



CITY OF PALM BAY

FIRE RESCUE FUNDING

Final Report
December 31, 2011



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December 31, 2011

Mr. Brad Johnson
Budget Administrator
City of Palm Bay
120 Malabar Road
Palm Bay, FL 32907

RE: Fire Rescue Funding Methodology Study

Dear Mr. Johnson:

Enclosed is the Final Technical Report for the City of Palm Bay Fire Rescue Funding Methodology Analysis. If you should have any questions concerning this report, please do not hesitate to contact me or Nilgün Kamp.

It has been our pleasure to have worked with the City staff on this important project.

Sincerely,

Tindale-Oliver & Associates, Inc.

Steven A. Tindale, P.E., AICP
President

**CITY OF PALM BAY
FIRE RESCUE FUNDING METHODOLOGY STUDY**

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CITY OF PALM BAY

FIRE RESCUE FUNDING METHODOLOGY STUDY

I. Introduction

Tindale-Oliver & Associates, Inc. (TOA) as the prime consultant, in association with Susan Schoettle-Gumm, PLLC, was retained by the City of Palm Bay to prepare a fire rescue funding methodology study. Currently, the Palm Bay Fire Rescue Department (PBFRD) is funded through the General Fund. Approximately 30 to 40 percent of the General Fund revenue is obtained through ad valorem taxes. The City has experienced approximately 50 percent decrease in its ad valorem tax base over the past three years, and expects this decrease to continue over the next couple of years. Finally, in Fiscal Year (FY) 2012, the Fire Department's personnel and operating budget of \$13.2 million is estimated to equal to an amount approximately 62 percent of the ad valorem revenues. As the ad valorem revenue base continues to decrease, the majority of the City Council decided to explore alternative funding options for the Fire Department's budget.

This report provides an evaluation of three primary funding sources, including:

- Ad Valorem Tax Revenue/General Fund (current method)
- Non-ad Valorem Assessment
- Fire Fee

It should be noted that the assessment and fee rates calculated in this report are to provide an order-of-magnitude level of understanding, and should the City choose to pursue one of the two alternative funding methods, a more detailed analysis will need to be conducted.



II. Evaluation of Funding Options

As part of this study and previous work, TOA conducted interviews with approximately 200 fire departments to understand how they were funded. These interviews suggested that two primary revenues sources used for fire rescue/EMS services are the General Fund (70%) and assessments (35%). In addition, approximately 55% of the respondents use impact fees for capital capacity expansion projects. Given that the City of Palm Bay already has a fire impact fee and impact fees can only be used for capacity expansion projects, the remainder of this report will focus on non-ad valorem assessments as well as fire fees. These two revenue sources and the current method of using ad valorem tax revenues are evaluated in terms of the following criteria:

- Collection rates and methodologies;
- Impact to ratepayers and potential trade-off in property tax rates;
- Exemptions and credits;
- Ability to capture expenditures and flexibility;
- Compatibility and ease of use; and
- Legal issues and implementation steps.

1. Collection Rates and Methodologies

As mentioned previously, currently, the City is using the General Fund revenues to pay for the Fire Department's expenses. For the purposes of this study, the ad valorem revenue portion of the General Fund will be treated as the primary source of revenue for the Fire Department, although ad valorem revenue accounts for 37.8 percent of the budgeted General Fund revenues in FY 2012.

Ad valorem tax revenues are based on the value of the property and places the burden on each property in proportion to its value. However, due to homestead exemptions and the Save Our Homes cap on annual rate increases, the market value and taxable value of a home could be significantly different. Therefore, two similar homes may end up paying very different levels of taxes. The recent legislation that provides the portability of the homestead exemption may reduce the variation between newly purchased homes and those owned by the same owner for several years.



The following table presents the distribution of City's tax base of \$2.44 billion (excluding redevelopment district tax increment) by land use type. As presented, currently, residential and commercial land uses make up approximately 83 percent of the tax base.

Table 1
Distribution of Taxable Values by Land Use⁽¹⁾

| Land Use | Percent of Total |
|---------------|------------------|
| Residential | 69.6% |
| Commercial | 13.1% |
| Hotel/Motel | 0.4% |
| Industrial | 6.8% |
| Institutional | 1.4% |
| Vacant | 8.7% |
| Total | 100% |

(1) Source: City of Palm Bay GIS Division

In terms of the eligible expenses, **ad valorem tax revenues** can be used toward the entire Fire Department budget.

In the case of **non-ad valorem assessments**, the case law requires that assessments are used only to fund fire and first response (or non-ALS) operations. The portion of the budget associated with providing advanced life support (ALS) would need to be funded through another revenue source. In the case of the City of Palm Bay, the budget amount associated with non-ALS expenditures is approximately 86 percent. Under the non-ad valorem assessment scenario, approximately 14 percent of the budget would need to be funded through the General Fund. This percentage is determined through an analysis of the ALS vs. non-ALS incidents in terms of frequency and resources.

More specifically, through an analysis of medical procedures used during the incident, the Fire Department identified and provided a list of ALS incidents. The procedures that are classified as ALS services are outlined in the Fire Department's Emergency Medical Services Protocol. TOA analyzed the incident data obtained from the City in terms of distribution of incidents for ALS versus fire and basic life support (BLS) incidents for the



past two years. Use of incident data from multiple years ensures that random fluctuations are minimized. These incidents were analyzed in terms of four criteria:

- Frequency of incidents;
- Average duration, measured in terms of the time from dispatch to clearing from the scene;
- Average number of personnel on scene; and
- Average number of vehicles on scene.

In order to measure the full amount resources used, for each incident type, staff hours and vehicle hours were added together. The percentage of the total resources that is used during ALS incidents provided the portion of the budget that needs to be excluded from the assessment calculations. **Table 2** presents the results of this analysis.

Table 2
Distribution of Resources: ALS vs. Non-ALS Incidents⁽¹⁾

| Criteria | Distribution by Incident Type | |
|------------------------|-------------------------------|--------------|
| | ALS | Non-ALS |
| Frequency | 17.0% | 83.0% |
| Staff Time | 14.0% | 86.0% |
| Vehicle Time | 12.0% | 88.0% |
| Total Resources | 14.0% | 86.0% |

(1) Source: City of Palm Bay Fire Department, 2009 and 2010 data

Non-ad valorem assessments require the need to demonstrate special benefit to the property. As such, the demand for this funding source is based on a combination of value of property and use of service. Use of service is determined through the distribution of incidents and total resources used, which shows the level of burden placed on the system by each land use. In determining demand by land uses, ALS incidents are excluded from the analysis. As presented in **Table 3**, the incident data suggests that the primary burden on fire rescue services is from residential and institutional land uses in terms of all four measures.



It should be noted that, in the case of non-ad valorem assessments, some communities do not charge vacant or undeveloped property. As such, for the purposes of this report, the distribution of incident data is shown in two different ways: **Table 3** presents the incident data, excluding vacant property, and **Table 4** shows the distribution when vacant property is included. However, assessment and fee calculations shown in Sections III and IV of this report are based on the assumption that the vacant land will pay its own share.

Table 3
Distribution of Non-ALS Incidents and Resources by
Land Use (Excluding Vacant Land)⁽¹⁾

| Land Use | Distribution by Land Use Type -- Non-ALS Incidents (2009 - 2010) | | | |
|----------------------|--|---------------------------|-----------------------------|--------------------------------|
| | Frequency ⁽²⁾ | Staff Time ⁽³⁾ | Vehicle Time ⁽⁴⁾ | Total Resources ⁽⁵⁾ |
| Residential | 80.9% | 82.2% | 82.6% | 82.4% |
| Hotel/Motel/RV Park | 0.4% | 0.4% | 0.4% | 0.4% |
| Commercial | 3.7% | 4.1% | 4.1% | 4.1% |
| Industrial/Warehouse | 1.0% | 1.8% | 2.0% | 1.8% |
| Institutional | 14.0% | 11.4% | 10.8% | 11.3% |

- (1) Source: City of Palm Bay Fire Department, 2009 & 2010 data
- (2) Represents the distribution of the number of incidents by each land use.
- (3) Represents the distribution of total staff time spent during incidents at each land use.
- (4) Represents the distribution of total vehicle time used to respond to incidents at each land use
- (5) Calculated by adding total staff time and total vehicle time used to serve each land use, and dividing by the total resources used to respond to all incidents.



Table 4
Distribution of Non-ALS Incidents and Resources by Land Use (Including Vacant Land)⁽¹⁾

| Land Use | Distribution by Land Use Type -- Non-ALS Incidents (2009 - 2010) | | | |
|----------------------|--|---------------------------|-----------------------------|--------------------------------|
| | Frequency ⁽²⁾ | Staff Time ⁽³⁾ | Vehicle Time ⁽⁴⁾ | Total Resources ⁽⁵⁾ |
| Residential | 78.0% | 72.9% | 66.3% | 71.2% |
| Hotel/Motel/RV Park | 0.4% | 0.3% | 0.3% | 0.3% |
| Commercial | 3.5% | 3.7% | 3.3% | 3.6% |
| Industrial/Warehouse | 1.0% | 1.6% | 1.6% | 1.6% |
| Institutional | 13.5% | 10.1% | 8.7% | 9.8% |
| Vacant | 3.6% | 11.4% | 19.8% | 13.5% |

- (1) Source: City of Palm Bay Fire Department, 2009 & 2010 data
- (2) Represents the distribution of the number of incidents by each land use.
- (3) Represents the distribution of total staff time spent during incidents at each land use.
- (4) Represents the distribution of total vehicle time used to respond to incidents at each land use
- (5) Calculated by adding total staff time and total vehicle time used to serve each land use, and dividing by the total resources used to respond to all incidents.

A **fire fee** is able to include the entire Fire Department budget with the exception of costs associated with motor vehicle accidents, which, through the incident data analysis, is determined to amount to approximately 3 percent of the resources used. As such, approximately 97 percent of the budget is included in the calculation of the fire fee.

Fire fees are calculated based on demand/benefit to users, which is also determined through an analysis of incident distribution by land use. Since almost the entire budget is included in the fee, the incident distribution should take into consideration all incident types, which is presented in **Tables 5 and 6**.



Table 5
Distribution of All Incidents and Resources by Land Use
(Excluding Vacant Land)⁽¹⁾

| Land Use | Distribution by Land Use Type -- All Incidents (2009 - 2010) | | | |
|----------------------|--|---------------------------|-----------------------------|--------------------------------|
| | Frequency ⁽²⁾ | Staff Time ⁽³⁾ | Vehicle Time ⁽⁴⁾ | Total Resources ⁽⁵⁾ |
| Residential | 81.6% | 82.6% | 82.8% | 82.6% |
| Hotel/Motel/RV Park | 0.4% | 0.4% | 0.4% | 0.4% |
| Commercial | 3.5% | 3.9% | 3.9% | 3.9% |
| Industrial/Warehouse | 1.0% | 1.9% | 2.3% | 2.0% |
| Institutional | 13.6% | 11.2% | 10.6% | 11.1% |

- (1) Source: City of Palm Bay Fire Department, 2009 & 2010 data
(2) Represents the distribution of the number of incidents by each land use.
(3) Represents the distribution of total staff time spent during incidents at each land use.
(4) Represents the distribution of total vehicle time used to respond to incidents at each land use
(5) Calculated by adding total staff time and total vehicle time used to serve each land use, and dividing by the total resources used to respond to all incidents.

Table 6
Distribution of All Incidents and Resources by Land Use
(Including Vacant Land)⁽¹⁾

| Land Use | Distribution by Land Use Type -- All Incidents (2009 - 2010) | | | |
|----------------------|--|---------------------------|-----------------------------|--------------------------------|
| | Frequency ⁽²⁾ | Staff Time ⁽³⁾ | Vehicle Time ⁽⁴⁾ | Total Resources ⁽⁵⁾ |
| Residential | 79.2% | 74.6% | 68.5% | 73.1% |
| Hotel/Motel/RV Park | 0.4% | 0.3% | 0.3% | 0.3% |
| Commercial | 3.4% | 3.6% | 3.2% | 3.5% |
| Industrial/Warehouse | 1.0% | 1.7% | 1.9% | 1.8% |
| Institutional | 13.1% | 10.1% | 8.8% | 9.8% |
| Vacant | 3.0% | 9.6% | 17.3% | 11.5% |

- (1) Source: City of Palm Bay Fire Department , 2009 & 2010 data
(2) Represents the distribution of the number of incidents by each land use.
(3) Represents the distribution of total staff time spent during incidents at each land use.
(4) Represents the distribution of total vehicle time used to respond to incidents at each land use
(5) Calculated by adding total staff time and total vehicle time used to serve each land use, and dividing by the total resources used to respond to all incidents.



Table 7 provides a comparison of the distribution of the demand under the three options. Because the distribution of incidents and resources are pretty similar when all incidents versus non-ALS incidents are included, the options with non-ALS incidents are included in **Table 7**.

As presented, under the current method of funding, the Fire Department's expenses are paid primarily by residential and commercial land uses as the properties of highest taxable values. Under a non-ad valorem assessment or a fire fee, if vacant property is excluded, the burden shifts to residential and institutional properties as generators of higher demand for fire services. When vacant property is included, residential and vacant properties are the two primary demand generators, followed by institutional properties.

Table 7
Distribution of Demand by Land Use

| Land Use | Funding Option | | |
|---------------|-------------------------------|---|---|
| | Ad Valorem Tax ⁽¹⁾ | Non-Ad Valorem Assessment/Fire Fee (excl vacant) ⁽²⁾ | Non-Ad Valorem Assessment/Fire Fee (incl vacant) ⁽³⁾ |
| Residential | 69.6% | 82.4% | 71.2% |
| Commercial | 13.1% | 4.1% | 3.6% |
| Hotel/Motel | 0.4% | 0.4% | 0.3% |
| Industrial | 6.8% | 1.8% | 1.6% |
| Institutional | 1.4% | 11.3% | 9.8% |
| Vacant | 8.7% | 0.0% | 13.5% |
| Total | 100% | 100% | 100% |

(1) Source: Table 1

(2) Source: Table 3

(3) Source: Table 4

It should be noted that the distribution of total resources as opposed to frequency is used in **Table 7** to provide an order-of-magnitude measure of demand/benefit to each land use.



2. Impact to Rate Payers and Potential Trade-Off in Property Taxes

As mentioned previously, the Fire Department's budget requires an amount equal to 62 percent of the 9-mils the City is levying in Fiscal Year 12, which equates to 5.58 mills. As presented in **Table 7** previously, when vacant property is excluded, the distribution of incident data indicates that on average, commercial and industrial properties are likely to pay less for fire services based on the demand they place on the service, while residential and institutional land uses are likely to pay more. Finally, the hotel/motel land use is likely to pay approximately the same amount and vacant land will not pay anything.

When vacant land is included in the analysis, compared to the current distribution of ad valorem taxes, the potential payment level is likely to decrease for commercial, industrial, and hotel/motel land uses, to increase for institutional land use and vacant property, and to remain approximately the same for the residential land use. This decrease would only occur if the City lowers its millage rate to reflect the revenue otherwise generated by the assessment.

It should be noted that this analysis and the comparison of ad valorem payments to calculated assessment and fire fee rates included in Section V of this report provide an order-of-magnitude, average shift for each land use as a group. There may be properties within each group that currently pay very little taxes due to a variety of exemptions and/or caps, which may experience a more significant increase than the group average.

In addition to the distribution of the budget for each land use in aggregate terms, assessment and fee schedules calculated later in the report differentiate by size groups. For example, in the case of residential properties, given that the assessment rates need to measure the benefit to the property and the value of the building is related to the size of a building, it is reasonable to show a differentiation of assessment rates by size of building.



In addition, given the large impact of vacant land on the City's Fire Rescue Department operations, assessment and fee schedules calculated in Sections III and IV of this report are based on the assumption that the City will charge vacant land.

3. Exemptions

The City has the legal authority to assess all non-governmental properties that receive special benefit from the fire services. Public schools and state-owned properties are exempt from an assessment by State Statute; however, they are not necessarily exempt from a fire fee. Otherwise, it is a policy decision to exempt any properties that are determined to provide a general public service. Any reduced revenues from exemptions must be funded by other lawfully available revenues of the City and not be shifted to the assessments imposed on other properties.

4. Ability to Capture Expenditures and Flexibility

The ability to capture expenditures and flexibility of the three funding sources are compared in terms of following:

- Operational expenses;
- Capital expenses;
- Indirect cost allocation;
- Expansion of the budget; and
- Contraction of the budget.

Capturing Operational Expenses

In terms of the ability to recoup operational expenses, ad valorem taxes are able to capture 100 percent of the budget. Fire fees may be able to capture almost 100 percent of the budget as well. However, while other departments compete for limited ad valorem tax dollars, fire fee revenues would be dedicated to the Fire Department.

As discussed previously, non-ad valorem assessments can only be used for expenses associated with non-ALS services, which is approximately 86 percent of the budget.



Capturing Capital Expenses

Capital expenses can be grouped into two categories:

- Replacement/extension of life, which can be funded with all three methods. However, assessments cannot be used for vehicles/equipment used solely for ALS services. In the case of vehicles/equipments that are used both for ALS and non-ALS incidents, only 86 percent of the expenses can be paid with assessments.
- Capital expansion: The City of Palm Bay has a fire impact fee, which should be the first revenue source for any capital expansion expenses. Once this source is depleted, the City can use any of the other three revenue sources, in the same manner as discussed above.

Capturing Indirect Cost Allocation

The City does not allocate any indirect costs for departments that are funded with the General Fund. However, this cost can be added to the budget if the Fire Department were to be funded with either a fire fee or special assessment. Again, in the case of assessments, only 86 percent of this cost can be accommodated while a fire fee could potentially pay for almost the entire amount.

Flexibility in terms of Expansion of Budget

If the Fire Department's budget were to increase, fire fees or assessment levels can be increased to accommodate this change. The City could also allocate a larger portion of the General Fund; however, with a 10-mil cap, the additional ad valorem revenue generation may be difficult and funding of this increase could be at the expense of another department's budget.



Flexibility in terms of Contraction of Budget

If the Fire Department's budget were to decrease, the City could use the excess ad valorem revenues for any other government expenses. In the case of a fire fee and non-ad valorem assessment, the rates need to be decreased to ensure the collections do not exceed the Department's actual budget. If the budget decrease occurs in the middle of a fiscal year, excess revenues from a fire fee or an assessment should be set aside in a fund balance to lower the fee/assessment levels the following year. These additional revenues cannot be incorporated into the General Fund or used for any other purpose.

5. Compatibility and Ease of Administration

Non-ad valorem assessment billing could be done through the property tax bill along with the ad valorem taxes. This provides the use of a system that is already established and tends to have a high percentage of collections. The City tends to collect approximately 97 percent of its ad valorem taxes, which is indicative of the collection level for the non-ad valorem assessment, if billed through the property tax bill.

The fire fee is likely to be billed separately, through the City's existing utility billing system (HTE). It is our understanding that the collection rate of the recently implemented stormwater utility fee was around 75 to 80 percent, which may occur with the fire fee as well. Any shortfall will have to come from other revenues sources, such as the General Fund. It should be noted that the fire fee could allow for a reserve in case of delinquencies, emergencies, and other similar shortfalls. Under this approach, the shortfall would be paid by all land uses based on the benefit ratios/demand used to calculate the fire fee. When deficiencies are paid, those funds would be applied to reduce the reserve or rates needed for the following fiscal year.

6. Legal Requirements and Implementation Steps and Timelines

As mentioned previously, the two primary funding mechanisms examined in this report are a non-ad valorem special assessment and a fire fee. Either of these options could potentially provide revenue for the FY2012-13 budget. The imposition of a non-ad valorem assessment to fund fire operational costs has been upheld in a number of Florida court decisions, including the Florida Supreme Court. In addition, under the Uniform Assessment



Collection Act, Florida Statutes §197.3632, local governments may use the annual property tax bill process to levy and collect special assessments as long as certain statutory requirements are fulfilled. This statutory provision allows local governments to rely upon the annual notice, billing and collection process used for city and county property taxes, assuring a high revenue collection rate. Prior to implementing a non-ad valorem assessment for fire services, the City of Palm Bay must also comply with the requirements of Section 6.02. of the City Charter and obtain voter approval. The other funding option presented in this report is a fire user fee or fire fee. In contrast to the non-ad valorem assessment, the use of a fire fee to fund fire protection operations costs has not yet been judicially approved. A valid fire fee would not trigger the referendum requirement in the City's Charter. Two Florida municipalities have been identified that currently charge a fire fee on their municipal electrical utility bills. More detailed information on each funding option is presented below and in the following tables to assist with initial discussions by the City Council on non-ad valorem fire assessments and fire fees.

Non-ad Valorem Special Assessment

There is a substantial body of case law in Florida upholding the authority of local governments to impose special assessments for fire services. See for example, Fire Dist. No. 1 of Polk County v. Jenkins, 221 So.2d 740 (Fla. 1969); City of North Lauderdale v. SMM Properties, Inc., 825 So.2d 343 (Fla. 2002), Desiderio Corp. v. City of Boynton Beach, 39 So.3d 487 (4th DCA 2010). Under Florida case law, the services or improvements funded by the assessment must provide "special benefit" to property and the assessment methodology must apportion the costs in a fair and reasonable manner. A local government's legislative determination of special benefit and fair apportionment should be upheld by a court unless the determination is arbitrary and not supported by competent, substantial evidence. Sarasota County v. Sarasota Church of Christ, Inc., 667 So.2d 180 (Fla. 1995). In City of North Lauderdale v. SMM Properties, the Florida Supreme Court determined that, although traditional fire protection and first responder services, such as Basic Life Support (BLS), were appropriate costs for a special assessment, non-traditional emergency medical services, such as Advanced Life Support (ALS), did not provide the required special benefit to the assessed property. The North Lauderdale decision limits a fire assessment to that portion of the Fire Department Budget that relates to traditional fire services as identified in an earlier section of this report. As mentioned above, special assessments may, if a number of statutory notice and timing requirements are fulfilled, be collected on the annual property tax bill pursuant to the



Uniform Assessment Collection Act, §197.3632, Florida Statutes. The Uniform Collection Act allows the collection of special assessments in the same manner as property taxes with a very high rate of collection – providing a high degree of fiscal certainty to the local government. Special assessments may also be imposed and collected through separate bills mailed by the City or by including the assessment on a utility bill. Both of these alternate collection methods have more difficult collection enforcement compared to use of the tax bill collection method.

An additional legal requirement for a non-ad valorem assessment in the City of Palm Bay is the charter provision requiring referendum approval of a special assessment involving more than fifty (50) property owners or involving a project expenditure of greater than twenty-five thousand dollars (\$25,000.00). See, Section 6.02. of the City Charter and Section 56.02 of the City Code. If the City chooses to proceed with a fire services special assessment, the referendum election can be inserted into the process of adoption to comply with the Uniform Assessment Collection Act. **Table 9**, Steps to Implement Funding Mechanisms, presents a simplified list of the actions required to implement a fire services special assessment. **Table 10**, presents a potential calendar for the adoption and implementation process.

To maintain the option of placing a special assessment on the November 2012 Tax Bill, the City must adopt a Resolution of Intent, after four consecutive weeks of advertising, before March 1, 2012 (Brevard County Property Appraiser and Tax Collector have consented to this date as provided for in F.S. §197.3632). This Resolution is a procedural requirement in §197.3632, Florida Statutes, and **does not require the imposition of an assessment**. This Resolution is **not** the Notice of Intent required by Section 56.02 of the City Code related to the charter referendum requirement. Adoption of the statutory Resolution of Intent would simply maintain the tax bill collection method as an option for the Council for FY 2012-13. If the City wants to preserve this option, it is recommended that the Council authorize advertising at a December, 2011 or early January, 2012 meeting with advertising of the Resolution of Intent for four consecutive weeks commencing the week of January 23, 2012 and adoption during the week of February 20, 2012.

If the City adopts a Resolution of Intent within the statutory time requirements, it will have the option to proceed with development and potential adoption of a fire assessment that could be collected on the November, 2012 Tax Bill. There are a number of legislative actions and additional requirements necessary before a fire assessment could be imposed



by the City. The typical process calls for adoption of an authorizing ordinance prior to the development of an assessment methodology and calculation of proposed assessment rates. Because of the City's Charter requirement for a referendum to authorize imposition of special assessments, the process presented in the following two tables has been modified to provide for proposed assessment rates for the referendum ballot in advance of adoption of an authorizing ordinance. If the referendum vote is completed by the end of May, a favorable result would allow the City to proceed with the remaining steps for implementation of a fire assessment.

Table 9 summarizes the steps in developing and adopting a fire assessment for the City of Palm Bay, including:

- 1) adoption of a Resolution of Intent (statutory procedural requirement - discussed above),
- 2) development of assessment methodology, calculation of proposed rates and creation of tentative assessment roll (information needed for referendum ballots),
- 3) approve and mail Notice of Intent (required by §56.01 of the City Code) and ballots (ballots must be returned a minimum of 45 days from date of mailing, must be counted within 7 days of return deadline),

IF NOT APPROVED BY REFERENDUM – ASSESSMENT DEVELOPMENT PROCESS ENDS;

IF APPROVED BY REFERENDUM – PROCESS CONTINUES AS SHOWN BELOW:

- 4) adoption of a Fire Assessment Ordinance,
- 5) adoption of Initial Assessment Resolution approving assessment methodology, establishing date of required public hearing, and directing mailed and published notice as required by statute (use of TRIM Notice mailed by Property Appraiser can minimize costs), and
- 6) adoption of Final Assessment Resolution after Public Hearing to approve final assessment rates and final assessment roll (must occur prior to Sept. 15, 2012 to allow submittal of certified roll to Tax Collector no later than Sept. 15th).



Fire Fee

The imposition of a fire fee, in contrast to a special assessment for fire services, is a novel legal issue in Florida. Two Florida municipalities have been identified that currently impose a fire fee. The Cities of Tallahassee and Ocala both charge a fire fee on their municipal electric utility bills. Both cities have cited their home rule authority for the fees and, to date, have not been challenged. The Tallahassee and Ocala Fire Fees are charged to the utility customer (which may not be the property owner), are not imposed on vacant or undeveloped property, and do not include costs related to Advance Life Support (ALS) services. Collection rates through the municipal electric utilities have been good; however, the Marion County School Board has not paid the fire fees to the City of Ocala. The School Board asserts that the fees are actually special assessments from which public schools are statutorily exempt. Over the past four to five years, an unpaid amount of over \$500,000 has accrued on School Board properties. The City and the School Board are currently proceeding under the Florida Governmental Conflict Resolution Act and are in negotiations. The City of Tallahassee has imposed their fire fee for approximately 12 years and has obtained written agreements with large governmental property owners consenting to the fees.

The City of Palm Bay does not have a single, comprehensive utility system that serves all properties within the municipality. If the City decides to go forward with a fire fee, a combination of utility and non-utility billing methods will be required. When compared to imposing a non-ad valorem assessment on the annual tax bill, billing on a water or sewer utility bill or by separate bill will result in lower collection rates and more difficult enforcement of payment. If a fire fee bill is not paid, the City's collection options include filing an enforcement action in court for those not served by a City utility, and/or termination of water or sewer service, in the case of non-payment by a utility customer. Aggressive collection enforcement policies by the City could encourage payment; however, collection rates and enforcement of fire fee payments will be more problematic than for a non-ad valorem assessment placed on the annual property tax bill.

Florida municipalities have broad home rule powers that provide legal support for the imposition of a fire fee. A municipality may exercise any power not prohibited by general law or special act under Article VIII, Section 2 of the Florida Constitution. The City of Palm Bay Charter provides that the City has "and may exercise all governmental, corporate and proprietary powers under the Constitution, general and special acts of the state of Florida as fully and completely as if specifically enumerated in this charter to enable it to conduct



municipal government, perform municipal functions and render municipal services.” See, Section 1.02 of the City Charter. In addition, Section 166.201, Florida Statutes, provides authority for municipalities to levy user charges or fees authorized by ordinance to raise money which is necessary for the conduct of municipal government. The provision of fire protection services and emergency medical services by a unit of local government has become an expectation of modern society and is necessary for the health, safety and welfare of the City’s residents. As such, a fire fee should be viewed as an appropriate user charge or fee under Section 166.201, Florida Statutes, as well as an appropriate charge under constitutional home rule authority. Florida Statutes Section 66.0446 prohibits municipalities from charging a fee to recover costs or expenses that may be incurred for services provided by a first responder in response to a motor vehicle accident. Other than this statutory limitation related to motor vehicle response costs, there is no case law or statute that directly limits or prohibits the imposition of a fire fee for fire department operational costs.

In determining the validity of a fire fee, a court would weigh a number of factors to determine whether the charge is a fee, an assessment or a tax. If the charge is determined to be a tax that is not specifically authorized by general or special law, the charge would be held invalid. If the charge is determined to be an assessment rather than a fee, the City would need to comply with its Charter requirement for a referendum and certain tax exempt properties might also be exempt from the assessment. The line between a tax, a fee and an assessment is often blurred, and the case law has not created simple or clear definitions. The Florida Supreme Court has identified factors to consider in determining if a charge is a fee or special assessment in City of Gainesville v. State, 863 So.2d 139 (Fla. 2003). No one factor is controlling, and the factors include: 1) the name given to the charge, 2) the relationship between the amount of the fee and the value of the service or benefit, 3) whether the fee is charged only to users of the service or is charged to all residents of an area, 4) whether the fee is voluntary – that is, whether a property owner may avoid the charge by refusing the service, 5) whether the charge is a monthly charge or a one-time charge, 6) whether the fee is charged to recover the cost of improvements to a defined area or infrastructure, or the costs of routine provision of services, 7) whether the charge is for a traditional utility, and 8) whether the charge is statutorily authorized as a fee. City of Gainesville at 145. The fire fee outlined in this Report fulfills a number of these factors that a court would consider in determining the fee’s validity.



Because the legal validity of a fire fee has not been tested in court, it is recommended that the City consider using the bond validation process provided in Chapter 75 of the Florida Statutes to obtain a judicial determination of the authority for the fire fee. By identifying some capital costs in the Fire Department budget and authorizing the borrowing of funds to be repaid by a pledge of the fire fee revenue, the City could proactively file a bond validation proceeding prior to collecting the fire fee. Bond validation is a streamlined judicial process that provides finality on the authority to incur bonded debt or issue certificates of debt and the legality of all proceedings related to the debt, including the revenue sources pledged. The complaint is filed in circuit court, and that hearing is typically held within a few months. If the circuit court decision is appealed, that appeal goes directly to the Florida Supreme Court without going through the District Court of Appeal. The Florida Supreme Court has mandatory jurisdiction over appeals from circuit court bond validation decisions and must hear such an appeal. Scheduling of a hearing with the Supreme Court, if an appeal is filed or is necessary, is at the discretion of the Supreme Court and could require four months to a year. Although there are very strong arguments in favor of the fire fee as a valid fee, it is difficult to predict a court decision on this issue. Florida courts have invalidated a transportation utility fee and an interim governmental services fee while upholding a fee for stormwater services. See, State v. City of Port Orange, 650 So.2d 1 (Fla. 1994) (transportation utility fee held to be an impermissible tax), Collier County v. State, 733 So.2d 1012 (Fla. 1999) (fee to defray costs of governmental services to newly developed property held not valid as a fee or an assessment and was an invalid tax), and City of Gainesville v. State, 863 So.2d 138 (Fla. 2003) (stormwater fee held valid). With a favorable bond validation, the City would be assured that the fire fee was valid and enforceable. The financial risk of implementing an untested mechanism for such a critical public safety service can quickly become very significant. Without the benefit of bond validation, the City might be faced in several years with a legal challenge to the fire fee that, if successful, could result in a major budgetary impact if refunds were required.

Table 8 provides a summary of issues that should be considered during the implementation process.



Table 8
Summary of Implementation Issues for Funding Options

| Funding Option | Action(s) Required to Establish | Issues to Consider | Includable Costs (see notes below) | | Possible Billing Methods | Timing for Initial Revenue Generation |
|---------------------------|---|--|------------------------------------|------------------------------|--|--|
| | | | Fire Protection Incl BLS (no ALS) | Fire Protection Incl BLS/ALS | | |
| Ad Valorem Millage | Imposed by City, max. millage of 10 mills for municipal purposes | Declining prop. values have reduced ad valorem revenue, millage cap issue | Yes | Yes | Annual Tax Bill | Current funding method |
| Non-ad Valorem Assessment | Adopt Res. of Intent, Ordinance and Resolutions, mail & publish notice of rate | Per City Charter, referendum approval required | Yes | No (ALS not includable) | Annual Tax Bill, Utility Bill, Separate Bill | FY2012-13 for tax bill |
| Fire Fee | Adopt Ordinance, may adopt separate Resol. w/ fee schedule; Bond validation recommended | No specific statutory authority; legality not yet tested in court; statutes prohibit fee for response to motor vehicle accidents | Novel | Novel | Utility Bill, Separate Bill | Upon adoption of ord. or after bond validation |

NOTES:

YES – Judicially approved, authorized by statute or could be approved by legislature/voters.

NO – Judicially disapproved or prohibited by statute.

NOVEL – Not judicially approved but not prohibited by statute or direct case law ruling.

Table 9 presents the timeline for each funding option.



Table 9
Timeline for Funding Options

| Actions Needed | Purpose of Action | Timing Requirements | Revenue Availability / Recommendations |
|--|--|---|---|
| Non-Ad Valorem Special Assessment: | | | |
| 1) Adopt Resolution of Intent (procedural requirement) | Fulfills statutory procedural requirement to allow assessment to be imposed on tax bill in Nov. 2012. Does not require imposition of assessment. | Adopt prior to March 1, 2012 (Prop. Appraiser & Tax Collector have agreed) (4 weeks advertising req'd) | Recommend Council authorize advertising of Resol. of Intent at last Dec. meeting in order to meet statutory deadline for March 1; Keeps option open for levying assessment on Nov. 2012 tax bill |
| 2) Referendum: Mail Notice of Intent and Ballots, count ballots for referendum | Fulfills charter requirement for referendum approval of non-ad valorem special assessment | Should be scheduled to coordinate with statutory process for collection on Nov. 2012 Tax Bill | Ballot language must be approved by resolution; Assessment methodology & rate calculation must be complete to provide required information for ballots |
| PROCEED WITH STEPS 3 - 5 ONLY IF REFERENDUM APPROVAL OF ASSESSMENT | | | |
| 3) Adopt Ordinance authorizing fire services assessment | Provides authority and establishes process for potential adoption and levy of fire assessment | Ordinary advertising and notice procedures for ordinance adoption | Proceeding with assessment process and referendum provides viable option if Fire Fee is not upheld or is challenged |
| 4) Adopt Initial Assessment Resolution (can be adopted concurrently with Ordinance) | Describes assessment methodology and provides for mailed and published notice of proposed rates and the required public hearing | Must be adopted to allow 20 days mailed and published notice prior to public hearing on Final Resolution; Fire fee calculation methodology must be completed and documented | Provides tentative assessment rates to be used in mailed & published notices; Should be scheduled to allow use of TRIM Notice to reduce costs; Rates finally adopted cannot exceed tentative rates without triggering new notice requirements |
| 5) Adopt Final Assessment Resolution | Finally approves assessment methodology, rates and roll | Must be finally adopted with approved roll submitted to Tax Collector no later than Sept. 15, 2012 for Nov. 2012 Tax Bill | Final legislative action to place assessment on the tax bill or for separate billing if not on the tax bill |
| Fire Fee | | | |
| 1) Adopt Ordinance authorizing fire fee after required notice and hearing procedures; Adopt Resolutions for fee schedule & to authorize debt | Provides authority, describes methodology for fire fee and establishes fee schedule, provides for imposition and collection | No statutory timing requirements; recommend delay imposition until after bond validation | Billing could be implemented upon adoption of ordinance, but recommend delaying until after bond validation. If favorable bond validation decision, revenue available for FY 2012-13 |
| Bond Validation | Process to obtain judicial review of authority for Fire Fee, Action filed in circuit court, Circuit court decision can be appealed directly to Florida Supreme Court | After adoption of Fire Fee Ord. and resolutions authorizing incurring debt; Complaint filed in circuit court, two publications of order to show cause req'd | Efficient process to obtain judicial determination of authority; Significantly reduces fiscal risk if no fees collected prior to bond validation completion |



Table 10 Tentative Schedule for Implementing Funding Options

(City may proceed with one or both options concurrently)

| Month | Fire Assessment | Fire Fee |
|-----------|--|---|
| Dec. 2011 | - Completion/discussion of feasibility report | - Completion/discussion of feasibility report |
| | - Authorize advertising of Resolution of Intent (4 weeks req'd per F.S. 197.3632) | |
| | - Advertise in weeks of 1/23, 1/30, 2/6 & 2/13 with adoption in week of 2/20 (if special meeting held later in Feb., advertising schedule can be adjusted) | |
| Jan. 2012 | - Authorize drafting of Notice of Intent & Ballot for referendum process | - Direct completion of methodology report and calculation of fees |
| | - Direct completion of methodology report and calculation of fees | - Authorize drafting of fire fee ordinance and resolutions |
| Feb. 2012 | - Adopt Resolution of Intent at last Feb. 2012 meeting (must adopt prior to Mar 1, 2012) | - Advertise and adopt fire fee ordinance with necessary resolutions to authorize borrowing of funds |
| | - Adopt Notice of Intent, approve ballot language for referendum | - Authorize bond validation process |
| | - Approve methodology report and proposed assessment rates and referendum notice purposes | |



Table 10 (Continued)
Tentative Schedule for Implementing Funding Options

| Month | Fire Assessment | Fire Fee |
|----------------|---|---|
| Mar/April 2012 | - Mail ballots | - File bond validation in circuit court |
| | - Waiting period for ballot returns (45 days min, 60 days max for return deadline from date of mailing) | - Publish order to show cause (2 times, minimum of 20 days prior to hearing) |
| | - Count ballots within 7 days of deadline (if majority of returned ballots favorable, proceed with assessment adoption process; if majority of returned ballots unfavorable, assessment process terminates) | -Bond validation hearing in circuit court |
| | | - Court issues decision (if favorable, see if appeal to FL Supreme Ct filed within 30 days of decision. If unfavorable, decide if City wants to |
| | - Possible appeal to FL Supreme Ct (expedited review required but court controls their schedule; bond validation appeals generally heard within 6-12 months) | |
| May 2012 | - If proceeding, authorize drafting of Ordinance & Initial Resolution | |
| June/July 2012 | - Adopt Assessment Ordinance & Initial Resolution | - If favorable decision by circuit court in bond validation and/or appeal is pending before FL Supreme Ct, decide how City will proceed with setting of tentative millage and budgeting/collection of fire fee revenues |
| | - Prepare updated assessment roll using latest data from Property Appraiser | |
| | - Schedule process to use TRIM notice for assessment notices if possible | |
| August 2012 | - Hold public hearing and adopt Final Resolution | |
| Sept. 2012 | - Submit certified assessment roll to Tax Collector | |



III. Calculation of Fire Assessment Rates

There are five components in determining the non-ad valorem fire assessment rate schedule. These components include:

- Determination of an assessment factor based on an analysis of the incident data to measure the Department's operations that are related to fire protection and first response, excluding those costs related to ALS in accordance with the case law;
- Determination of fire funding requirement;
- Distribution of fire incidents and resources by property rate category;
- Determination of fire assessment allocation; and
- Distribution of units by land use rate category.

These five components are discussed in further detail below, resulting in the calculated fire assessment rate schedule for the City of Palm Bay.

1. Incident Analysis to Determine the Assessment Factor

As explained previously, the Florida case law requires that fire assessments exclude the portion of the budget that provides ALS medical services. To do so, TOA analyzed the incident data obtained from the City in terms of distribution of incidents as advanced life support (ALS) versus fire and basic life support (BLS) incidents for the past two years. These incidents were analyzed in terms of four criteria:

- Frequency of incidents;
- Average duration, measured in terms of the time from dispatch to clearing from the scene;
- Average number of personnel on scene; and
- Average number of vehicles on scene.

Approximately 14 percent of PBFRD's efforts relate to ALS services.

Results of this analysis were presented previously in **Table 2**, which indicated that 14 percent of the Fire Department's resources are used toward ALS services, and therefore, a maximum of 86 percent of the budget is eligible to be funded with a fire assessment. The City would need to fund the remaining 14 percent using other revenue sources.



2. Fire Assessment Funding Requirement

The second component in determining the City's fire assessment rates is to calculate the total fire rescue funding requirement. To accomplish this, PBFRD's projected budget for FY 2011-12 is reviewed, including personnel and operating expenditures as well as the administrative cost allocated to the Department.

PBFRD's total projected funding requirement in FY 12 is \$13 million.

Palm Bay Fire Rescue receives fire inspection fees that help fund part of its fire rescue budget. The projected revenues from this funding source have been subtracted from the assessable costs. In addition, the City received a Staffing for Adequate Fire and Emergency Response (SAFER) Grant, which was limited to a two-year period, ending in mid-Fiscal Year 13. As such, if the City decides to implement an assessment, it may be necessary to lower the rates to reflect the availability of this revenue source for the first year. A summary of the expenditures and estimated dedicated revenues for FY 2011-12 is included in **Table 11**.

As presented, PBFRD's total funding requirement for FY 2011-12 is approximately \$13 million. It should be noted that based on discussions with the PBFRD representatives, this level of budget includes only the operating expenses that are needed to operate the Department and does not include any capital expenditures or other expenditures that may be necessary to improve the current level of service. This budget also does not include any capital costs to establish a basis for a bond validation action if the City chooses to test the validity of the assessment or a fire fee. It is estimated that the Department will receive approximately \$22,000 of non-tax revenues that are dedicated toward the Department's expenditures, which are also presented in **Table 11**.



Table 11
PBFRD Total Budget (FY 2011-12)

| Description | Total Budget |
|--|----------------------------|
| Expenditures⁽¹⁾ | |
| Personnel | \$12,082,584 |
| Operating | <u>\$1,082,728</u> |
| <i>Subtotal - Expenditures</i> | \$13,165,312 |
| | |
| Revenues⁽²⁾ | |
| Fire Inspection Fees | <u>\$22,438</u> |
| <i>Subtotal - Revenues</i> | \$22,438 |
| | |
| <i>Total Net Expenditures⁽³⁾</i> | <i>\$13,142,874</i> |

(1) Source: City of Palm Bay Finance Department, FY 2012 Fire Rescue Budget

(2) Source: City of Palm Bay Finance Department, FY 2012 Fire Rescue Budget

(3) Expenditures less revenues

In order to determine the assessable budget, total expenditures were adjusted to account for the portion of the budget that will be used to fund only fire protection and first response services. In addition, the cost of the fire assessment study and other expenses associated with implementing an assessment program are shown as separate expenditure line items in the budget.

As presented in **Table 12**, the total allowable assessment funding for FY 2011-12, including miscellaneous assessment expenditures is \$12.8 million. The following adjustments to the original budget were made to reach this figure:

- The Department's total budget of \$13 million was adjusted to determine the portion of the expenditures needed to provide fire protection, first response medical services, and other non-ALS costs. As explained previously, the appropriate assessment factor of 86 percent was determined based on the non-ALS portion of the Department's total effort used to respond to fire protection and fire rescue incidents.



- Operational line item expenses that relate only to fire protection, first response medical aid, and other non-ALS services were identified, and 100 percent of these expenses were included in the assessable costs. Similarly, any expenses dedicated to ALS services were excluded (\$80,000).
- Administrative cost allocation includes overhead expenses associated with legal, purchasing, payroll, budget, accounting and similar general services and is estimated at \$850,000 by the City's Finance Department based on the City's indirect cost allocation methodology used for all non-general funds. To reflect the portion of this cost associated with fire protection, first response medical aid, and other non-ALS services, 86 percent of the administrative cost is included in the assessable budget.
- Dedicated revenues, such as fire inspection fees were subtracted from the expenses.
- Finally, miscellaneous assessment expenditures, such as the statutory discount, collection costs, and the technical study reimbursement were added to the assessable costs.

PBFRD's funding requirement for fire protection and first response services in FY 12 is \$12.8 million.



Table 12
PBFRD Assessable Costs (FY 2011-12)

| Description | Total Budget | Adjustment Factor | Assessable Budget |
|---|---------------------|-------------------|---------------------|
| Expenditures⁽¹⁾ | | | |
| Personnel | \$12,082,584 | 86% | \$10,391,022 |
| Operating: | | | |
| - Non-ALS | \$53,986 | 100% | \$53,986 |
| - ALS and Non-ALS | \$948,947 | 86% | \$816,094 |
| Administrative Cost Allocation | \$850,000 | 86% | \$731,000 |
| <i>Subtotal - Expenditures</i> | <i>\$13,935,517</i> | | <i>\$11,992,102</i> |
| | | | |
| Revenues⁽²⁾ | | | |
| Fire Inspection Fees | \$22,438 | 100% | \$22,438 |
| <i>Subtotal - Revenues</i> | <i>\$22,438</i> | | <i>\$22,438</i> |
| | | | |
| Total Net Expenditures⁽³⁾ | \$13,913,079 | | \$11,969,664 |
| | | | |
| Miscellaneous Assessment Expenditures | | | |
| Study Reimbursement ⁽⁴⁾ | | | \$35,600 |
| Statutory Discount ⁽⁵⁾ | | | \$420,184 |
| Assessment Collection Costs ⁽⁶⁾ | | | \$360,158 |
| <i>Subtotal - Miscellaneous Assessment Expenditures</i> | | | <i>\$815,942</i> |
| | | | |
| Total Assessment Funding Requirement⁽⁷⁾ | | | \$12,785,606 |

(1) Source: City of Palm Bay Finance Department, FY 2012 Fire Rescue Budget

(2) Source: City of Palm Bay Finance Department

(3) Total expenditures (Item 1) less total revenues (Item 2)

(4) Total cost of the fire assessment study

(5) Reflects 3.5% reimbursement of the total net expenditures and study reimbursement for the collection of the fire assessment (2.5% represents the historical average for early payments for the time period from FY 2009 through FY 2011 and 1% is allocated to delinquencies). Total potential discount amount is 5%, which includes 4% to offset statutory discounts received for early payment pursuant to the Uniform Assessment Collection Act and 1% reserve for delinquencies and under-collection).

(6) Reflects estimated collection costs related to the fire assessment based on the information provided by the Brevard County Tax Collector's Office

(7) Sum of total net expenditures and subtotaled miscellaneous assessment expenditures.



3. Fire Rescue Incident Data by Land Use Categories and Benefit Measures

The third component in determining the fire assessment rates is to calculate the demand for services by land use category. Case law requires that assessment rates should reflect the benefit to the property. As such, it is important to include two measures of benefit:

- The use of the Fire Department's services, which can be measured through the historical demand for fire protection services by land use categories; and
- Value of the property that is being protected, which can be measured through:
 - Size of structures; and
 - Unit value of the structure, which, along with the level of fire rescue services provided, also influences insurance rates.

To determine the historical demand for fire protection services by each type of land use, a review was completed to quantify the number of non-ALS incidents and effort/resources related to each incident by land use. To complete this analysis, the data on all non-ALS incidents for the past two years (2009 and 2010), obtained from PBFRD, were analyzed. Results of this analysis were presented previously in **Tables 3** and **4** for two scenarios: including and excluding vacant land as a separate land use.

In determining how the size of the property impacts the calculations, the following analyses were conducted.

- TOA reviewed the just value obtained from the Brevard County Property Appraiser database for residential properties and analyzed how the value varies by the structure size both for residential and non-residential properties.

In the case of residential properties, both the median and average values calculated suggest that the value of the property per square foot increases as the structure gets larger. **Table 13** presents this information, which suggests that the benefit to the property increases as the size of the property increases not only because a larger structure is being protected, but also on a per square foot basis, a more valuable structure is receiving the protection. This may be due to



the fact that materials used to build larger homes tend to be of higher quality and more expensive.

Table 13
Residential Property Value by Structure Size

| Square Footage | Average Just Value per SF ⁽¹⁾ |
|--------------------|--|
| 0 to 800 | \$25.97 |
| 801 to 1,100 | \$33.59 |
| 1,101 to 1,300 | \$39.25 |
| 1,301 to 1,600 | \$41.99 |
| 1,601 to 2,100 | \$43.61 |
| Greater than 2,100 | \$48.19 |

(1) Source: Parcel Database from the City of Palm Bay GIS Department

In the case of non-residential land uses, this relation is reversed in that as the size of the structure increases, the per square foot value decreases. **Table 14** presents this information for commercial properties and **Table 15** presents it for industrial properties. The difference in square footage categories reflects the ranges where the value per square foot changes.

Table 14
Commercial Property Value by Structure Size

| Square Footage | Average Just Value per SF ⁽¹⁾ |
|--------------------|--|
| 0 to 3,499 | \$105.08 |
| 3,500 to 4,999 | \$87.02 |
| 5,000 to 19,999 | \$65.89 |
| 20,000 and Greater | \$44.73 |

(1) Source: Parcel Database from the City of Palm Bay GIS Department



Table 15
Industrial Property Value by Structure Size

| Square Footage | Average Just Value per SF ⁽¹⁾ |
|------------------|---|
| 0 to 4,999 | \$42.08 |
| 5,000 to 19,999 | \$30.57 |
| 20,000 & Greater | \$19.06 |

(1) Source: Parcel Database from the City of Palm Bay
GIS Department

Given that non-ad valorem fire assessments need to reflect the benefit to the property and benefits received from fire services include not only the actual service provided, but also the level of benefit received from the service, which varies based on the size and/or the value of the structure as well as associated savings on insurance premiums due to the availability of service, the size of the structures are also taken into consideration in calculating the assessment rates. As discussed above, the value of the structures on a per square foot basis increases as the size increases for residential structures and decreases for non-residential properties.



4. Fire Assessment Cost Allocation

The fourth component in determining the fire protection assessment rates is to allocate the Assessed Costs to each property rate category, based on the total fire assessment funding requirement and distribution of fire incidents. **Table 16** presents the Fire Rescue Assessed Cost allocation by land use/rate category.

Table 16
Fire Protection and First Response
Assessed Cost Allocation

| Land Use | Portion of Effort ⁽¹⁾ | Share of Assessable Budget ⁽²⁾ |
|---------------|----------------------------------|---|
| Residential | 71.2% | \$9,103,351 |
| Commercial | 3.6% | \$460,282 |
| Hotel/Motel | 0.3% | \$38,357 |
| Industrial | 1.6% | \$204,570 |
| Institutional | 9.8% | \$1,252,989 |
| Vacant | 13.5% | \$1,726,057 |
| Total | 100.0% | \$12,785,606 |

(1) Source: Table 4

(2) Total assessable budget from Table 12 multiplied with the portion of the effort (Item 1) for each land use/rate type.



5. Land Use Data and Calculated Rates

The fifth component in determining the fire assessment rates is to calculate the distribution of assessed costs to property units (e.g., dwelling units, square footage, or parcels) within each land use category. To accomplish this, the property data obtained from the City of Palm Bay GIS Division were utilized. As mentioned previously, some communities do not assess vacant or agricultural property. However, for the purposes of this study, assessment schedules are calculated assuming vacant land will be charged as a separate land use because significant amount of PBFDR's resources were historically expended in responding to vacant and agricultural properties.

For residential land uses, the total number of dwelling units in each residential property class within the city was determined. As discussed previously, the benefit to the property is measured through resources used by each land use and the size of the property. In determining the impact of resources used, the portion of the assessable budget allocated to residential land use was divided by the total number of units to determine the rate per dwelling unit. Under the resource-based approach, this value would be the same for all homes.

In determining the impact of the size, all residential parcels were evaluated and seven building size ranges, or "groups," were used. The median square footage of all residential land uses was calculated to be 1,448 square feet. This was used as the midpoint of the 1 equivalent residential unit (ERU). The mid-point of each group was compared to the median square footage for all units to determine appropriate ERU factor. The rate calculated under the resource-based approach by dividing the allocated budget by the number of units was used to determine the rate per 1 ERU. This figure was adjusted for each group by using the ERU factor.

Finally, both approaches were combined by weighing benefit to the property by 70 percent and resource based approach by 30 percent. These weight factors reflect the fact that in the case of non-ad valorem assessments, the rates need to reflect primarily the benefit to the property. **Table 17** provides the resulting assessment schedule for all residential properties, excluding mobile homes.



Table 17
Calculated Assessment Rates
Residential Land Use
(Excluding Mobile Homes)

| Group (Square Footage) | ERU Factor ⁽¹⁾ | Calculated Assessment Rate | | | |
|--|---------------------------|----------------------------|-------------------------------|-------------------------|-------------|
| | | Size Based ⁽²⁾ | Resource Based ⁽³⁾ | Combined ⁽⁴⁾ | |
| 0 to 800 | 0.28 | \$57.79 | \$206.40 | \$102.37 | |
| 801 to 1,100 | 0.66 | \$136.22 | \$206.40 | \$157.27 | |
| 1,101 to 1,300 | 0.83 | \$171.31 | \$206.40 | \$181.84 | |
| 1,301 to 1,600 | 1.00 | \$206.40 | \$206.40 | \$206.40 | |
| 1,601 to 1,800 | 1.17 | \$241.49 | \$206.40 | \$230.96 | |
| 1,801 to 2,100 | 1.35 | \$278.64 | \$206.40 | \$256.97 | |
| Greater than 2,100 | 1.59 | \$328.18 | \$206.40 | \$291.65 | |
| | | | | | |
| Weight Factor | | 70% | 30% | | |
| Allocated Budget Amount ⁽⁵⁾ | | | | | \$9,103,351 |
| Number of Units ⁽⁶⁾ | | | | | 44,105 |
| Median Square Footage ⁽⁷⁾ | 1,448 | | | | |

- (1) Calculated by dividing mid-point of each group by the median square footage (Item 7) for the entire group
- (2) ERU factor (Item 1) multiplied by the resource based rate (Item 3)
- (3) Allocated budget amount (Item 5) divided by the total number of units (Item 6)
- (4) Size based (Item 2) and resource based (Item 3) figures combined by using the indicated weight factors
- (5) Source: Table 16
- (6) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division
- (7) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division

Parcel data indicates that mobile homes are valued at approximately 60 percent of the all homes combined. As such, an adjusted schedule is created for mobile homes.



Table 18
Calculated Assessment Rates
Mobile Home Land Use

| Group (Square Footage) | Calculated Assessment Rate | | | |
|---|----------------------------|------------------------------------|-------------------------------|-------------------------|
| | Size Based ⁽¹⁾ | Adjusted Size Based ⁽²⁾ | Resource Based ⁽³⁾ | Combined ⁽⁴⁾ |
| 0 to 800 | \$57.79 | \$35.83 | \$206.40 | \$87.00 |
| 801 to 1,100 | \$136.22 | \$84.46 | \$206.40 | \$121.04 |
| 1,101 to 1,300 | \$171.31 | \$106.21 | \$206.40 | \$136.27 |
| 1,301 to 1,600 | \$206.40 | \$127.97 | \$206.40 | \$151.50 |
| 1,601 to 1,800 | \$241.49 | \$149.72 | \$206.40 | \$166.72 |
| 1,801 to 2,100 | \$278.64 | \$172.76 | \$206.40 | \$182.85 |
| Greater than 2,100 | \$328.18 | \$203.47 | \$206.40 | \$204.35 |
| Weight Factor | | 70% | 30% | |
| Average Just Value of All Homes per SF ⁽⁵⁾ | | | | \$42.00 |
| Average Just Value of Mobile Homes per SF ⁽⁶⁾ | | | | \$26.00 |
| Ratio of Mobile Home Value to All Home Value ⁽⁷⁾ | | | | 62% |

- (1) Source: Table 17
- (2) Size based calculations for all residential units (Item 1) multiplied by ratio of mobile home value (Item 7)
- (3) Source: Table 17
- (4) Size based (Item 2) and resource based (Item 3) figures combined by using the indicated weight factors
- (5) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division
- (6) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division
- (7) Average just value of mobile homes per square foot (Item 6) divided by average just value of all homes per square foot (Item 5)

For the hotel/motel/RV park land use, the number of rooms and spaces was used, and the portion of the budget allocated to hotel/motel/RV park land use was divided by the number of rooms and spaces to determine the rate per room/space. These calculations are presented in **Table 19**.



Table 19
Calculated Assessment Rates
Hotel/Motel/RV Park Land Use

| Variable | Figure |
|--|----------|
| Allocated Assessable Budget ⁽¹⁾ | \$38,357 |
| Number of Rooms/Spaces ⁽²⁾ | 2,405 |
| Assessment per Room/Space ⁽³⁾ | \$15.95 |

(1) Source: Table 16

(2) Source: City of Palm Bay GIS Division and Individual Hotel/Motel/RV Park Properties

(3) Allocated assessable budget (Item 1) divided by number of rooms and spaces (Item 2)

As mentioned previously, in the case of nonresidential (i.e., commercial, industrial/warehouse, and institutional) property/rate classes, the value per square foot decreases as the size increases. As such, in determining the impact of the size, all commercial parcels were evaluated and four square foot groupings were identified based on the differentiation of the value per square foot. For each group, the average value per square foot was compared to the average value per square foot for all commercial properties to determine equivalent commercial unit (ECU) factor. In addition, the large structures were capped at 50,000 square feet to reflect that the Fire Department's ability to fight fire is limited to a certain size. Should the City decide to pursue either an assessment or a fire fee program, this cap will be further evaluated and refined.

In calculating the rates based on the Fire Department's resource allocation, the allocated budget was divided by the total square footage to determine cost per square foot.

Similar to the residential land use, in the case of commercial properties, these two approaches were combined by weighing size based approach by 70 percent and resource based approach by 30 percent. Again, this approach reflects that non-ad valorem assessments need to show benefit to the property.



Finally, resulting rates were used to calculate estimated assessment revenues to ensure that revenues generated from commercial properties will be sufficient to cover the allocated budget. This calculation indicated that revenues are likely to be 25 percent lower than the allocated budget due to the distribution of square footage among groups. As such, an adjustment factor of approximately 25 percent was applied to each rate to balance the rates. **Table 20** presents calculated rates for commercial properties.

Table 20
Calculated Assessment Rates
Commercial Land Use

| Group (Square Footage) | ECU Factor ⁽¹⁾ | Avg Just Value per SF ⁽²⁾ | Calculated Assessment Rate per 1,000 sf | | | Combined & Adjusted ⁽⁶⁾ |
|--|---------------------------|--------------------------------------|---|-------------------------------|-------------------------|------------------------------------|
| | | | Size Based ⁽³⁾ | Resource Based ⁽⁴⁾ | Combined ⁽⁵⁾ | |
| 0 to 3,499 | 1.84 | \$105.08 | \$144.66 | \$78.62 | \$124.85 | \$164.28 |
| 3,500 to 4,999 | 1.52 | \$87.02 | \$119.50 | \$78.62 | \$107.24 | \$141.11 |
| 5,000 to 19,999 | 1.15 | \$65.89 | \$90.41 | \$78.62 | \$86.87 | \$114.30 |
| 20,000 and Greater with a cap of 50K | 0.78 | \$44.73 | \$61.32 | \$78.62 | \$66.51 | \$87.51 |
| Weight Factor | | | 70% | 30% | | |
| Allocated Budget Amount ⁽⁷⁾ | | | | | | \$460,282 |
| Total Square Footage ⁽⁸⁾ | 5,854,854 | | | | | |
| Avg Just Value per SF ⁽⁹⁾ | | \$57.23 | | | | |

- (1) Calculated as the ratio of average value per square foot for each group (Item 2) divided by the average value per square foot for all properties (Item 9)
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) ECU factor (Item 1) multiplied by resource base assessment rate (Item 4)
- (4) Allocated budget amount (Item 7) divided by total square footage (Item 8) multiplied by 1,000
- (5) Size based (Item 3) and resource based (Item 4) figures combined by using the indicated weight factors
- (6) Combined assessment rate (Item 4) divided by 0.76, percent of budget covered with rates shown under combined (Item 5)
- (7) Source: Table 16
- (8) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (9) Source: Parcel database obtained from the City of Palm Bay GIS Division

In the case of institutional and industrial land uses, a similar approach is used, and the resulting rates are shown in **Tables 21** and **22**.



Table 21
Calculated Assessment Rates
Industrial Land Use

| Group (Square Footage) | EIU Factor ⁽¹⁾ | Avg Just Value per SF ⁽²⁾ | Calculated Assessment Rate per 1,000 sf | | | Combined & Adjusted ⁽⁶⁾ |
|--|---------------------------|--------------------------------------|---|-------------------------------|-------------------------|------------------------------------|
| | | | Size Based ⁽³⁾ | Resource Based ⁽⁴⁾ | Combined ⁽⁵⁾ | |
| 0 to 4,999 | 2.10 | \$42.08 | \$52.42 | \$24.96 | \$44.18 | \$147.27 |
| 5,000 to 19,999 | 1.53 | \$30.57 | \$38.19 | \$24.96 | \$34.22 | \$114.07 |
| 20,000 and Greater with a cap of 50K | 0.95 | \$19.06 | \$23.71 | \$24.96 | \$24.09 | \$80.30 |
| Weight Factor | | | 70% | 30% | | |
| Allocated Budget Amount ⁽⁷⁾ | | | | | | \$204,570 |
| Total Square Footage ⁽⁸⁾ | 8,149,909 | | | | | |
| Average Just Value per SF ⁽⁹⁾ | | \$20.02 | | | | |

- (1) Calculated as the ratio of average value per square foot for each group (Item 2) divided by the average value per square foot for all properties (Item 9)
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) EIU factor (Item 1) multiplied by resource base assessment rate (Item 4)
- (4) Allocated budget amount (Item 7) divided by total square footage (Item 8) multiplied by 1,000
- (5) Size based (Item 3) and resource based (Item 4) figures combined by using the indicated weight factors
- (6) Combined assessment rate (Item 5) divided by 0.30, percent of budget covered with rates shown under combined (Item 5)
- (7) Source: Table 16
- (8) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (9) Source: Parcel database obtained from the City of Palm Bay GIS Division



Table 22
Calculated Assessment Rates
Institutional Land Use

| Group (Square Footage) | EIU Factor ⁽¹⁾ | Avg Just Value per SF ⁽²⁾ | Calculated Assessment Rate per 1,000 sf | | | Combined & Adjusted ⁽⁶⁾ |
|--|---------------------------|--------------------------------------|---|-------------------------------|-------------------------|------------------------------------|
| | | | Size Based ⁽³⁾ | Resource Based ⁽⁴⁾ | Combined ⁽⁵⁾ | |
| 0 to 1,999 | 0.78 | \$46.90 | \$223.26 | \$284.77 | \$241.71 | \$424.05 |
| 2,000 to 29,999 | 1.25 | \$74.89 | \$356.53 | \$284.77 | \$335.00 | \$587.72 |
| 30,000 to 39,999 | 1.14 | \$68.43 | \$325.78 | \$284.77 | \$313.48 | \$549.96 |
| 40,000 and Greater with a cap of 50K | 0.93 | \$55.83 | \$265.69 | \$284.77 | \$271.41 | \$476.16 |
| Weight Factor | | | 70% | 30% | | |
| Allocated Budget Amount ⁽⁷⁾ | | | | | | \$1,252,989 |
| Total Square Footage ⁽⁸⁾ | 4,399,998 | | | | | |
| Average Just Value per SF ⁽⁹⁾ | | \$59.83 | | | | |

- (1) Calculated as the ratio of average value per square foot for each group (Item 2) divided by the average value per square foot for all properties (Item 9)
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) EIU factor (Item 1) multiplied by resource base assessment rate (Item 4)
- (4) Allocated budget amount (Item 7) divided by total square footage (Item 8) multiplied by 1,000
- (5) Size based (Item 3) and resource based (Item 4) figures combined by using the indicated weight factors
- (6) Combined assessment rate (Item 5) divided by 0.57, percent of budget covered with rates shown under combined (Item 5)
- (7) Source: Table 16
- (8) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (9) Source: Parcel database obtained from the City of Palm Bay GIS Division

The final category for which assessment rates are calculated is the vacant land (lots without structures). To do so, the allocated budget is divided by the number of parcels, resulting in an assessment rate of \$50 per parcel. It should be noted an evaluation of the acreage distribution of parcels indicated that approximately 96 percent of the parcels have 5 acres or less, and 99.7 percent of the parcels have 10 acres or less. As such, capping the assessment rate for larger parcels did not result in any significant decrease in the rate for smaller parcels since the City's vacant lot inventory consists primarily of smaller parcels. **Table 23** provides the calculated assessment rate for vacant property.



Table 23 Calculated Assessment Rate Vacant Land

| Variable | Figure |
|---|-------------|
| Allocated Budget Amount ⁽¹⁾ | \$1,726,057 |
| Number of Vacant Parcels ⁽²⁾ | 34,318 |
| Calculated Assessment per Parcel ⁽³⁾ | \$50.30 |

(1) Source: Table 16

(2) Source: Parcel database obtained from the City of Palm Bay GIS Division

(3) Allocated budget amount (Item 1) divided by number of parcels (Item 2)

The next section of this report presents fire fee calculations.



IV. Calculation of Fire Fee

Similar to the fire assessment calculations, there are five components in determining the fire fee schedule. These components include:

- Determination of a fire fee factor based on an analysis of the incident data to measure and exclude the Department's operations that are related to motor vehicle accidents in accordance with Florida Statutes Section 66.0446;
- Determination of fire funding requirement;
- Distribution of fire incidents and resources by property rate category;
- Determination of fire fee allocation; and
- Distribution of units by land use rate category.

These five components were previously discussed in Section III. This section provides any changes from the previous section and the calculated fire fee schedule for the City of Palm Bay.

1. Incident Analysis to Determine the Budget Adjustment Factor

As explained previously, the Florida statutes require that fire fees to exclude the portion of the budget that provides services to motor vehicle accidents. To do so, TOA analyzed the incident data obtained from the City in terms of distribution of motor vehicle incidents for the past two years. These incidents were analyzed in terms of four criteria:

- Frequency of incidents;
- Average duration, measured in terms of the time from dispatch to clearing from the scene;
- Average number of personnel on scene; and
- Average number of vehicles on scene.

Approximately 3 percent of PBFRD's efforts relate to motor vehicle accident response.

Results of this analysis indicated that 3 percent of the Fire Department's resources are used toward motor vehicle accidents, and therefore, a maximum of 97 percent of the budget is eligible to be funded with a fire assessment. The City would need to fund the remaining 3 percent using other revenue sources. No case law or statute, other than



Florida Statutes Section 66.0446 related to motor vehicle accident response, specifically limits the costs that may be included in the fire fee. Therefore, the fire fee calculations in this report include fire protection costs as well as EMS costs, including BLS and ALS.

2. Fire Fee Funding Requirement

The second component in determining the City's fire fee is to calculate the total fire rescue funding requirement. To accomplish this, PBFRD's projected budget for FY 2011-12 is reviewed, including personnel and operating expenditures as well as the administrative cost allocated to the Department. In addition, any dedicated revenues such as the fire inspection fees were subtracted. As noted previously, if implemented, the fire fee may need to be adjusted downward for the first year to reflect the SAFER Grant revenues available to the City until the middle of Fiscal Year 13.

PBFRD's total projected funding requirement in FY 12 is \$14 million.

As presented previously in **Table 11**, PBFRD's total funding requirement for FY 2011-12 is approximately \$13 million. It should be noted that based on discussion with the PBFRD representatives, this level of budget includes only the operating expenses that are needed to operate the Department and does not include any capital expenditures or other expenditures that may be necessary to improve the current level of service. This budget also does not include any capital costs needed to establish a basis for a bond validation action if the City chooses to test the validity of a fire fee. It is estimated that the Department will receive approximately \$22,000 of non-tax revenues that are dedicated toward the Department's expenditures, which was also presented in **Table 11**.

In order to determine the allowable budget, total expenditures were adjusted to account for the portion of the budget that will be funded with a fire fee. In addition, the cost of the fire fee study and other related expenses associated with implementing a fire fee program are shown as separate expenditure line items in the budget.

As presented in **Table 24**, the total allowable fire fee funding for FY 2011-12, including miscellaneous fee program expenditures is \$14.2 million. The following adjustments to the original budget were made to reach this figure:



- The Department's total budget of \$13 million was adjusted to exclude the portion of the expenditures associated with providing service to motor vehicle accidents. As explained previously, the appropriate assessment factor was determined based on the portion of the Department's total effort used to respond to these incidents, which was estimated at 3 percent.
- As explained previously, administrative cost allocation includes overhead expenses associated with legal, purchasing, payroll, budget, accounting and similar general services and is estimated at \$850,000 by the City's Finance Department based on the City's indirect cost allocation methodology used for all non-general funds. To exclude the cost associated with providing service to motor vehicle accident, 97 percent of the administrative cost is included in the assessable budget.
- Dedicated revenues, such as fire inspection fees were subtracted from the expenses.
- Finally, miscellaneous fire fee expenditures, such as a contingency amount to account for delinquencies, collection costs, and the technical study reimbursement were added to the allowable costs. It should be noted that the City's current collection rate for the stormwater fee is approximately 75 to 80 percent. For the purposes of this study, a contingency factor of 3.5 percent is used, which is consistent with the statutory discount and delinquency percentage used in the case of non-ad valorem assessment calculations. However, a more detail analysis of land uses/property types that do not pay the stormwater fee is needed to determine a more accurate delinquency percentage.

PBFRD's funding requirement for fire protection and allowable EMS services in FY 12 is \$14.2 million.



Table 24
PBFRD Allowable Costs (FY 2011-12)

| Description | Total Budget for Fire Fee | Adjustment Factor | Allowable Budget |
|---|---------------------------|-------------------|---------------------|
| Expenditures⁽¹⁾ | | | |
| Personnel | \$12,082,584 | 97% | \$11,720,106 |
| Operating | \$1,082,728 | 97% | \$1,050,246 |
| Administrative Cost Allocation | \$850,000 | 97% | \$824,500 |
| <i>Subtotal - Expenditures</i> | <i>\$14,015,312</i> | | <i>\$13,594,852</i> |
| Revenues⁽²⁾ | | | |
| Fire Inspection Fees | \$22,438 | 100% | \$22,438 |
| <i>Subtotal - Revenues</i> | <i>\$22,438</i> | | <i>\$22,438</i> |
| Total Net Expenditures⁽³⁾ | \$13,992,874 | | \$13,572,414 |
| Miscellaneous Fire Fee Expenditures | | | |
| Study Reimbursement ⁽⁴⁾ | | | \$35,600 |
| Contingency ⁽⁵⁾ | | | \$476,280 |
| Fire Fee Collection Costs ⁽⁶⁾ | | | \$88,000 |
| <i>Subtotal - Miscellaneous Fire Fee Expenditures</i> | | | <i>\$599,880</i> |
| Total Fire Fee Funding Requirement⁽⁷⁾ | | | \$14,172,294 |

(1) Source: City of Palm Bay Finance Department, FY 2012 Fire Rescue Budget

(2) Source: City of Palm Bay Finance Department

(3) Total expenditures (Item 1) less total revenues (Item 2)

(4) Total cost of the fire fee study

(5) Accounts for uncollected portion of the fire fee, and is estimated at the same level as the non-ad valorem assessment rate (3.5% reimbursement of the total net expenditures and study reimbursement).

(6) Reflects estimated collection costs related to the fire fee program based on the information provided by the City of Palm Bay

(7) Sum of total net expenditures and subtotaled miscellaneous fee expenditures.



3. Fire Rescue Incident Data by Land Use Categories and User Benefit Measures

The third component in determining the fire fee is to calculate the demand for services by land use category. In the case of fire fees, the rates need to reflect the benefit to the user. As such, the two measures of benefit introduced in the previous section and listed below are weighted differently compared to the assessment calculations.

- The use of the Fire Department's services, which can be measured through the historical demand for fire protection services by land use categories; and
- Value of the property that is being protected, which can be measured through:
 - Size of structures; and
 - Unit value of the structure, which, along with the level of fire rescue services provided, also influences insurance rates.

Given that fire fees need to reflect primarily the benefit to the user, the benefit from fire department's services is weighted more heavily in the calculation of fees. Because the benefit to the property is still part of the overall benefit received from the availability of fire rescue services, this portion is also included in the calculations.



4. Fire Fee Cost Allocation

The fourth component in determining the fire fees is to allocate the Allowable Costs to each property rate category, based on the total fire funding requirement and distribution of fire incidents. **Table 25** presents the Fire Rescue Allowable Cost allocation by land use/rate category.

Table 25
Fire Rescue Services
Allowable Cost Allocation

| Land Use | Portion of Effort ⁽¹⁾ | Share of Allowable Budget ⁽²⁾ |
|---------------|----------------------------------|--|
| Residential | 73.1% | \$10,359,947 |
| Commercial | 3.5% | \$496,030 |
| Hotel/Motel | 0.3% | \$42,517 |
| Industrial | 1.8% | \$255,101 |
| Institutional | 9.8% | \$1,388,885 |
| Vacant | 11.5% | \$1,629,814 |
| Total | 100.0% | \$14,172,294 |

(1) Source: Table 6

(2) Total allowable budget from Table 24 multiplied with the portion of the effort (Item 1) for each land use/rate type.



5. Land Use Data and Calculated Fees

The fifth component in determining the fire fees is to calculate the distribution of allowable costs to property units (e.g., dwelling units, square footage, or parcels) within each land use category. To accomplish this, the property data obtained from the City of Palm Bay GIS Division were utilized and the methodology explained in Section III was used. However, the fees were calculated by weighted resource based (or benefit to the user) by 70 percent and benefit to the property by 30 percent.

Table 26 provides the resulting fire fee schedule for all residential properties, excluding mobile homes.

Table 26
Calculated Fire Fees
Residential Land Use
(Excluding Mobile Homes)

| Group (Square Footage) | ERU Factor ⁽¹⁾ | Calculated Fee | | | |
|--|---------------------------|---------------------------|-------------------------------|-------------------------|--------------|
| | | Size Based ⁽²⁾ | Resource Based ⁽³⁾ | Combined ⁽⁴⁾ | |
| 0 to 800 | 0.28 | \$65.77 | \$234.89 | \$184.15 | |
| 801 to 1,100 | 0.66 | \$155.03 | \$234.89 | \$210.93 | |
| 1,101 to 1,300 | 0.83 | \$194.96 | \$234.89 | \$222.91 | |
| 1,301 to 1,600 | 1.00 | \$234.89 | \$234.89 | \$234.89 | |
| 1,601 to 1,800 | 1.17 | \$274.82 | \$234.89 | \$246.87 | |
| 1,801 to 2,100 | 1.35 | \$317.10 | \$234.89 | \$259.55 | |
| Greater than 2,100 | 1.59 | \$373.48 | \$234.89 | \$276.47 | |
| Weight Factor | | 30% | 70% | | |
| Allocated Budget Amount ⁽⁵⁾ | | | | | \$10,359,947 |
| Number of Units ⁽⁶⁾ | | | | | 44,105 |
| Median Square Footage ⁽⁷⁾ | 1,448 | | | | |

(1) Calculated by dividing mid-point of each group by the median square footage (Item 7) for the entire group

(2) ERU factor (Item 1) multiplied by the resource based rate (Item 3)

(3) Allocated budget amount (Item 5) divided by the total number of units (Item 6)

(4) Size based (Item 2) and resource based (Item 3) figures combined by using the indicated weight factors

(5) Source: Table 25

(6) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division

(7) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division



Parcel data indicates that mobile homes are valued at approximately 60 percent of the all homes combined. As such, an adjusted schedule is created for mobile homes.

Table 27
Calculated Fire Fees
Mobile Home Land Use

| Group (Square Footage) | Calculated Fire Fee | | | |
|---|---------------------------|------------------------------------|-------------------------------|-------------------------|
| | Size Based ⁽¹⁾ | Adjusted Size Based ⁽²⁾ | Resource Based ⁽³⁾ | Combined ⁽⁴⁾ |
| 0 to 800 | \$65.77 | \$40.78 | \$234.89 | \$176.66 |
| 801 to 1,100 | \$155.03 | \$96.12 | \$234.89 | \$193.26 |
| 1,101 to 1,300 | \$194.96 | \$120.88 | \$234.89 | \$200.69 |
| 1,301 to 1,600 | \$234.89 | \$145.63 | \$234.89 | \$208.11 |
| 1,601 to 1,800 | \$274.82 | \$170.39 | \$234.89 | \$215.54 |
| 1,801 to 2,100 | \$317.10 | \$196.60 | \$234.89 | \$223.40 |
| Greater than 2,100 | \$373.48 | \$231.56 | \$234.89 | \$233.89 |
| Weight Factor | | 30% | 70% | |
| Average Just Value of All Homes per SF ⁽⁵⁾ | | | | \$42.00 |
| Average Just Value of Mobile Homes per SF ⁽⁶⁾ | | | | \$26.00 |
| Ratio of Mobile Home Value to All Home Value ⁽⁷⁾ | | | | 62% |

(1) Source: Table 26

(2) Size based calculations for all residential units (Item 1) multiplied by ratio of mobile home value (Item 7)

(3) Source: Table 26

(4) Size based (Item 2) and resource based (Item 3) figures combined by using the indicated weight factors

(5) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division

(6) Source: Parcel database and other information obtained from the City of Palm Bay GIS Division

(7) Average just value of mobile homes per square foot (Item 6) divided by average just value of all homes per square foot (Item 5)

For the hotel/motel/RV park land use, the number of rooms and spaces was used, and the portion of the budget allocated to hotel/motel/RV park land use was divided by the number of rooms and spaces to determine the rate per room/space. These calculations are presented in **Table 28**.



Table 28 Calculated Fire Fee Hotel/Motel/RV Park Land Use

| Variable | Figure |
|--|----------|
| Allocated Assessable Budget ⁽¹⁾ | \$42,517 |
| Number of Rooms ⁽²⁾ | 2,405 |
| Assessment per Room ⁽³⁾ | \$17.68 |

(1) Source: Table 25

(2) Source: City of Palm Bay GIS Division and Individual Hotel/Motel/RV Park Properties

(3) Allocated assessable budget (Item 1) divided by number of rooms and spaces (Item 2)

As mentioned previously, in the case of nonresidential (i.e., commercial, industrial/warehouse, and institutional) property/rate classes, the value per square foot decreases as the size increases. As such, in determining the impact of the size, all commercial parcels were evaluated and four square foot groupings were identified based on the differentiation of the value per square foot. For each group, the average value per square foot was compared to the average value per square foot for all commercial properties to determine equivalent commercial unit (ECU) factor. In addition, the large structures were capped at 50,000 square feet to reflect that the Fire Department's ability to fight fire is limited to a certain size. Should the City decide to pursue either an assessment or a fire fee program, this cap will be further evaluated and refined.

In calculating the rates based on the Fire Department's resource allocation, the allocated budget was divided by the total square footage to determine cost per square foot.

Similar to the residential land use, in the case of commercial properties, these two approaches were combined by weighing size based approach by 30 percent and resource based approach by 70 percent. Again, this approach reflects that fire fees reflect primarily the benefit to the user.

Finally, resulting rates were used to calculate estimated fire fee revenues to ensure that revenues generated from commercial properties will be sufficient to cover the allocated



budget. This calculation indicated that revenues are likely to be 25 percent lower than the allocated budget due to the distribution of square footage among groups. As such, an adjustment factor was applied to each rate to balance the rates. **Table 29** presents calculated rates for commercial properties.

Table 29
Calculated Fire Fees
Commercial Land Use

| Group (Square Footage) | ECU Factor ⁽¹⁾ | Avg Just Value per SF ⁽²⁾ | Calculated Fire Fee per 1,000 sf | | | Combined & Adjusted ⁽⁶⁾ |
|--|---------------------------|--------------------------------------|----------------------------------|-------------------------------|-------------------------|------------------------------------|
| | | | Size Based ⁽³⁾ | Resource Based ⁽⁴⁾ | Combined ⁽⁵⁾ | |
| 0 to 3,499 | 1.84 | \$105.08 | \$155.88 | \$84.72 | \$106.07 | \$143.64 |
| 3,500 to 4,999 | 1.52 | \$87.02 | \$128.77 | \$84.72 | \$97.94 | \$132.63 |
| 5,000 to 19,999 | 1.15 | \$65.89 | \$97.43 | \$84.72 | \$88.53 | \$119.89 |
| 20,000 and Greater with a cap of 50K | 0.78 | \$44.73 | \$66.08 | \$84.72 | \$79.13 | \$107.16 |
| Weight Factor | | | 30% | 70% | | |
| Allocated Budget Amount ⁽⁷⁾ | | | | | | \$496,030 |
| Total Square Footage ⁽⁸⁾ | 5,854,854 | | | | | |
| Avg Just Value per SF ⁽⁹⁾ | | \$57.23 | | | | |

- (1) Calculated as the ratio of average value per square foot for each group (Item 2) divided by the average value per square foot for all properties (Item 9)
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) ECU factor (Item 1) multiplied by resource base fire fee (Item 4)
- (4) Allocated budget amount (Item 7) divided by total square footage (Item 8) multiplied by 1,000
- (5) Size based (Item 3) and resource based (Item 4) figures combined by using the indicated weight factors
- (6) Combined rate (Item 5) divided by 0.74, percent of budget covered with rates shown under combined (Item 5)
- (7) Source: Table 25
- (8) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (9) Source: Parcel database obtained from the City of Palm Bay GIS Division

In the case of institutional and industrial land uses, a similar approach is used, and the resulting rates are shown in **Tables 30** and **31**.



Table 30
Calculated Fire Fees
Industrial Land Use

| Group (Square Footage) | EIU Factor ⁽¹⁾ | Avg Just Value per SF ⁽²⁾ | Calculated Fire Fee per 1,000 sf | | | Combined & Adjusted ⁽⁶⁾ |
|--|---------------------------|--------------------------------------|----------------------------------|-------------------------------|-------------------------|------------------------------------|
| | | | Size Based ⁽³⁾ | Resource Based ⁽⁴⁾ | Combined ⁽⁵⁾ | |
| 0 to 4,999 | 2.10 | \$42.08 | \$65.37 | \$31.13 | \$41.40 | \$142.76 |
| 5,000 to 19,999 | 1.53 | \$30.57 | \$47.63 | \$31.13 | \$36.08 | \$124.41 |
| 20,000 and Greater with a cap of 50K | 0.95 | \$19.06 | \$29.57 | \$31.13 | \$30.66 | \$105.72 |
| Weight Factor | | | 30% | 70% | | |
| Allocated Budget Amount ⁽⁷⁾ | | | | | | \$255,101 |
| Total Square Footage ⁽⁸⁾ | 8,194,909 | | | | | |
| Avg Just Value per SF ⁽⁹⁾ | | \$20.02 | | | | |

- (1) Calculated as the ratio of average value per square foot for each group (Item 2) divided by the average value per square foot for all properties (Item 9)
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) EIU factor (Item 1) multiplied by resource base fire fee (Item 4)
- (4) Allocated budget amount (Item 7) divided by total square footage (Item 8) multiplied by 1,000
- (5) Size based (Item 3) and resource based (Item 4) figures combined by using the indicated weight factors
- (6) Combined rate (Item 5) divided by 0.29, percent of budget covered with rates shown under combined (Item 5)
- (7) Source: Table 25
- (8) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (9) Source: Parcel database obtained from the City of Palm Bay GIS Division



Table 31
Calculated Fire Fees
Institutional Land Use

| Group (Square Footage) | EIU Factor ⁽¹⁾ | Avg Just Value per SF ⁽²⁾ | Calculated Fire Fee per 1,000 sf | | | Combined & Adjusted ⁽⁶⁾ |
|--|---------------------------|--------------------------------------|----------------------------------|-------------------------------|-------------------------|------------------------------------|
| | | | Size Based ⁽³⁾ | Resource Based ⁽⁴⁾ | Combined ⁽⁵⁾ | |
| 0 to 1,999 | 0.78 | \$46.90 | \$247.60 | \$315.82 | \$295.35 | \$527.41 |
| 2,000 to 29,999 | 1.25 | \$74.89 | \$395.41 | \$315.82 | \$339.70 | \$606.61 |
| 30,000 to 39,999 | 1.14 | \$68.43 | \$361.30 | \$315.82 | \$329.46 | \$588.32 |
| 40,000 and Greater with a cap of 50K | 0.93 | \$55.83 | \$294.66 | \$315.82 | \$309.47 | \$552.63 |
| | | | | | | |
| Weight Factor | | | 30% | 70% | | |
| Allocated Budget Amount ⁽⁷⁾ | | | | | | \$1,388,885 |
| Total Square Footage ⁽⁸⁾ | 4,397,723 | | | | | |
| Avg Just Value per SF ⁽⁹⁾ | | \$59.83 | | | | |

- (1) Calculated as the ratio of average value per square foot for each group (Item 2) divided by the average value per square foot for all properties (Item 9)
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) EIU factor (Item 1) multiplied by resource base assessment rate (Item 4)
- (4) Allocated budget amount (Item 7) divided by total square footage (Item 8) multiplied by 1,000
- (5) Size based (Item 3) and resource based (Item 4) figures combined by using the indicated weight factors
- (6) Combined rate (Item 5) divided by 0.56, percent of budget covered with rates shown under combined (Item 5)
- (7) Source: Table 25
- (8) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (9) Source: Parcel database obtained from the City of Palm Bay GIS Division

The final category for which a fire fee is calculated is the vacant land (lots without structures). To do so, the allocated budget is divided by the number of parcels, resulting in a fire fee of \$47 per lot. **Table 32** provides the calculated fire fee for vacant property.



Table 32
Calculated Fire Fee
Vacant Lots

| Variable | Figure |
|---|-------------|
| Allocated Budget Amount ⁽¹⁾ | \$1,629,814 |
| Number of Vacant Parcels ⁽²⁾ | 34,318 |
| Calculated Assessment per Parcel ⁽³⁾ | \$47.49 |

- (1) Source: Table 25
- (2) Source: Parcel database obtained from the City of Palm Bay GIS Division
- (3) Allocated budget amount (Item 1) divided by number of parcels (Item 2)



V. Summary of Calculated Assessment and Fire Fee Rates

This section provides a comparison of the current method of funding fire rescue services, ad valorem tax rate, to the calculated assessment and fire fee rates. The comparison is provided for the five main categories of land uses.

It should be noted that the comparison included in this section provides an order-of-magnitude difference for the average size unit within each group; however, there may be individual properties that pay more or less ad valorem taxes than the figures indicated in the tables. In addition, in the case of non-residential land uses, the cap of 50,000 square feet applied to assessment and fire fee rates results in a larger difference between the ad valorem tax and the other two funding methods.

Table 33
Comparison of Funding Methods
Residential Land Use (Excluding Mobile Homes)

| Group (sf) | Payment per Dwelling Unit | | |
|--------------------|---------------------------|---------------------------|-------------------------|
| | Ad Valorem ⁽¹⁾ | Assessment ⁽²⁾ | Fire Fee ⁽³⁾ |
| 0 to 800 | \$74 | \$102 | \$184 |
| 801 to 1,100 | \$115 | \$157 | \$211 |
| 1,101 to 1,300 | \$153 | \$182 | \$223 |
| 1,301 to 1,600 | \$187 | \$206 | \$235 |
| 1,601 to 1,800 | \$218 | \$231 | \$247 |
| 1,801 to 2,100 | \$267 | \$257 | \$260 |
| Greater than 2,100 | \$430 | \$292 | \$276 |

(1) Represents ad valorem taxes currently paid for fire rescue services based on the average taxable value and average home size in each group

(2) Source: Table 17

(3) Source: Table 26



Table 34
Comparison of Funding Methods
Commercial Land Use

| Group (sf) | Rate per 1,000 Square Foot | | |
|--------------------------------------|----------------------------|---------------------------|-------------------------|
| | Ad Valorem ⁽¹⁾ | Assessment ⁽²⁾ | Fire Fee ⁽³⁾ |
| 0 to 3,499 | \$562 | \$164 | \$144 |
| 3,500 to 4,999 | \$446 | \$141 | \$133 |
| 5,000 to 19,999 | \$290 | \$114 | \$120 |
| 20,000 and Greater with a cap of 50K | \$242 | \$88 | \$107 |

- (1) Represents ad valorem tax rate currently paid for fire rescue services
Please note that the cap does not apply to ad valorem payments.
- (2) Source: Table 20
- (3) Source: Table 29

Table 35
Comparison of Funding Methods
Industrial Land Use

| Group (sf) | Rate per 1,000 Square Foot | | |
|--------------------------------------|----------------------------|---------------------------|-------------------------|
| | Ad Valorem ⁽¹⁾ | Assessment ⁽²⁾ | Fire Fee ⁽³⁾ |
| 0 to 4,999 | \$225 | \$147 | \$143 |
| 5,000 to 19,999 | \$166 | \$114 | \$124 |
| 20,000 and Greater with a cap of 50K | \$102 | \$80 | \$106 |

- (1) Represents ad valorem tax rate currently paid for fire rescue services
Please note that the cap does not apply to ad valorem payments.
- (2) Source: Table 21
- (3) Source: Table 30



Table 36
Comparison of Funding Methods
Institutional Land Use

| Group (sf) | Rate per 1,000 Square Foot | | |
|--------------------------------------|----------------------------|---------------------------|-------------------------|
| | Ad Valorem ⁽¹⁾ | Assessment ⁽²⁾ | Fire Fee ⁽³⁾ |
| 0 to 1,999 | \$202 | \$424 | \$527 |
| 2,000 to 29,999 | \$359 | \$588 | \$607 |
| 30,000 to 39,999 | \$254 | \$550 | \$588 |
| 40,000 and Greater with a cap of 50K | \$299 | \$476 | \$553 |

- (1) Represents ad valorem tax rate currently paid for fire rescue services by institutional properties that are **not** tax exempt
Please note that the cap does not apply to ad valorem payments.
- (2) Source: Table 22
- (3) Source: Table 31

Table 37
Comparison of Funding Methods
Vacant Land

| | Rate per Parcel | | |
|-------------|---------------------------|---------------------------|-------------------------|
| | Ad Valorem ⁽¹⁾ | Assessment ⁽²⁾ | Fire Fee ⁽³⁾ |
| Vacant Land | \$32 | \$50 | \$47 |

- (1) Represents ad valorem tax rate currently paid for fire rescue services
- (2) Source: Table 23
- (3) Source: Table 32

