



OFFICIAL MINUTES

**CITY OF GREENACRES
5800 Melaleuca Lane
Greenacres, FL 33463**

**CITY COUNCIL WORKSHOP – FIRE ASSESSMENT STUDY
Thursday, June 2, 2016 – 7:00 PM**

1. **Call To Order and Roll Call.**

Mayor Ferreri called the City Council Workshop-Fire Assessment Study of Thursday, June 2, 2016 to order at 7:00 p.m. Denise McGrew, City Clerk/Administrative Services Director, called the roll.

ROLL CALL:

Council Present:

Samuel J. Ferreri, Mayor
Jonathan G. Pearce, Deputy Mayor
Lisa Rivera, Councilwoman
Peter A. Noble, Councilman
Judith Dugo, Councilwoman
Paula Bousquet, Councilwoman

Staff Present:

Andrea McCue, City Manager
Thomas Lanahan, Asst. City Manager/P&E Director
James D. Stokes, City Attorney
Denise McGrew, City Clerk/Admin. Services Director
Thomas Hughes, Director/Finance
Mark Pure, Fire Chief/Fire Rescue Department
Melody Larson, Assistant to the City Clerk

Attendees from Public: 0
Press: 0

2. **Pledge of Allegiance to the Flag.**

Mayor Samuel J. Ferreri led the Pledge of Allegiance.

3. **Comments From the Public for Agenda Items Only.**

Mayor Ferreri asked if there were comments from the public; hearing none, he continued with the Agenda.

4. **Agenda Approval.**

- A. Additions, deletions, or substitutions to the Agenda.
- B. Motion to approve and adopt entire agenda as set.

Mayor Ferreri inquired if there were any additions, deletions or substitutions to the Agenda; hearing none, he called for a motion.

MOTION : Councilwoman Bousquet made a motion to approve the Agenda. Councilwoman Dugo seconded the motion.

VOTE ON THE MOTION: **In Favor:** Deputy Mayor Pearce, Councilwoman Rivera, Councilman Noble, Councilwoman Dugo and Councilwoman Bousquet.

Motion carried: 5 -0.

5. Presentation: Fire Assessment Study – Sandi Melgarejo, Project Coordinator, Government Services Group.

Project Coordinator Sandi Melgarejo of Government Services Group (GSG), explained that a fire assessment is a charge imposed against real property to pay for fire protection services. The assessment must benefit property, be fairly and reasonably apportioned, and is a Home Rule revenue source.

Ms. Melgarejo reported that GSG uses the historical demand methodology which looks at service areas and type of emergency calls being received. This methodology consists of four (4) main data components: such as service delivery, Fire Department budget (integrated with EMS), cost apportionment (call/incident data) and parcel apportionment (building types and uses, dwelling units/square footage)

GSG developed a 5-year Average Assessable Budget by reviewing the City's approved and amended budget for FY 16 to determine what portion is assessable (Fire/EMS). Total expenditures minus total revenues equal net expenditures. Approximately 70% of expenditures can be used to calculate the assessment. Courts recognize that it is more costly to provide Fire versus EMS services. Miscellaneous assessment expenditures such as the administrative fees (1%) charged by the Palm Beach County Tax Collector, the cost to conduct this study, and the statutory discount (5%) are added to determine the total net assessable expenditures projected 5 years out. The City's 5-year net assessable expenditures are \$3,510,767.

Ms. Melgarejo explained that cost apportionments were based on FY 15 call data (historical demand) for fire calls only; EMS calls were removed. Categories include commercial buildings (24.51%), industrial/warehouses (.25%), institutional buildings such as schools, churches, hospitals, and non-profits (14.53%), multi-family residential (33.37%) and single-family residential dwelling units (27.34%). Only two buildings exceed the 135,500 sq. ft. cap – a shopping center on Lake Worth Road and one school.

She provided the Assessment Rate Calculations Per Category Based on 100% of a 5-Year Average Assessable Budget. (See Page 8)

Ms. Melgarejo explained that these rates are the maximum the City can assess. She explained that buy downs consist of two types: government properties and institutional tax exempt properties (churches and non-profits). Ms. Melgarejo noted that government properties cannot be placed on the tax bill, they cannot be liened, they can be sued, but

they do not pay taxes. The assessment for institutional tax exempt properties is based on the building's use. They have to be completely tax exempt and the building must be for institutional use (this does not include daycare facilities or the pastors' homes). If the City chooses the buy down option, it would reduce the net assessable expenditure by \$500,000.

Ms. Melgarejo provided assessment rate scenarios of 100%, 56.5%, 28% and 14% per building use category and the revenues each would generate. She noted that the City of Boynton Beach charges 100% and the City of West Palm Beach charges 14%. In 2008, West Palm Beach implemented a \$25 residential assessment.

Ms. Melgarejo noted that if the Mayor and Council decide to move forward with implementing the fire assessment, public hearings will be necessary to adopt a procedural Ordinance establishing the fire assessment. This would be followed by the adoption of an Initial Assessment Resolution which includes the methodology, establishing the maximum rates and exemptions allowed, and directs the mailing of the First Class notices. At the August 15, 2016 public hearing, Council must adopt the Final Rate Assessment Resolution. She emphasized that at the August public hearing, Council has the option of staying with the initial maximum rate established or reducing the rate (similar to millage). She provided a list of dates beginning June 20–September 15, 2016 to ensure that the assessment would be included on the November tax bills.

Mayor Ferreri called on Council members for comments.

Mayor Ferreri noted his concern on how this will be reported on the tax bill if the City decides to move forward with the fire assessment. He learned it will be reported as a tax increase. Most likely because of the preliminary assessed valuation gain of 8.4%, anything over rollback would be included which could be significant. He instructed staff to prepare preliminary numbers showing what the 8.4% would do against rollback. He pointed out that this assessment will be advertised as part of the City's millage. This means if Council decides on the 100% assessment rate, multiplied by the 8.4% valuation gain, this could translate into a 25%-30% tax increase over rollback. He urged Council to consider this as part of their deliberation. Other things to consider are the rate and whether or not to exclude government and institutional buildings. Boynton Beach exempts government and institutional, West Palm Beach exempts government and collects 20% for institutional buildings. He explained that the City can lower its millage rate to be revenue neutral, however, there are many costs involved with the miscellaneous collection costs requiring extra staff. He pointed out that Council needs to think this through since this is a regressive tax that many cannot afford. Residents paying the brunt of property taxes will get hit with more.

Councilman Noble asked if there is an audit process related to this assessment.

Mrs. Melgarejo explained that residents will know about this tax increase and how it will impact them. She noted that there could be a challenge if Council decided to go with the 100% assessment rate similar to what happened in Boynton Beach. The City would have to show it is not funding EMS through the assessment.

Councilwoman Bousquet believed this was another way to circumvent the tax laws; it is regressive. Residents believed this would be a \$25 fee.

Councilwoman Dugo pointed out that other cities have used this as an additional source of income. Yes, the economy is improving, but if real estate declines again, it is another source of revenue.

Deputy Mayor Pearce asked about the cost of \$19,575 to mail the 1st class mailing notice. He asked if this was a one-time cost.

Mrs. Melgarejo explained that the first year a 1st class notice must be mailed. If the rate increases or if other properties are affected, then a new mailing would be required.

Deputy Mayor Pearce asked how broad was the use of the revenue generated from the assessment. Could they be used to pay for fire equipment, fire vehicles or build a fire station?

Mrs. Melgarejo explained that if the City does not implement the 100% rate, the City will not overfund, since everything will be funded from the General Fund. The funds cannot be used for EMS. They can be used for fire equipment, fire vehicles or building a fire station as mentioned.

Deputy Mayor Pearce asked if the assessment has to be implemented annually.

Mrs. Melgarejo confirmed that the fire assessment is an annual decision to be considered every budget year to determine whether to continue with the assessment, review the rates and determine the level of implementation or its cancellation.

Councilman Noble asked out of Florida's 412 cities, how many have fire assessments? How does GSG determine home values in the Original Section versus in River Bridge? Homeowners of single-family residential units would pay more than condo owners.

Mrs. Melgarejo reported providing over 100 assessments, but agreed that not all cities had implemented them. As for the levels of service, condos would receive the same service as a single-family home.

Councilwoman Dugo asked how long has the City of Boynton Beach implemented their assessment.

Mrs. Melgarejo reported that Boynton Beach implemented their fire assessment in 2000 with a 2008 sunset provision. Because of that sunset provision, they had to re-implement their program. She recommended that Council not include such a provision.

Councilman Noble voiced his opposition to the assessment since Greenacres has been a financially sound City for many years. If the Fire Department needs something, it will be provided without this assessment. Additionally, with the County's proposed 1 cent infrastructure surtax and an increase in property values, he did not see why the City would entertain this idea. Only for some unforeseen reason should the City consider this program.

Mrs. Melgarejo pointed out that this fire assessment is a Home Rule revenue source that can be implemented any year Council chooses.

Councilwoman Dugo argued that the City cannot give the Fire Department everything it needs because it would be too costly. She pointed out that if the assessment is implemented, the rate can be lowered the following year.

Councilman Noble asked how many cities have lowered their assessment once implemented.

Mrs. Melgarejo replied, "Not many do."

Mayor Ferreri asked about the exemptions. He recalled that when Boynton Beach implemented their assessment, the School Board and State were in force saying they would not pay a dime. He, therefore, recommended that they not consider assessing government buildings. As for institutional buildings, the City has many churches. If they have ancillary properties e.g. parsonage, pastor's home, they will be assessed. West Palm Beach did it and then rescinded it because they are houses of worship and costs money to respond. The City should decide its options. He polled the Council on exempting government and institutional buildings:

Councilwoman Dugo: Yes

Councilman Noble: No

Councilwoman Rivera: Yes

Deputy Mayor Pearce: Yes

Councilwoman Bousquet: Yes.

Discussion followed on losing \$437,000 by exempting government and institutional buildings and making up the difference, non-profits paying ad-valorem taxes, collection, buy back and the General Fund.

Councilwoman Bousquet pointed out that the City's millage rate is low enough and could be raised to meet the Fire Department's needs.

Mayor Ferreri also pointed out that the City has an 8.4% increase in the assessed values that will be reviewed during the budget workshops. He referred to Mr. Hughes' earlier comments about the possibility of needing additional staff and those numbers not being part of this study.

Mr. Hughes pointed out that if the 100% assessment rate is implemented, it would create significant concerns. It would split the Department into two (2) divisions in order to track numbers. Also, based on the budget, the budget dollar amount not spent would have to be tracked in a separate Fund Balance reserve. He pointed out that the use of the generated revenues would be restricted.

Mayor Ferreri noted that he was aware of two (2) Council members who are against this assessment.

Councilwoman Dugo pointed out that even at the 100% rate, the City would be underfunded.

Mrs. Melgarejo pointed out that the City would be underfunded for the Fire Department but not for the fire protection portion of it.

Mr. Hughes emphasized that with the 100% rate, if there is a change from Fire to EMS and the monies are transferred over, there would be funds sitting in a reserve that could not be used. The taxes would have to be increased to pay for the increase in EMS. In any of the other 3 rate scenarios, he did not foresee the Fire dropping below to where it would become an issue.

Mayor Ferreri noted that the City would still need to keep separate accounting in the event it is challenged.

Councilwoman Dugo said all you do is add a line item under the General Fund for income/expense.

Mrs. Melgarejo commented that when the Tax Collector sends other clients their revenue, they give a breakdown of each revenue source (e.g. fire assessment, solid waste, general funds, etc.). "As long as the fire assessment revenues do not exceed the \$3.5 million, the City is fine."

Mr. Hughes reiterated that using any of the lower 3 assessment rates (14%, 28% or 56.5%) would not require additional staff; however, if the 100% rate was implemented, he would require additional staff.

Councilwoman Bousquet asked if the collection of ambulance transport fees are factored into these percentages.

Mrs. Melgarejo said, "Yes, it is netted out from the revenue."

Mayor Ferreri polled the Council with moving forward with deciding at the June 20, 2016 City Council Meeting and Budget Workshop what rate Council desires to include in the Initial Assessment Resolution.

Councilwoman Bousquet: Opposed.

Deputy Mayor Pearce: In favor.

Councilwoman Dugo: In favor.

Councilman Noble: Opposed.

Councilwoman Rivera: In favor.

He instructed staff to prepare an Ordinance for first reading on June 20, 2016 and be ready to give staff direction on the Initial Assessment Resolution and at what rate. Mayor Ferreri asked Council their opinion on the rates.

Deputy Mayor Pearce said he still wants to review them.

Councilwoman Dugo said 56.5%,

Councilwoman Rivera was looking at \$50 (28%) or \$25 (14%).

Councilwoman Dugo asked to place the fire assessment rates on the June 6, 2016 agenda for further discussion.

Mayor Ferreri agreed; "It would give the public the opportunity to learn more about it."

6. **Adjournment.**

Mayor Ferreri inquired if there were any additional comments; hearing none, he called for a motion to adjourn. Councilwoman Dugo moved to adjourn the meeting, seconded by Councilwoman Bousquet. The meeting adjourned at 7:52 p.m.

CITY COUNCIL

Respectfully submitted,

Samuel J. Ferreri
Mayor

Denise McGrew,
City Clerk/Administrative Services Director

Date Approved: _____

/mel

Attachment: Government Services Group, Inc. Fire Assessment Program