



TOWN OF LAUDERDALE-BY-THE-SEA

AGENDA ITEM REQUEST FORM

Town Manager

Department Submitting Request

Connie Hoffmann

Dept Head's Signature

BUDGET WORKSHOP JUNE 8

SUBJECT TITLE: FIRE ASSESSMENT FEES DISCUSSION

EXPLANATION: The Town's current methodology for calculating fire assessment fees is based on a study and analysis conducted in the summer of 2004 by Government Services Group (GSG), a firm based in Tallahassee that has conducted many such studies in Florida. At one point, the Town had two different fire assessment fee structures, one for the northern section of the Town that was served by BSO Fire and one for the southern section of the Town which was served by the LBTS Volunteer Fire Department. In FY 2003/2004, the northern area residents were paying \$522 annually and the residents in the southern area were paying \$92 annually. In FY 2005/2006 it appears that the Town instituted a single residential fire assessment rate based on the GSG study and recommendations. Their methodology involved allocating Fire Department costs to residential properties and to non-residential properties based on the percentage of total fire department calls that could be attributed to each category (87% to residential properties and 13% to non-residential properties). It was then determined to charge residential properties a fire assessment fee per dwelling unit with no distinction between single family and multi-family properties, and to create a tiered fee assessment structure for non-residential properties based on square footage categories

In 2007, when the Town no longer operated a volunteer department and contracted with BSO Fire for fire protection and suppression services, the Town hired a different firm, Burton & Associates, who proposed a different methodology that used call data but also factored in the cost of a Fire Department being on standby, waiting to respond if there was a fire (they called that a "watch-standing benefit"). That methodology was not adopted.

From what I can tell from the files, when the Town returned to a volunteer fire department, the fire assessment fees were slashed in half. Last summer, Burton & Associates was hired again to review the adequacy of the rate structure to produce sufficient revenues to fund the Town's fire services over a five year period. They projected a fee increase would not be necessary until FY 2011/2012, however, they also assumed that property assessments increase slightly in FY 2010/2011, which has not happened.

We received the estimate of fire assessment fee collections for the next fiscal year from the Property Appraiser based on the assumption that our fire assessment fees remain at current levels. That projection is \$1,062,369, but if you apply the typical assumption that collections will lag billings by 5%, the Town's projected revenue from fire assessment fees next year is \$1,009,250.

This week we received the VFD's proposed budget for 2010/2011 that calls for the full 4% increase allowed under their contract with the Town. They are proposing to reduce their operating budget, but allocate a substantial sum into the fire truck replacement reserve. Even with the 4% increase, the fire assessment fees would be sufficient to cover the costs of fire services next year but we do need to carefully evaluate the condition of the fire apparatus, how quickly they need to be replaced, and develop a schedule to do fund that equipment replacement. Until that analysis is complete, and we have had sufficient time to evaluate the VFD's budget request, it is premature to make a decision about the fire assessment fee structure.

STAFF RECOMMENDATION: Allow staff time to analyze fire fleet replacements needs and a schedule, as well as time to continue discussions with the VFD on their proposed budget. Staff will come back with a recommendation on fire assessment fees in July.

FISCAL IMPACT AND APPROPRIATION OF FUNDS: Fire assessment fees at current rates are projected to produce \$1,009,250 next fiscal year.