



Ocala

City Council: Work Session

Minutes

110 SE Watula Avenue
Ocala, FL 34471

www.ocalafl.org

Tuesday, June 28, 2022

12:00 PM

Fire Assessment

1. Call to Order

2. Roll Call

Present: Mayor Reuben Kent Guinn
Pro Tem James P. Hilty Sr
Council Member Kristen M. Dreyer
Council Member Barry Mansfield
Council President Ire J. Bethea Sr

Excused: Council Member Jay A. Musleh

Municipal Officers/Others Present: The meeting was also attended by Interim City Manager Pete Lee, City Attorney Robert Batsel Jr., Assistant City Manager Ken Whitehead, City Clerk Angel Jacobs, Fire Chief Clint Welborn, Internal Auditor Randall Bridgeman, Marketing & Communication Manager. Ashley Dobbs, Budget Director Tammi Haslam, Strategic & Legislative Affairs Administrator Jeannine Robbins, Interim Chief of Staff Chris Watt, Contracting Officer Daphne Robinson, IT Representative and other interested parties.

3. Public Notice

Public Notice for the June 28, 2022 City Council Work Session Meeting was posted on June 8, 2022

4. Public Comments

5. Topics for Discussion

a. Fire Assessment Study

Budget Director Tammi Haslam provided a brief overview of the fire assessment history. On January 19, 2021, Council adopted a non-ad valorem fire assessment; and on September 14, 2021, Council adopted a revised tiered methodology. The non-ad valorem assessment will be addressed annually as part of the budget process, and staff has worked with Benesch, Inc., formerly known as Tindale Oliver, to update the study information for calculating rates for the upcoming fiscal year. City Staff is requesting Council consider a 25% increase for Fiscal Year 2023, to support the increased operating expenses expected within the Fire Department, as well as to transition more of the Fire Department expenses to be funded by the assessment.

Ms. Haslam introduced Benesch Director of Public Finance, Infrastructure and Planning Nilgun Kamp to present their calculations. Fire assessments are commonly used in Florida under home rule authority, and have been upheld by lower courts, as well as the Florida Supreme Court. The Florida courts have upheld multiple methodologies as valid, and the assessment is typically collected on the annual property tax bill. The methodology establishes special benefits to property and reasonable allocation of costs. Furthermore, the methodology calculation is composed of two components: determining assessable budget and demand component.

The fire assessment study is composed of the following components: assessable budget, demand by land use, budget allocation by land use, units by land use, and calculated assessment rates. Assessable budget measures a portion of the budget that can be funded with fire assessment revenues, costs associated with Advanced Life Support (ALS) services are excluded. The adopted budget for FY22 amounts to \$20.3 million, and the assessable budget for FY22 amounts to \$16.5 million. The requested revenue amounts to \$11.5 million, which is approximately a 25% increase over FY21. The study included the following research: six years of incident data (2016-2021) and multiple variables (frequency, personnel, vehicles, and duration).

The data for distribution of non-ALS incidents shows 51.5% residential and 47.1% non-residential. The funding requirement is \$12,220,000, to generate revenue total \$11.5 million. The calculated assessment rates for residential: 70% of the budget is distributed equally among units and 30% of the budget is distributed based on incident data. She noted a property benefits from Fire services even if they do not call, in the form of reduced insurance rates and higher property values. For non-residential, there are 32 tiers of assessment rates. The assessment rate for vacant land is \$34.69 per parcel.

The next steps consist of the following: City Council input, draft technical report, adoption of preliminary resolution at the July 19, 2022, City Council meeting, and public hearing on September 13, 2022.

Council Member Dreyer requested a copy of the Fire Department's tentative budget be sent to Council for review. She asked if the budget includes the cost of living for employees. Mr. Lee responded he will schedule a meeting with Council to review the tentative budget, and the budget does not include the cost of living for employees, noting it is part of the union contract and has not yet been decided for non-union employees.

Ms. Haslam commented the budget includes a preliminary \$400,000 increase in salaries that supports the bargaining units. The Fire Department is requesting additional expenses, such as more employees and special equipment, and the fire assessment study is based on the current year's budget.

Council President Bethea spoke on challenges the City is facing. He expressed concern presenting another rate increase to the public.

Ms. Haslam requested direction from Council to draft a preliminary resolution for July 19, 2022.

Mayor Guinn asked what the deadline is. Ms. Haslam stated she needs to present a resolution to Council on July 19. The City is required to advertise a public notice in the newspaper, and the final adoption is scheduled on September 13, 2022. On September 15, 2022, the City will turn over the roll to the Property Appraiser.

Council Member Dreyer questioned what options are available, other than an increase to residents. City Manager Pete Lee explained he believes Fire Station 8 is needed, and there are costs associated with that to maintain the quality of service to City residents including additional firefighters and equipment. Costs and procurement timelines are up. He noted the City will be presenting a leaner overall budget, and he has concerns that delaying a rate increase now would require a larger rate increase in the future.

Council President Bethea expressed concern regarding the City holding back tax increases over several years. The City has reached its limit on holding back tax increases to the public. Mayor Guinn noted property values have increased which in turn increases revenue, but agreed it is not enough.

Mr. Lee reiterated the budget to be presented before Council is very lean.

Council President Bethea spoke on the importance of sharing funding challenges the City is facing with the public.

Ms. Haslam advised Council the fire assessment calculation is considered the "ceiling" of what Council can do, which means Council can only request to lower the rates.

Council Member Dreyer expressed concern making a decision with very little information at this time. Mr. Lee reiterated the City is requesting direction from Council. City staff is available to address any concerns Council may have, and this is not a final decision.

Council concurred with staff recommendation.

Council Member Mansfield requested clarification regarding single-family and multi-family rates, and who pays the bill: the owner/landlord or the tenant. City Attorney Batsel explained the property owner is responsible for paying the fire assessment. He discussed a previous lawsuit with an apartment complex regarding the assessment, which was voluntarily dismissed. To note, the impacts can be mitigated through annual lease agreements.

Mayor Guinn requested clarification on lease modifications. City Attorney Batsel explained how certain lease terms do not allow modifications, such as ground leases. Council Member Dreyer noted the assessment is on the tax bill, and it's ultimately up to the property owner how that bill is passed onto a tenant.

Council Member Mansfield expressed concern regarding the proposed rate increase for single-family and multi-family property owners. City Attorney Batsel responded the City

utilized a rational nexus to determine the rates legally, and the data supports the proposed rates. Mr. Lee commented the rate is not based on someone's income or house value.

Ms. Kamp explained the assessment rate is not a tax; the amount is based on the benefit the property is receiving, and there are tiers to help mitigate the rate. She noted there are some communities that have adopted hardship programs to help further mitigate the cost for some property owners. The rates cannot be reduced without a technical basis for the reduction.

City Attorney Batsel noted Council did not adopt a hardship program in earlier discussions.

Council President Pro Tem Hilty expressed concern regarding hardships for property owners, since it is a non-ad valorem tax that cannot be relieved through homestead exemption or other programs. He suggested Council revisit adding a hardship program.

Mr. Lee commented the City will research a hardship program and report back to Council.

Ms. Haslam commented the City will need to establish a process, if adding a hardship program. She noted hardships would be expensed from the General Fund.

City Attorney Batsel added any hardships would have to be covered by the City as to not disproportionately burden others.

There being no further discussion the meeting adjourned.

Adjournment

Adjourned at 12:37 p.m.

Minutes

Ire Bethea Sr.
Council President

Angel B. Jacobs
City Clerk