



## The City of Gainesville's Proposed Special Assessment for Fire Services

### Frequently Asked Questions and Answers

The City of Gainesville is considering a Special Assessment for Fire Services to provide a dedicated and more stable funding source for one of the city's core services. As the City Commission deliberates whether to implement the proposed special assessment, the following list of frequently asked questions and answers is intended to provide citizens with information about the proposed special assessment and how it may impact them. A final decision is expected no later than July 15, 2010.

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

A. A special assessment for fire services would provide a stable funding source to pay for fire protection services to protect lives and properties within Gainesville's city limits. This funding method also represents a more equitable process for collecting revenues that could only be spent to provide fire protection services.

**Q. What are the benefits of the proposed special assessment to property owners in the City of Gainesville?**

A. Property owners would continue to receive the excellent fire protection service they have come to expect. With the addition of a special assessment, fire protection services may be spared the potential budget reductions and impact on services other city departments must cope with. A special assessment for fire services provides a cost-effective and financially stable means of funding fire protection services for years to come allowing the city to maintain and, where needed, enhance its fire services, which means better service to property owners and occupants.

**Q. What will the special assessment pay for?**

A. A special assessment for fire services can only be used to fund personnel costs, capital improvements, equipment and other costs related to:

- a) responding to fire/non-medical emergencies; and
- b) maintaining readiness to respond to fire/non-medical emergencies through staffing, training, procuring and maintaining facilities and equipment.

**Q. What period of time does the special assessment cover and when would the special assessment be payable?**

A. The special assessment for fire services would be imposed annually covering Oct. 1 to Sept. 30 of each fiscal year. The special assessment would be payable as part of annual property tax bills, between Nov. 1 and March 31.

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

A. Yes. The City of Tallahassee, City of Hollywood, City of Newberry, City of High Springs, Marion County, Levy County, Gilchrist County, Lake County, Broward County and many other local governments throughout Florida have special assessments for fire services.

**Q. What is the difference between a special assessment for fire services and the property taxes collected by the city? Why use special assessments to fund fire protection services and not taxes?**

A. Taxes are based on the value of property and fluctuate with market prices and sales volume. Special assessments are determined based on the benefit of the provided service to the property and are a more predictable and stable source of funding.

The use of special assessments requires a special benefit to property and fair and reasonable apportionment of costs. This means that unlike taxes, which can be used for any general purpose, the special assessment for fire services must be developed to recover each property's proportionate share of the costs of providing fire services. In addition, under the city's approach, the cost of providing fire services would be more equitably distributed among those benefiting from fire services, since some owners of property that is tax exempt would be subject to a special assessment and begin to pay for fire protection services.

**Q. Who would be subject to a special assessment for fire services?**

A. All owners of property in the city would be subject to the special assessment, with the exception of government-owned properties and vacant properties.

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

A. The city's consultant is completing a study for the city that will identify potential special assessment rates. Information on rates will be sent to all property owners prior to a final public hearing on the special assessment for fire services on July 15, 2010.

**Q. How are the special assessment rates determined?**

A. The city is working with its consultant on a new improved methodology. The methodology assigns each building fire protection units based on three main criteria:

1. Hazard Classification - The National Fire Protection Association provides hazard classifications for building uses. Hazard Classifications range from 7 (least hazardous classification) to 3 (most hazardous classification).
2. Building Area - The database maintained by the Alachua County Property Appraiser was used as the primary source for building area data. In those situations where building area information was not available from the property appraiser, fieldwork was used to determine size and use of buildings.
3. Historical Demand - Based on one year of incident reports Florida Fire Incident Reporting System (FFIRS) provided by the city.

Similar sized buildings with differing hazard classifications would pay the same fire protection unit rate, but would be assigned differing fire protection units based on their respective hazard classifications.

**Q. How much can I expect to pay? What about low-income households?**

A. The rate structure is established by the City Commission and a notice will be sent to inform property owners what their projected assessment will be. The assessment will not be based on property value, but on the cost to provide services to property in the event of a fire or other non-medical event. The city anticipates including a hardship provision to assist low-income households.

**Q. Would this proposed special assessment impact my insurance rates?**

A. The level of fire service available in Gainesville impacts property values and insurance rates. A higher level of fire service can lead to higher property values and lower insurance rates and a lower level of fire service can lead to lower property values and higher insurance rates.

The ability of the City of Gainesville to provide a stable funding source for fire protection will allow the city to maintain current levels of service and potentially enhance them in the future. This should protect the city's fire protection class rating, which is the rating scale most used by the insurance industry for establishing fire insurance rates.

**Q. I received a discount for early payment of my taxes. Would I receive the same discount for the special assessment?**

A. Yes. The same discounts and penalties applicable to ad valorem taxes would be addressed in the fire budget and would also apply to the special assessments collected on tax bills.

**Q. Why isn't the city exempting churches and other non-profit organizations from the special assessment?**

A. In a June 6, 2008 memo to the mayor and City Commissioners, the City Attorney addresses the issue of "Exemptions from Special Assessments":

"Because special assessments share characteristics of taxes (and to avoid having taxes disguised as special assessments), the courts have devised a strict test to determine whether a charge is a valid special assessment as opposed to a tax. To determine whether the charge is a valid special assessment, two questions are asked. First, does the property receive a special benefit from the service provided? If the answer is no, the property cannot be assessed for the service. If the answer is yes, that the property does receive a special benefit from the service, a second question is asked whether the assessment is fairly and reasonably apportioned among the properties that receive the benefit. If the answer is yes, the assessment has met both prongs (requirements) of the test and is a valid special assessment.

In applying this test to places of religious assembly and not-for-profit entities, one must ask whether their properties receive a special benefit from the service provided. If the answer is yes, they receive a benefit from fire services like any other improved property in the city. If the properties are 'exempted' even though they receive a benefit, the second prong (requirement) for a valid special assessment has been compromised in that the assessment is not being fairly and reasonably apportioned among all the properties receiving the benefit."

**Q. Why would the University of Florida be exempt from paying the special assessment?**

A. With some potential exceptions, the state owned property of the University of Florida (UF) would not be subject to a fire assessment. Ideally, the city would prefer to receive funding from UF for fire services provided to UF property. That said, it is important to keep in mind that UF provides the vast majority of the services on UF property and that UF has been experiencing its own major budget challenges over the last few years.

Through the Campus Development Agreement, UF provides funding to support capital costs associated with the university's impact on the community. GFR's quint (or quintuple combination pumper truck) was purchased through these funds. UF as a whole has a tremendous economic impact on the community. Last fall, UF also began to provide police patrols off-campus that help offset overtime costs for the Gainesville Police Department. City staff and UF staff maintain a dialogue about the relationship between the two entities and how they can work with each other for the benefit of the community.

**Q. How much funding could be generated by the special assessment for fire services?**

A. The Gainesville Fire Rescue budget is approximately \$13 to \$14 million. Personnel costs make up approximately 85 percent of the costs to maintain seven fire stations, 13 fire rescue vehicles, the public education, safety inspection and training programs. The portion of the budget which can potentially be funded through a special assessment is around \$10 million. The City Commission can choose to fund any portion of the assessable costs from zero to 100 percent.

**Q. How does property tax revenue compare to the budget?**

A. The fire department budget currently receives 100 percent of its funding from the city's general fund. The general fund is supported by a variety of sources including revenue from property taxes, sales taxes and

the annual transfer from GRU. Since the city owns the utility, GRU provides a financial transfer each year that compensates the city for the taxes and fees that the Utility would normally pay if it was a privately owned entity.

In Fiscal Year 2008, the city received approximately \$23 million in property tax revenue. The budget for the police department was nearly \$30 million and the budget for the fire department was around \$13 million. Property taxes only supported 53 percent of the costs for police and fire services. Both departments also work extensively with grant programs and the police department uses forfeiture funds to support programs and equipment needs that are not covered by their budgets.

**Q. Is the assessment temporary while the city has budget challenges?**

A. No. The purpose of a special assessment is to create a stable and equitable funding source for fire protection services. The assessment cannot be applied to cover the costs of providing emergency medical services and the assessment cannot fund 100- percent of departmental costs as long as the department provides medical services. Once implemented, the City Commission sets a maximum rate based on a study of the costs to provide only fire protection services to property. The assessment would not fluctuate with the real estate market and property values the way taxes do. However, the City Commission can adjust the assessment up or down annually or on a multi-year cycle to meet the service needs of the community, but they cannot exceed the established maximum rates.

**Q. What are the important dates for City Commission consideration of a special assessment for fire services?**

A. **Monday, May 24, 2010:** City Commission workshop to review the fire assessment report from the city's consultant.

**Thursday, June 3, 2010:** The City Commission will consider adopting the initial assessment resolution which would establish the maximum rates that could be assessed.

**Thursday, June 24, 2010:** If the resolution is adopted, the consultant will mail notices to affected property owners.

**Monday, July 12, 2010:** An informational meeting will be held at 6 p.m. in the GRU Multi-Purpose Room (301 SE Fourth Ave.).

**Thursday, July 15, 2010:** The City Commission will hold the public hearing to adopt the final assessment resolution.

**Q. Who do I call if I have more questions?**

A. If you have questions about the city's special assessment study, please contact GFR Administration at 352-334-5078.



**Questions? Need more information?**



Please call 352-334-5078 or visit [www.cityofgainesville.org](http://www.cityofgainesville.org).