended to address other fire protection related issues. Accordingly, the assessment approach contemplated herein relies upon such system as a stable, reasonable and standardized resource.

The recommended approach does not rely upon attempted statistical analysis of demand-based fire call data maintained by the City or State Fire Marshal for other purposes or attempt to categorize demand among affected parcels. The *current* analysis instead emphasizes that fire protection service, first and foremost, stands ready to serve and protect real property, and is not actually mobilized to fight fires as frequently as the average citizen might think. As an alternative to demand-based approaches to fire assessment (which attempt to allocate costs among different property classifications), the simplified fire protection assessment approach focuses instead upon the relative value of the improvements⁵ protected and the costs associated with maintaining a *continual state of readiness to serve*.

This logistically appealing and simplified approach focuses upon an understandable and reasoned two-tiered approach involving the relative value of improvements protected and the annually budgeted core costs of continual readiness to serve – not the random and indiscriminate results of these unique and expensive public services and facilities.

APPORTIONMENT METHOD: RELATIVE VALUE OF IMPROVEMENTS (TIER 1)

The manner of apportioning a given assessment is immaterial and may vary from jurisdiction to jurisdiction, as long as the assessment for each tax parcel is not in excess of the proportional benefits *as compared to the assessments on other tax parcels*. Therefore fire protection assessments, like other service or capital assessments, may be apportioned in any number of different ways. Conceivably, the entire cost of fire protection services *could* be apportioned among benefited property *exclusively* on the basis of the value of improvements on each parcel relative to the total value of improvements throughout the jurisdiction and those measures could themselves be substantially varied or weighed.

The simplified fire protection assessment approach removes the severable underlying land from the calculus and focuses upon the built or improved environment targeted each year to be protected by fire services and facilities. Focusing on relative improvement value is a direct and logically related means to share costs, benefits and burdens of availability of fire protection services and facilities. It is also clear that improvement value may be utilized as one factor among several considered in a given formula or means since the resulting assessments form a logical base against which the special benefits, burdens, and costs may be multiplied or determined.

Apportionment on the basis of relative improvement value (as determined by the latest available real property assessment roll prepared by the county property appraiser) recognizes the relatively higher and proportionate benefit accruing to properties facing potentially greater financial loss in the event of fire incident. Besides the advantage of relying upon data prepared by the local constitutional property appraiser in the normal course of his or her responsibilities,

⁵ Such values are fundamental to appraisal systems used by the local property appraiser and are updated, or self-correcting, annually.

an approach based in whole or in part upon value is advantageous and defensible because it is systematic in its estimation of *just value* as the basis for purpose of estimating the value of improvements or enhancements, treats properties with proportionate fairness, has an internal system of controls or appeals, and is self-correcting. That is, value and/or circumstances for each particular parcel may change from year to year in accordance with market conditions and other factors, some very discrete to individual parcels. Where conditions or needs dictate, such variation will be adjusted automatically each subsequent year in accordance with the latest relative value determined by the property appraiser. If the improvements or enhancements on a given tax parcel were to increase or decrease in value with the passage of time relative to the improvement value city-wide, that tax parcel's percentage of the total amount assessed would also increase or decrease proportionately to the whole. Using the improvement valuations employed by the local property appraiser is a fair and reasoned method and proxy for distributing and sharing the multitude of benefits described herein:

There are several important considerations in this analysis of any affected improvements subject to Tier 1.

- Improvement value in the context of the Tier 1 assessment is in essence defined as the county property appraiser's officially recorded just market value *minus* any officially recorded land value. The resulting value is a proxy for a parcel's legal attributes or classification, physical characteristics, location, structural conditions and other special attributes or features of the structure or other enhancements, including crops or orchards for example.

In the case of condominiums or similar statutory regimes - where a land value can become a common element by law, is no longer easily severable from improvements and may be only nominally recognized by the property appraiser, may receive a minimal value, and/or simply not be recorded by the county property appraiser for valuation purposes at all - just value represents the measure for improvement value. This is reasonable because the common legal structure of condominium or cooperative ownership materially restricts the severability of a specific or individual unit 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 unit itself in the form of improvement value. This valuation treatment differs from the example of a typical house and lot in which the house might be severed or removed physically by the owner in an unfettered fashion from any associated land to be subsequently replaced with a materially larger and more valuable improvement that can be appraised separately should it be necessary.

- Tier 1 is reasonably confined to a *maximum* improvement value of \$10,000,000 per parcel. Like other community resources, those of the fire department are plausibly limited based on planning and expectations. Based on our findings and conversations with fire officials elsewhere, it would be rare that a department would staff for or anticipate an event of this magnitude. Consequently, the consideration of valuations beyond this amount would defray any related cost and risk only minimally.

In Panama City Beach, there are approximately 19,864 tax parcels in the City that have the potential to be affected by the assessment and only eleven have an improvement value greater than \$10,000,000. Indeed, because these high value tax parcels represent much less than 1% of the tax parcel count overall, the ability to staff, serve and respond in any one circumstance becomes challenged where such concentration exists on an individual tax parcel. Based upon the foregoing, we believe it rational and reasonable to set this amount as the ceiling for calculating each respective tax parcel's potential assessment following the methods described for the Tier 1 assessment.

IDENTIFYING AND APPORTIONING COSTS TO BE ASSESSED BASED UPON RELATIVE VALUE OF IMPROVEMENTS (TIER 1)

These are costs of the PCBFD, many of which are largely, but not exclusively, variable and often indeterminate. Many are a direct function of annual negotiated contracts for service or may be the result of changing demand or needs. Even when they can be anticipated in the course of budgetary planning, they may show up as a sudden rise in the budget. In this category then would be infrequent purchases of capital items, gasoline, health contracts, repair and other similar services needed periodically or on demand as well as infrequent overtime labor which together may drive costs on an occasional or so-called "lumpy" basis. By their very nature and their level of use capital goods depreciate, lose value, and may need periodic replacement, so they are properly included in this tier or class. Although for increased equity purposes we do not recommend it, this tier or class could, in theory, logically justify the entirety of the assessable budget based upon the relative value of the improvements on each tax parcel.

APPORTIONMENT METHOD: READINESS TO SERVE (TIER 2)

Apportionment based upon continual readiness to serve is based primarily upon this premise: a significant portion of the benefit derived or burden relieved by fire protection services stems from the fact that the fire department maintains its preparedness *whether or not* a fire-related distress call is ever received. PCBFD's preparedness costs are generally those *necessary to maintain the readiness of PCBFD's fire personnel to respond* to periodic calls.

Though there is minor variation from year to year, core costs associated with readiness to serve are largely recurring, almost fixed over the course of a budgetary

period, because they are strongly associated with wages, salaries, administration, and overhead which support the department's basic manpower infrastructure without regard to the nature of an event. That is, these core costs must be absorbed even when the department's firefighting capabilities remain exclusively in standby mode. In this context, these costs *are not* an accounting concept. Rather, they represent, or are associated with, a functional concept for purposes of classification. Their characterization as *fixed* serves only to distinguish basic and nominally changing costs correlated to the department's capacity to respond to a fire event or incident.

The PCBFD stands alert, ready to respond to the potential of a fire and associated basic life support in an emergency event. The constant *potential* for the outbreak of a fire represents the predominant requirement for service. The scale of this potential, in turn, defines the basic underlying cost of the department's fire infrastructure. Even *prior* to an incident, PCBFD's personnel and equipment remain in readiness or preparedness.

The emphasis on capacity as a kind of infrastructure that *may* or *may not* be called into service differentiates fire protection services from most other services normally offered by local government such as garbage collection or the provision of water and wastewater treatment. In these other examples, demand is generated by discrete system users, is measurable within some level of accuracy, is typically constant, not random or sporadic, and can normally be more accurately programmed in advance. In any case, the immediate provision of these services is not typically required in an emergency circumstance to prevent substantial loss of property or life.

Stated somewhat differently, fixed costs associated with readiness to serve logically apply to *every* tax parcel of real property in the City and will be incurred absolutely without regard to that tax parcel's physical character, use, or composition. On the other hand, other fixed and more variable costs can be logically associated with the relative value of improvements assigned to the various tax parcels in the City. Most staffing stems from procedural specifications, and the associated costs are relatively fixed or predetermined for a budget period. The costs of fuel and equipment damage incurred in response to incidents, by contrast, are obvious examples of variable costs. Additionally, some costs may have both fixed and variable characteristics such as periodic capital expenditures which, to sustain a state of readiness, may be expended in a single year or over many years.

IDENTIFYING AND APPORTIONING COSTS TO BE ASSESSED FOR READINESS TO SERVE (TIER 2)

In virtually every fire department, labor costs comprise the largest share of total costs on an annualized basis. Such costs are those associated with wages, salaries, general administration, payroll taxes and mandated contributions to retirement. Each year actuaries determine the participation rate to be contributed by firefighters toward pension accounts. Currently, PCBFD retirement accounts are approximately 90% funded.

The labor costs are relatively determinant based on an expected staffing level and are largely, but not altogether fixed. These are core costs of being continually ready to serve and must be incurred whether a fire event occurs or not. The functional fixed nature of these costs logically can be attributed to the existence of the number of tax parcels and not just their various improvements protected or any other physical characteristics. Thus, sharing these core fixed costs is equitably and reasonably shared by all of the tax parcels which benefit in a substantially similar degree from the predominant readiness to serve aspect of such costs. This allocation is further strengthened from an equitable standpoint in that other costs are also apportioned by the relative value of improvements approach in Tier 1.

THE USE OF TIER 1 AND TIER 2 TOGETHER

The fire protection budget was carefully analyzed during preparation of this summary memorandum, and expenses which appeared to be even remotely related to the provision of ALS were eliminated from consideration for assessment to observe the prohibitions set forth in Florida case law. The apportionment methodology contemplated and recommended herein involves a two-tiered approach corresponding to any *remaining* reasonably fixed costs and those costs other than fixed.

By using Tier 2, together along with Tier 1, the City achieves a “blended” approach that achieves better equity and allows policy makers - with enhanced insight and understanding of their community’s funding needs - more flexibility in achieving both a reasoned and fair approach. The combination of both tiers has logical and identified relationships to the benefits, burdens, and costs of the affected tax parcels, creating a strong, rational, and proportionate vehicle that can be further linked to, or supplemented by, other legally available funding resources.

It is also well-settled in Florida case law that local governments, should they impose an assessment, are not required to *fully* fund that service or improvement through the special assessment itself. The local government may determine, entirely in its own discretion, to fund some portion of the overall cost with general fund or other legally available revenues. An example of other revenues would be impact fees charged to some new developments that may require the fire department to expend additional resources. Such impact fees often go towards the purchase of a new fire vehicle or the building of a new fire station. To be clear, a local government may not impose an assessment for any capital items purchased with impact fees. For this reason, capital expenditures from impact fees are excluded from this budgetary analysis for assessments.

Likewise, either of the two assessment tiers can be funded at a rate independent of the other. For example, the City could impose an assessment for 75% of the costs attributable to Tier 1, but collect a lesser or greater percentage of the costs attributable to Tier 2. As a matter of policy or financial flexibility, the City Council as the local legislative body may find it useful to levy an assessment for the identified core fixed costs in an amount *less* than the total assessable amount, supporting or offsetting the balance of the same costs through general revenues or other legally available means. The two-tiered methodology described herein is

thus responsive to the need for political flexibility and readily accommodates policy determinations regarding the relevant variables for each tier within the paradigm of legal sufficiency.

ADDRESSING THE COST OF EMS

The PCBFD provides first response aid often defined as basic life support (BLS). The PCBFD also provides emergency medical services, either as part of its first response efforts delivered in conjunction with its firefighting activities or to stabilize injured in advance of arrival of Bay County Emergency personnel and transport to area hospitals. The PCBFD does not provide “transport”, relying on Bay County or private ambulance services for transport.

An exemplary budget analysis prepared by Ennead LLC based upon the PCBFD's anticipated 2017-18 fiscal year expenditures, is attached as Appendix A. The exemplary budget was utilized for the analysis summarized herein and includes an initial assignment of individual line item expenditures to each of the two tiers comprising the overall assessment.

In order to determine the portion of the budget appropriate for recovery through special assessment, it is important to emphasize the limitations established by Florida case law regarding emergency medical services. The Florida Supreme Court has determined that ALS services or emergency medical services (EMS) primarily benefit persons instead of real property and therefore such *services, other than first response medical aid routinely delivered by firefighters* cannot lawfully be funded through special assessments. To the extent the costs of EMS services, if any, may be reflected in a fire department budget, such costs must be isolated from other fire related tasks or responsibilities and funded through means other than special assessments in order to avoid debate as to the case law validity of any fire related special assessment.

In Florida, first response aid is considered one of the primary professional obligations of a trained firefighter, a point made clear by the Florida Supreme Court. Indeed, *every* fire professional must have a specified minimum number of hours of training related to the provision of such aid. Not atypically, in Florida, first response often takes the form of BLS provided by firefighters also trained as emergency medical technicians (EMT). Such aid is rendered as the *first response* to the those victims, patients or others confronted with an incident, life-threatening illness, or injury needing immediate stabilization until the patient can be transported and given full medical care by other clinicians.

Generally, every PCBFD firefighter is required to have EMT certification as a requirement of employment. Case law acknowledges the potential for integration of duties in a fire rescue unit so this added training has an obvious value and role. In Panama City Beach, three firefighters maintain the ALS paramedic certification. PCBFD firefighters pay the annual cost of their EMT or paramedic recertification. Any potential costs associated with the paramedic certification have been adjusted out of the budget for the purpose of this assessment analysis

so as not to improperly include in any assessment costs for impermissible emergency medical services.

As is often the case with municipalities, the lines between first response and more intensive care may be blurred when examining the PCBFD budget. In Panama City Beach, the role of life support falls almost *exclusively* to the Emergency Medical Services Division of the Bay County Fire Rescue, with transport provided by Bay County Fire Rescue or private ambulance companies, meaning the cost of such services does not appear in the Panama City Beach fire budget.

Because of the *potential* for EMS costs to bleed into PCBFD's budget even though there appears to be no direct manner in which this could happen, we have elected to *exclude* even the appearance of funding EMS services by further eliminating any costs associated with ALS training, certification or special pay from the assessment as is demonstrated in Table 1. In order to ensure compliance with Florida case law regarding the funding of EMS, those costs would be funded instead by other legally available means and the balance of the budget would comprise legally assessable costs and be absorbed through the combination of Tier 1 and Tier 2 assessment revenues. Because of this careful budget analysis, it *can* be reasoned plausibly and realistically that *all* costs in the adjusted or remaining PCBFD budget are appropriate for recovery through special assessments in the manner described in this analysis.

The use of the adjusted PCBFD budget presents a very conservative or excessive exclusion of ALS costs in order to avoid debate as to compliance with case law.

Table 1, prepared by Ennead LLC for exemplary purposes, summarizes the percentage allocation of the entire budget between the two tiers as more fully described in the assumed PCBFD FY 2017-2018 Budget included as Appendix A. The actual dollar amount, and thus the rates for each tier, will be a policy decision with the total amount funded with any assessments determined by the City.

Table 1: Tier Allocation

	Tier 1	Tier 2	Tier 1 & Tier 2 (Maximum Assessable Amount)	ALS Adjustment	TOTAL BUDGET
Distribution	55.0%	40.0%	95.0%	5.0%	100%
Dollar	\$2,352,398	\$1,725,611	\$4,078,009	\$216,942	\$4,294,951

EXCLUSION OF CERTAIN PARCELS

We have reviewed data prepared by Ennead LLC which reveals there are approximately 19,943 tax parcels within the boundaries of the City that are potentially affected by the analysis and approach outlined. Among these are approximately 103 tax parcels owned by governmental entities which must be excluded since governmentally-owned used by governments for public purposes cannot be subject to special assessment.⁶ Additional parcels may not benefit from fire protection services or are otherwise inappropriate or infeasible to assess based on physical configuration such as submerged or undevelopable lands. In addition there are approximately 24 "institutionally-coded" parcels (e.g. churches, non-profits, etc.) which the City may, in its discretion, exempt from the assessment based upon public policy determinations. It is assumed that the City will not exempt institutionally-coded parcels. Amounts associated with any exemption on developed or developable tax parcels from the assessment must be funded through other legally available funds of the City.

FUNDING EXAMPLES

Various funding examples illustrating the two-tiered apportionment approach summarized herein are included in Appendix B, prepared by Ennead LLC. The examples are provided to assist in decision-making based upon the assumed budget and an intensive review of the array of tax parcels affected.

PUBLIC ADMINISTRATION AND POLICY DECISION-MAKING OPTIONS

This summary memorandum strongly supports a layered or tiered assessment strategy from an equitable, legally sufficient, and practical perspective. The two distinct tiers are designed to maximize informed public administration and policy decision-making within the legal context of using valid special or non-ad valorem assessments, and other legally available or general funds. As a matter of policy or financial flexibility, the City Council as the local legislative body may find it useful to levy an assessment for the identified core fixed costs in an amount *less* than the total assessable amount, supporting or offsetting the balance of the same costs through general revenues or other legally available means. The apportionment methodology described provides certain flexibility and readily accommodates local policy determinations regarding the relevant variables. Accordingly, the City has the means to proceed to augment the funding of its fire protection related budget in a rational, fair, and reasoned manner.

POLICY DIRECTION AND AUTHORIZATION TO IMPLEMENT

Necessary policy direction and authorization to proceed to implement the approach can be rendered by resolution. As a courtesy, a copy or form of a

⁶ The estimate of 103 parcels does not include property owned by governmental entities which is leased to third parties for private uses; such leasehold parcels may be subjected to special assessment.

directory resolution will also be provided contemporaneously with this Executive Summary.

The costs of this work and judicial validation under the applicable work order can be recovered by the City as assessment program costs and/or inter-fund transfer in future budgets.

Sincerely,

GAI Consultants, Inc.



Owen M Beitsch, PhD, FAICP, CRE
Senior Director

Attachement: Appendix A - EXEMPLARY LINE ITEM BUDGET ANALYSIS
Appendix B – FUNDING EXAMPLES



APPENDIX A – EXEMPLARY LINE-ITEM BUDGET ANALYSIS

Expense	Actual FY 2017-18	Budget FY 2017- 18 Adjusted for ALS	Tier 1 Costs		Tier 2 Costs	
			Relative Value of Improvements		Readiness to Serve (per parcel)	
			% of Budget	Amount	% of Budget	Amount
ACCOUNT DESCRIPTION						
PERSONAL SERVICES						
Salaries Regular	\$2,270,000	\$2,179,200	50.00%	\$1,089,600	50.00%	\$1,089,600
Salaries Overtime	\$282,000	\$270,720	50.00%	\$135,360	50.00%	\$135,360
Salaries Special	\$14,150	\$13,584	0.00%	\$0	100.00%	\$13,584
Vehicle Expense	\$10,800	\$10,368	0.00%	\$0	100.00%	\$10,386
Incentive Pay	\$8,000	\$7,680	0.00%	\$0	100.00%	\$7,680
Auxiliary Pay	\$120,000	\$115,200	0.00%	\$0	100.00%	\$115,200
Matching FICA	\$197,749	\$189,839	0.00%	\$0	100.00%	\$189,839
Retirement	\$170,812	\$163,980	0.00%	\$0	100.00%	\$163,980
Health Insurance	\$242,500	\$232,800	100.00%	\$232,800	0.00%	\$0
Dental Insurance	\$12,000	\$11,520	100.00%	\$11,520	0.00%	\$0



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Life Insurance	\$2,300	\$2,208	100.00%	\$2,208	0.00%	\$0
Contingency	\$50,000	0.00	0.00%	\$0	0.00%	\$0
TOTAL PERSONAL SERVICES	\$3,380,311	\$3,197,099		\$1,471,488		\$1,725,611
OPERATING EXPENSES						
Professional Medical	\$7,500	\$7,500	100.00%	\$7,500	0.00%	\$0
Professional Laboratory Fees	\$400	\$400	100.00%	\$400	0.00%	\$0
Professional Other	\$35,000	\$35,000	100.00%	\$35,000	0.00%	\$0
Accounting & Auditing	\$8,240	\$8,240	100.00%	\$8,240	0.00%	\$0
Other Contractual Services	\$18,000	\$18,000	100.00%	\$18,000	0.00%	\$0
Travel & Per Diem	\$12,000	\$11,520	100.00%	\$11,520	0.00%	\$0
Communication Telephone	\$16,000	\$16,000	100.00%	\$16,000	0.00%	\$0
Communication Other	\$25,000	\$25,000	100.00%	\$25,000	0.00%	\$0
Communication Postage	\$50	\$50	100.00%	\$50	0.00%	\$0
Communication Freight/Exp Chg	\$500	\$500	100.00%	\$500	0.00%	\$0
Utilities Electric	\$25,000	\$25,000	100.00%	\$25,000	0.00%	\$0
Utilities Waste Disposal	\$4,500	\$4,500	100.00%	\$4,500	0.00%	\$0



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Rentals & Leases	\$13,000	\$13,000	100.00%	\$13,000	0.00%	\$0
Insurance Liability, Property Etc.	\$200,000	\$200,000	100.00%	\$200,000	0.00%	\$0
Insurance Windstorm	\$5,600	\$5,600	100.00%	\$5,600	0.00%	\$0
Repairs & Maintenance Other	\$364,500	\$364,500	100.00%	\$364,500	0.00%	\$0
Printing & Binding	\$1,000	\$1,000	100.00%	\$1,000	0.00%	\$0
Promotional Activities	\$9,000	\$9,000	100.00%	\$9,000	0.00%	\$0
Other Current Charges	\$2,000	\$2,000	100.00%	\$2,000	0.00%	\$0
Office Supplies	\$2,500	\$2,500	100.00%	\$2,500	0.00%	\$0
Operating Supplies	\$100,000	\$75,000	100.00%	\$75,000	0.00%	\$0
Fuel, Oil & Lubricants	\$30,000	\$30,000	100.00%	\$30,000	0.00%	\$0
Books, Pubs & Memberships	\$3,000	\$2,250	100.00%	\$2,250	0.00%	\$0
Training & Education	\$30,000	\$22,500	100.00%	\$22,500	0.00%	\$0
Licenses	\$1,500	\$1,500	100.00%	\$1,500	0.00%	\$0
Permits & Registration Fees	\$350	\$350	100.00%	\$350	0.00%	\$0
TOTAL OPERATING EXPENSES	\$914,640	\$880,910		\$880,910		\$0



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CAPITAL EXPENSES (Capital Expense budget items are shown for reference purposes, but are not included in the Budget Analysis and are to be paid for with other, non-assessment, legally available funds)

Capital Outlay < \$5,000	\$59,500	\$59,500	0.00%	\$0	0.00%	\$0
Buildings	0	\$0	0.00%	\$0	0.00%	\$0
Improvements	\$30,000	\$30,000	0.00%	\$0	0.00%	\$0
Machinery & Equip.	\$14,000	\$14,000	0.00%	\$0	0.00%	\$0
TOTAL CAPITAL OUTLAY	\$103,500	\$103,500				

Total Personal Services \$3,380,311
Total Operating Services \$914,640

TOTAL OVERALL EXPENDITURES \$4,294,951
MAXIMUM REVENUE TO BE COLLECTED FROM NON-AD VALOREM ASSESSMENTS \$4,078,009

*All Personal Services' line items besides Special (Incentive) Pay were adjusted to account for any potential EMS costs.
Travel & Per Diem, Operating Supplies, Book, Pubs, Subs Member, and Training line items were also adjusted for any potential EMS costs.



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APPENDIX B – FUNDING EXAMPLES

The following funding examples (Appendix B) are provided for illustrative purposes to demonstrate application of the methodology contemplated herein. The dollar amounts are approximations and may reflect minor rounding errors. The annual amount of any assessments actually imposed will depend upon direction of City Council its staff and fire officials with respect to the underlying variables (such as the tax parcels to be excluded from the assessment for legal or public policy reasons and the authorized level of assessment funding). The percentage of costs attributable to each tier in a given fire department's budget may vary from year to year, and the percentage allocations for the PCBFD budget may be quite different from the allocations for fire department budgets in other municipalities or counties. Clearly, the City Commission has great policy flexibility in determining the level of assessment funding each year. The greater the contribution from the general fund will result in a lower amount of the assessment imposed against each tax parcel to fund the fire protection budget and vice versa. This combination of funding sources is itself a significant tax equity tool.

The examples are based upon (i) proposed implementation of an annual assessment program generating a revenue range from approximately \$3,650,000 - \$4,025,000, (ii) maximum assessable fire protection costs of \$4,078,009, (iii) 19,864 assessable and non-excluded parcels¹, and (iv) a total improvement value throughout the City of \$3,235,886,765.² As discussed elsewhere herein, while it is legally permissible to assess for the entire cost of providing fire protection service, most jurisdictions choose to continue to pay for some portion of the overall cost through general fund transfers so as to implement and annually maintain the fire protection assessment at a politically acceptable level. The level of assessment funding may increase or decrease over time, depending on the policy determinations of the governing body. There is no need to distinguish between residential and commercial classification for purposes of calculating either tier of the assessment. The first tier is derived from the relative value of improvements associated with the tax parcel (typically excluding land) as determined solely by the Bay County Property Appraiser's office from year to year as part of its statutory appraisal process, while the second tier focuses on the core fixed costs per tax parcel necessary to continually be ready to serve. The latter is obviously dependent upon the number of tax parcels within the City.

It is important to note that the base annual assessment amounts set forth in the examples do not include collection and administration costs. The base assessment for each tax parcel is typically adjusted prior to billing to include a pro rata share of administration and collection costs associated with the assessment program and, where the uniform collection method is utilized to collect the assessments, to account for the fees of the property appraiser and tax collector and the maximum statutory discount for the early payment of ad valorem taxes and non-ad valorem assessments. Such costs (which are in addition to the base annual assessment amounts set forth in the examples) generally do not exceed 8% of the annual assessment, and the Bay County Property Appraiser and Tax Collector do not currently collect any fee, meaning these costs are not expected to exceed 4%. The direct billing approach in the initial year will likely be less expensive in terms of future use of the tax bill collection method.

¹ The total 2016 parcel count for the City, as determined from the records of the Bay County Property Appraiser, was approximately 19,994, of which 130 are believed to be infeasible or impractical to assess (submerged, right of way, etc.). For purposes of the examples set forth herein, the estimated tax parcel count assumes all properties capable of development are assessed and does not exclude tax parcels for legal, policy or other reasons.

² The total value of improvements within the City for 2016, calculated using values determined by the Bay County Property Appraiser.



Example 1: Funding Gross Revenue of \$4,078,009 (100.0% of the Fire Service Budget of \$4,078,009), resulting in Net Assessment Revenue of \$4,025,332³.

**Compare to 2018 City of Springfield Fire Service Rates of: \$0.76 per \$1,000 in Relative Value of Improvements \$88.31 per Parcel*

Amount recovered via Tier 1 of the assessment (relative value of improvements):	\$	2,352,398
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	\$	1,725,611
Total amount recovered through special assessments:	\$	4,078,009

Example 1 Rates:

\$0.72 per \$1,000 in Relative Value of Improvements

\$86.87 per Parcel

"Vacant (Unimproved)" with Improvement value = \$0.00

Tier 1 assessment (relative value of improvements) =	\$	0
Tier 2 assessment (per parcel) =	\$	86.87
Base annual assessment =	\$	86.87

"Average" SFR improvement value = \$118,841

Tier 1 assessment (relative value of improvements) =	\$	85.57
Tier 2 assessment (per parcel) =	\$	86.87
Base annual assessment =	\$	172.44

Improvement value = \$100,000

Tier 1 assessment (relative value of improvements) =	\$	72.00
Tier 2 assessment (per parcel) =	\$	86.87
Base annual assessment =	\$	158.87

"Average" Residential Condo improvement value = \$188,136

Tier 1 assessment (relative value of improvements) =	\$	135.46
Tier 2 assessment (per parcel) =	\$	86.87
Base annual assessment =	\$	222.33

Improvement value for McDonalds = \$278,674

Tier 1 assessment (relative value of improvements) =	\$	200.65
Tier 2 assessment (per parcel) =	\$	86.87
Base annual assessment =	\$	287.52

Improvement value = \$500,000

Tier 1 assessment (relative value of improvements) =	\$	360.00
Tier 2 assessment (per parcel) =	\$	86.87
Base annual assessment =	\$	446.87

Improvement value = (103 Governmentally-coded parcels) = \$60,748,689

Tier 1 assessment (relative value of improvements) =	\$	43,739.06
Tier 2 assessment (per parcel) =	\$	8,947.61
Base annual assessment =	\$	52,686.67

³ Governmentally-coded property cannot be subject to special assessment. The "cost" of exempting governmentally-coded parcels at the Example 1 funding level is approximately \$52,687. Net revenue, exempting governmentally-coded parcels is \$4,025,332 (\$4,078,009 - \$52,687).



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Example 2: Funding Gross Revenue of \$3,874,109 (95.0% of the Fire Service Budget of \$4,078,009), resulting in Net Assessment Revenue of \$3,825,981⁴.

Amount recovered via Tier 1 of the assessment (relative value of improvements):	\$	2,130,760
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	\$	1,549,644
Total amount recovered through special assessments:	\$	3,680,404

Example 2 Rates:

\$0.66 per \$1,000 in Relative Value of Improvements

\$78.00 per Parcel

“Vacant (Unimproved)” with Improvement value = \$0.00

Tier 1 assessment (relative value of improvements) =	\$	0
Tier 2 assessment (per parcel) =	\$	78.00
Base annual assessment =	\$	78.00

“Average” SFR improvement value = \$118,841

Tier 1 assessment (relative value of improvements) =	\$	78.44
Tier 2 assessment (per parcel) =	\$	78.00
Base annual assessment =	\$	156.44

Improvement value = \$100,000

Tier 1 assessment (relative value of improvements) =	\$	66.00
Tier 2 assessment (per parcel) =	\$	78.00
Base annual assessment =	\$	144.00

“Average” Residential Condo improvement value = \$188,136

Tier 1 assessment (relative value of improvements) =	\$	124.17
Tier 2 assessment (per parcel) =	\$	78.00
Base annual assessment =	\$	202.17

Improvement value for McDonalds = \$278,674

Tier 1 assessment (relative value of improvements) =	\$	183.92
Tier 2 assessment (per parcel) =	\$	78.00
Base annual assessment =	\$	261.92

Improvement value = \$500,000

Tier 1 assessment (relative value of improvements) =	\$	330.00
Tier 2 assessment (per parcel) =	\$	78.00
Base annual assessment =	\$	408.00

Improvement value = (103 Governmentally-coded parcels) = \$60,748,689

Tier 1 assessment (relative value of improvements) =	\$	40,094.13
Tier 2 assessment (per parcel) =	\$	8,034.00
Base annual assessment =	\$	48,128.13

⁴ Governmentally-coded property cannot be subject to a special assessment. The “cost” of exempting governmentally-coded parcels at the Example 2 funding level is approximately \$48,128. Net revenue, exempting governmentally-coded parcels is \$3,825,981 (\$3,874,109 - \$48,128).



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Example 3: Funding Gross Revenue of \$3,670,208 (90.0% of the Fire Service Budget of \$4,078,009), resulting in Net Assessment Revenue of \$3,624,922⁵.

Amount recovered via Tier 1 of the assessment (relative value of improvements):	\$	2,018,614
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	\$	1,468,083
Total amount recovered through special assessments:	\$	3,486,697

Example 3 Rates:

\$0.62 per \$1,000 in Relative Value of Improvements

\$74.00 per Parcel

"Vacant (Unimproved)" with Improvement value = \$0.00

Tier 1 assessment (relative value of improvements) =	\$	0
Tier 2 assessment (per parcel) =	\$	74.00
Base annual assessment =	\$	74.00

"Average" SFR improvement value = \$118,841

Tier 1 assessment (relative value of improvements) =	\$	73.68
Tier 2 assessment (per parcel) =	\$	74.00
Base annual assessment =	\$	147.68

Improvement value = \$100,000

Tier 1 assessment (relative value of improvements) =	\$	62.00
Tier 2 assessment (per parcel) =	\$	74.00
Base annual assessment =	\$	136.00

"Average" Residential Condo improvement value = \$188,136

Tier 1 assessment (relative value of improvements) =	\$	116.64
Tier 2 assessment (per parcel) =	\$	74.00
Base annual assessment =	\$	190.64

Improvement value for McDonalds = \$278,674

Tier 1 assessment (relative value of improvements) =	\$	172.78
Tier 2 assessment (per parcel) =	\$	74.00
Base annual assessment =	\$	246.78

Improvement value = \$500,000

Tier 1 assessment (relative value of improvements) =	\$	310.00
Tier 2 assessment (per parcel) =	\$	74.00
Base annual assessment =	\$	384.00

Improvement value = (103 Governmentally-coded parcels) = \$60,748,689

Tier 1 assessment (relative value of improvements) =	\$	37,664.19
Tier 2 assessment (per parcel) =	\$	7,622.00
Base annual assessment =	\$	45,286.19

⁵ Governmentally-coded property cannot be subject to special assessment. The "cost" of exempting governmentally-coded parcels at the Example 3 funding level is approximately \$45,286. Net revenue, exempting governmentally-coded parcels is \$3,624,922 (\$3,670,208 - \$45,286).