

SAVANNAH
savannahga.gov



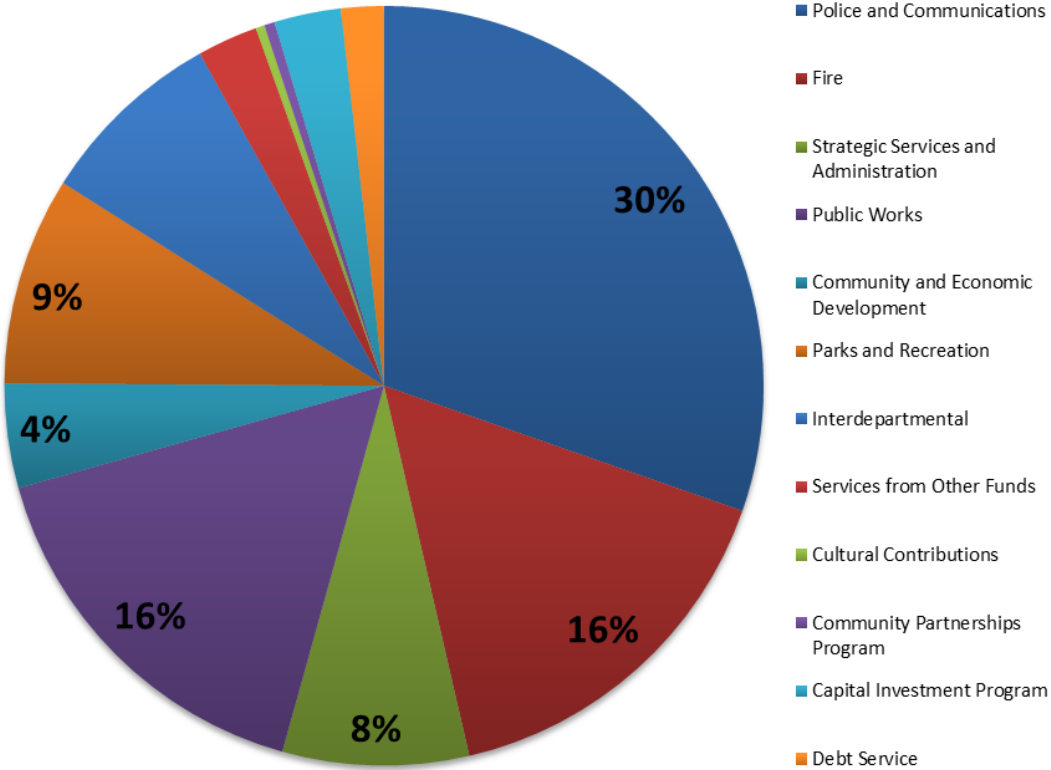
Fire Fee Assessment

FY 2018 Budget Consideration

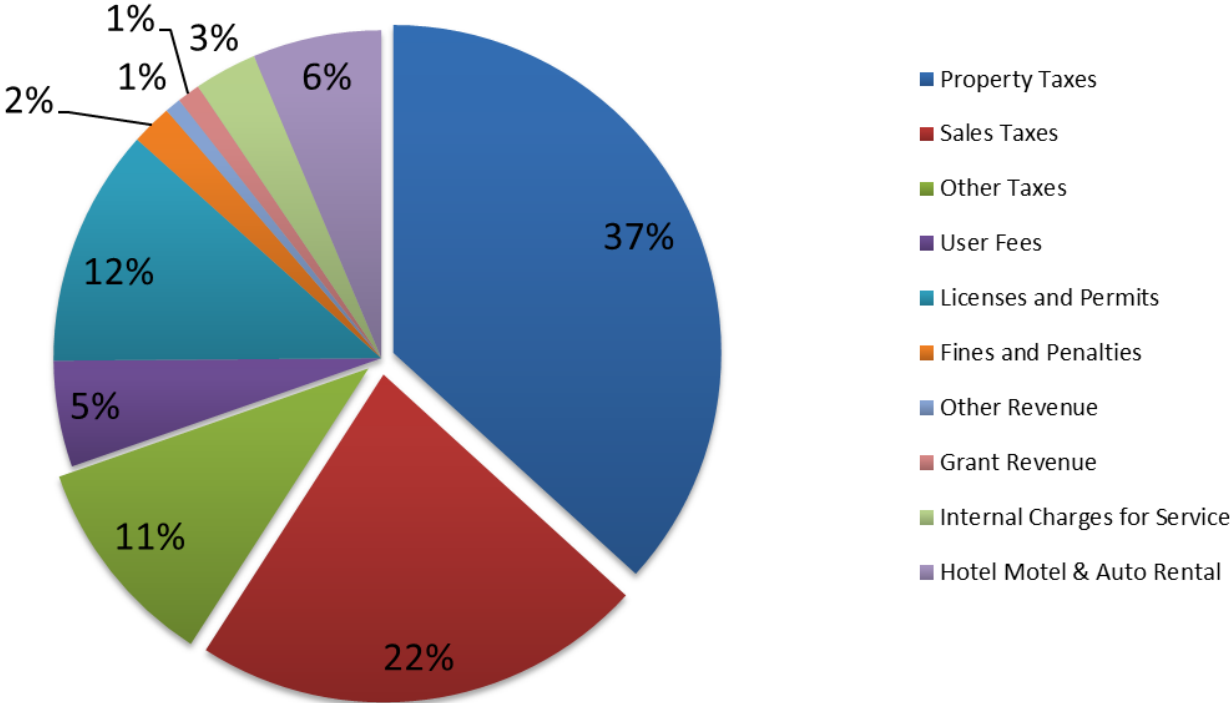
- General Fund revenues are expected to be less than General Fund expenditures in 2018 and beyond. The General Fund is imbalanced.
- The budget is not yet finalized, but the projected shortfall in FY 2018 is approximately \$18 million in the current base budget.
- To address this shortfall the City will have to:
 - Raise property taxes by approximately 2.5 mills in 2018 and 2.5 mills in 2019, for a total millage of 17.480 in FY 2019
 - Significantly reduce services

General Fund Cost and Revenue Breakdown

General Fund Expenditures by Service Area



General Fund Revenues by Source



City of Savannah Financial Goals

- Become more fiscally sustainable
- Alleviate burden on the General Fund
- Ensure sufficient revenue to sustain the high level of fire service that citizens currently receive

Savannah Fire Rescue Services



Community Risk Response

0.2 Risk Factor



Low Risk

1.0 Risk Factor



Moderate Risk

1.2 Risk Factor



High Risk

1.5 Risk Factor



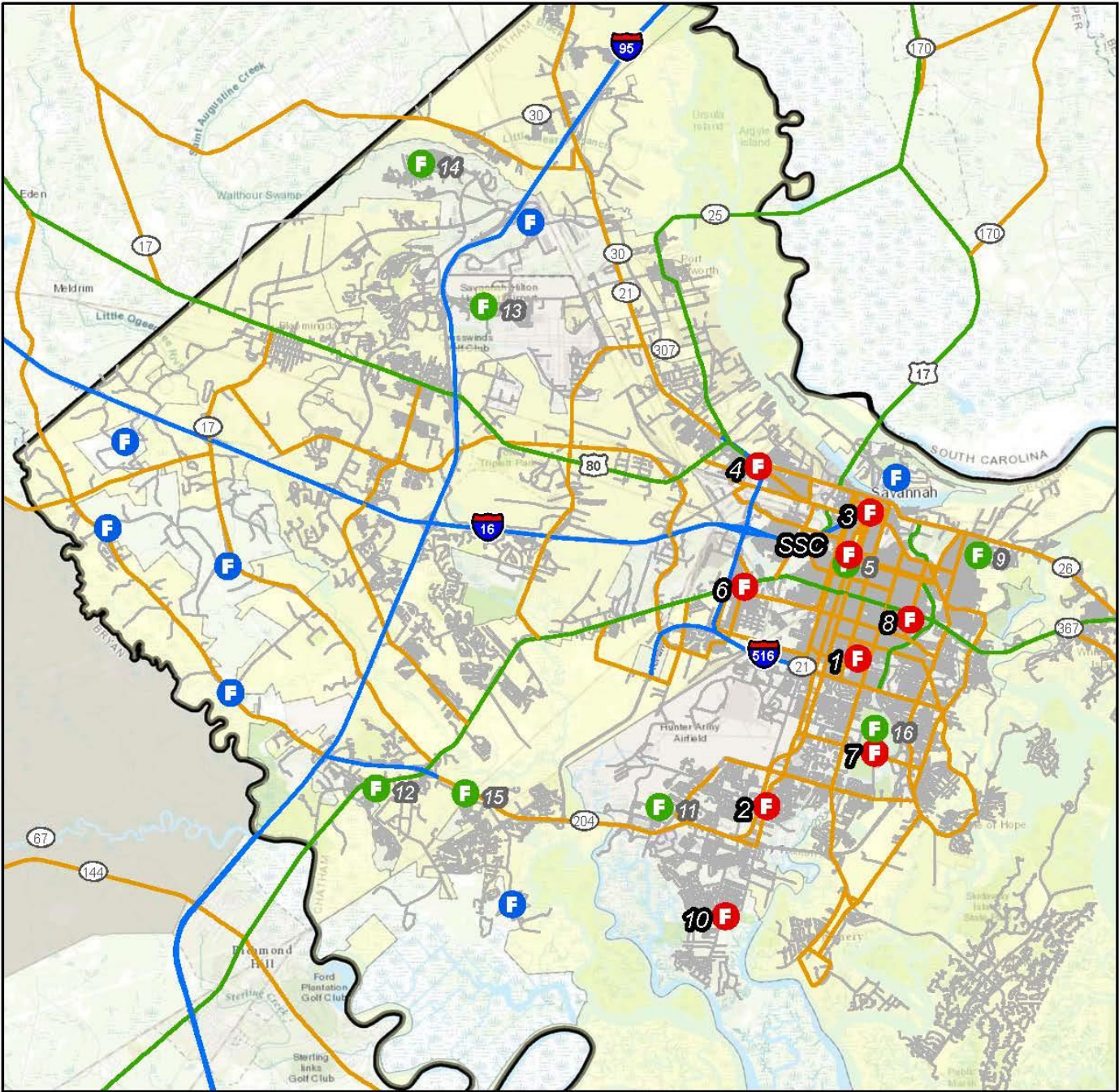
Special Risk

Fire Fee Study City of Savannah

- F** Future Station Need
- F** Existing Station Renovations
- F** Existing Station Routine Maintenance

Legend

- Limited Access
- Highway
- Major Road
- Roads
- Municipalities
- County Boundary



Capital Facility and Equipment Needs

Savannah Fire Rescue Financial Need

- Cost of operating Savannah Fire Rescue increases from \$32 million to \$49 million in 10 years.
- 20-year unfunded CIP to address growth
 - Rehabilitation of existing stations
 - Equipment replacement
 - Add 6 new fire stations & equipment
 - Operating & personnel costs are increasing

Costs for 6 New Fire Stations

Construction	\$39 million
Equipment	\$9 million
Operating	\$2 million
Personnel Costs	\$20 Million

Fire Fee Assessment

Fire Fee Assessment

- Fire fees are currently charged by multiple local governments in Georgia. They are also commonly charged in Florida and Alabama.
- Charging a user fee for fire services (as opposed to property tax) is a more equitable way to fund fire services since it spreads the cost to all users of the service, including tax exempt properties.
- Fire fee rate payers contribute according to the cost burden their property places on Savannah Fire Rescue, not according to their property value.

Fire Fee Assessment

- Even if a property does not generate a call for fire service, that property and its occupants still receive benefits from the availability of fire services:
 - Reduced risk to life and property due to fire
 - Increased value and marketability of property
 - Reduced insurance premiums

Fee Versus Tax

Fees

- For a particular service provided, i.e. water, sewer and sanitation fees.
- Related to fee payer's contribution to the problem and/or benefits received.
- Can be reduced, if the fee payer reduces their contribution to the problem. If you conserve water, your water bill will be less.

Taxes

- For raising general revenue
- Individual tax payers do not necessarily receive a specific benefit.

Fire Fee Examples

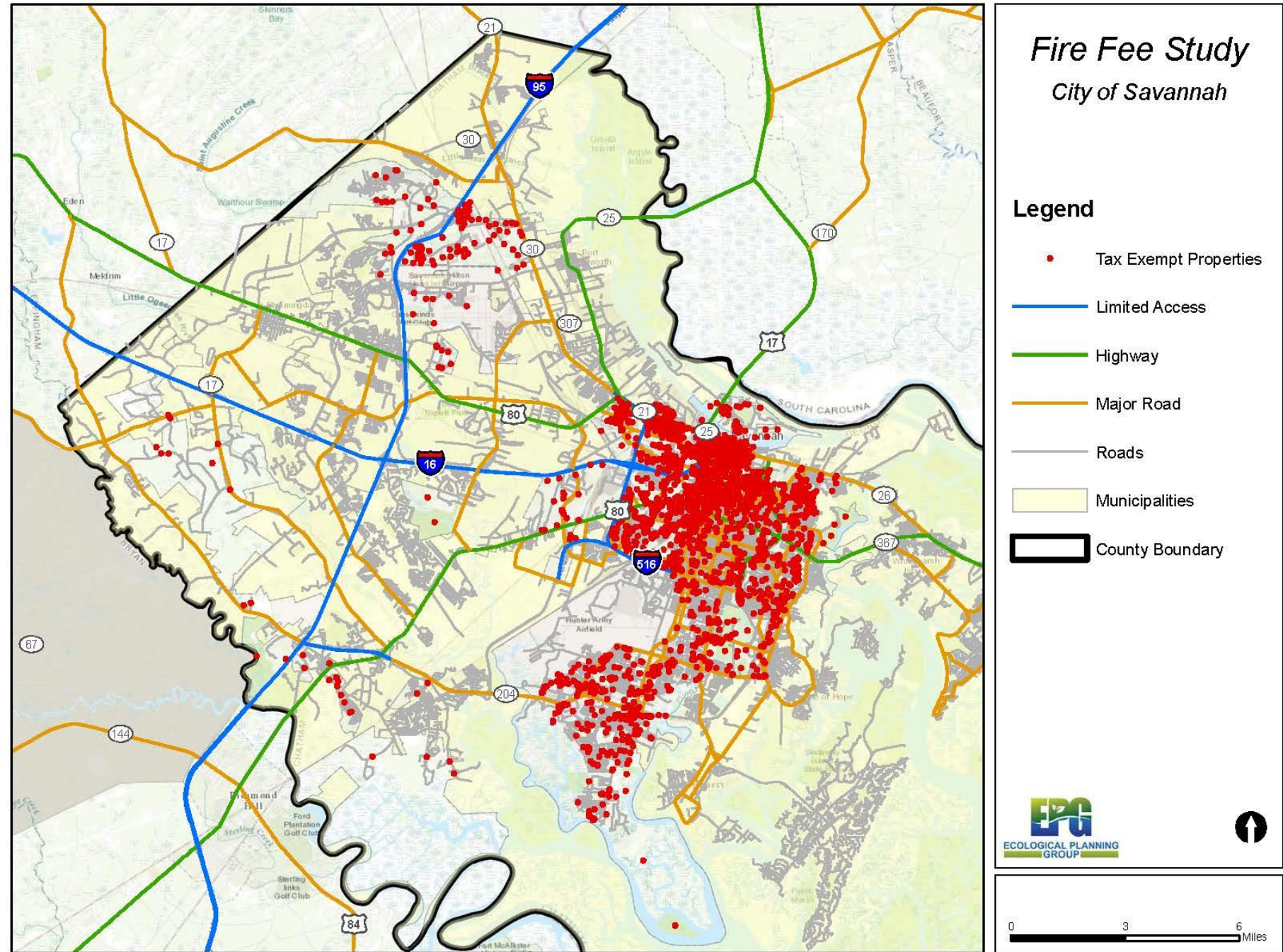
Local Government	Rate Methodology	Annual Bill for SFR
Garden City	Fire Flow	\$120.00
City of Bloomingdale	Tiered Rate/SqFt	\$240.00
Chatham (Southside) Fire Department	Assessed Value	\$73.00 - \$573.00
City of Ft. Lauderdale, FL	Tiered Rate/SqFt	\$256.00
City of Perry, GA	ERU/SqFt w/risk	\$232.80
City of Lauderhill, FL	Flat Rate/Per SqFt	\$438.00
City of Miramar, FL	Flat Rate/Per SqFt	\$372.84

Benefits of Fire Fees

- Operated as a Special Revenue Fund where all fire fee revenue collected is restricted to be spent on fire services only.
- General fund revenue previously spent on fire services can be reallocated to other underfunded services or to a potential millage rollback.
- Diversified funding source that does not fluctuate with market volatility.
- Support long term financial planning and debt service for amortized capital expenditures.
- Increased equity for the funding of fire services since all property that receives benefit pays the fee.

Tax Exempt Properties

- 5,866 parcels pay \$0 ad valorem taxes due to exemptions.



How the Fire Fee is Calculated:

- Billing Unit = single-family residential (SFR) median building square footage = 1,700 Square Feet
- All SFR properties pay a flat fee of 1.0 billing unit.
- 1.0 billing unit = No higher than \$370 per year.



How a Fire Fee is Calculated: *Non SFR -ERU Calculation*



= 32.3 x



Building Square Footage = 55,000 SF
Billing Unit = 1,700 SF
Total Billing Units = $55,000 \text{ SF} / 1,700 \text{ SF}$
= 32.3 Billing Units

Risk Responses

0.2 Risk Factor



Low Risk

1.0 Risk Factor



Moderate Risk

1.2 Risk Factor



High Risk

1.5 Risk Factor



Special Risk

How a Fire User Fee is Calculated: *Risk*



Building Square Footage = 55,000 SF

Billing Unit = 1,700 SF

Total Billing Units = $55,000 \text{ SF} / 1,700 \text{ SF} = 32.3$ Billing Units

High Risk Multiplier = 1.2

$32.3 \text{ Billing Units} * 1.2 = 38.76$

Risk Level	Cost of Initial Response	Ratio
Special	\$1,288.74	1.5
High	\$1,019.13	1.2
Moderate	\$838.52	1.0
Low	\$161.04	0.2

How a Fire User Fee is Calculated: *Discounts*



Building Square Footage = 55,000 SF

Billing Unit = 1,700 SF

Total Billing Units = $55,000 \text{ SF} / 1,700 \text{ SF} =$
32.3 Billing Units

High Risk Multiplier = 1.2

$32.3 \text{ Billing Units} * 1.2 = 38.76$

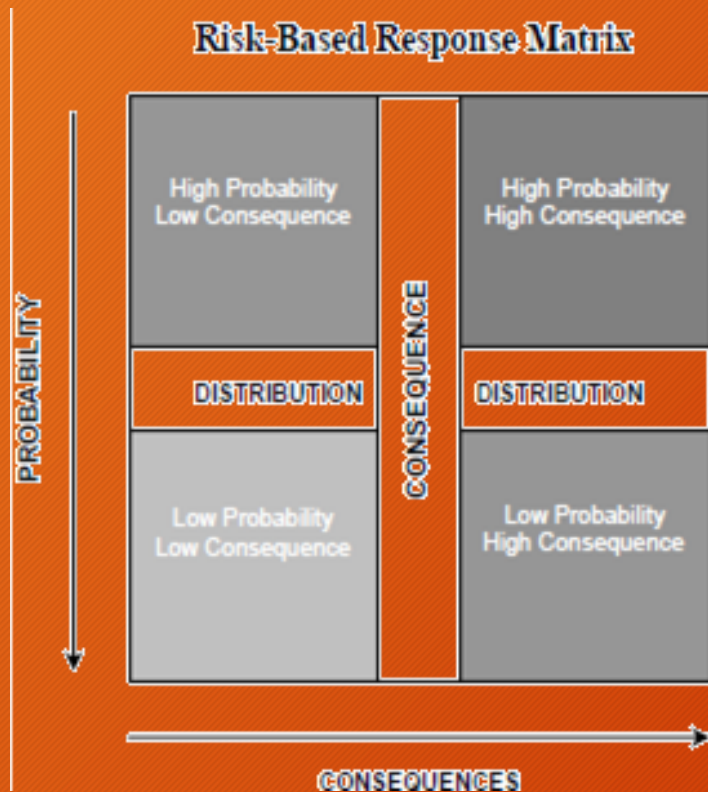
Example* Discount for Sprinklers = 20%

New Bill Amount = 31.0 Billing Units

Discounts

Discount	Discussion
Sprinkler	This discount will be available for buildings with an active sprinkler system that are up to date with annual NFPA inspection requirement and have a green compliance tag.
Fire “Devices”	discount is available for residential and small businesses (non-Title 25). For smoke alarms, CO detectors (if the building is served by gas), fire extinguishers, hood suppression systems, etc.
Served by another Fire Department, per the SDS.	Would apply only to those properties in the City limits served primarily by another fire department and not located within the City’s Fire Service Area, i.e. Hunter Army Airforce Base and the 165 th Air Wing.
Standing Fire Brigade	This discount is for operating a standing Fire Brigade that meets NFPA standards and OSHA requirements.
Emergency Operation Plan (EOPs)	This discount is for EOPs that address fire safety, evacuation, and response. This is for non-single residential, non-industrial properties.
Praise and Preparedness Program	For churches that are approved and trained to participate in this program by the Savannah Fire Rescue.
Educational Training	For schools only that provide or facilitate training of their students by Savannah Fire Rescue.

Considerations for Proposed Rate Structure



- Aligns with the Savannah Fire Rescue Community Risk Reduction program.
- Encourages behaviors that reduce fire risk, thus reducing the potential risk to life and property for residents in Savannah, as well as the risk to Savannah Fire Rescue personnel in fighting fires.
- Same rate structure as a successfully operating Fire Fee program in Perry, GA.
- Most equitable and defensible rate structure.

Billing Mechanism

- The proposed billing mechanism is the City Property Tax bill, and the billing frequency is annual.
- The annual fire fee charge will be included on the September 2018 City property tax bill.
- Tax exempt properties will receive a bill for their annual Fire Fee at that time.

Current Budget Scenario

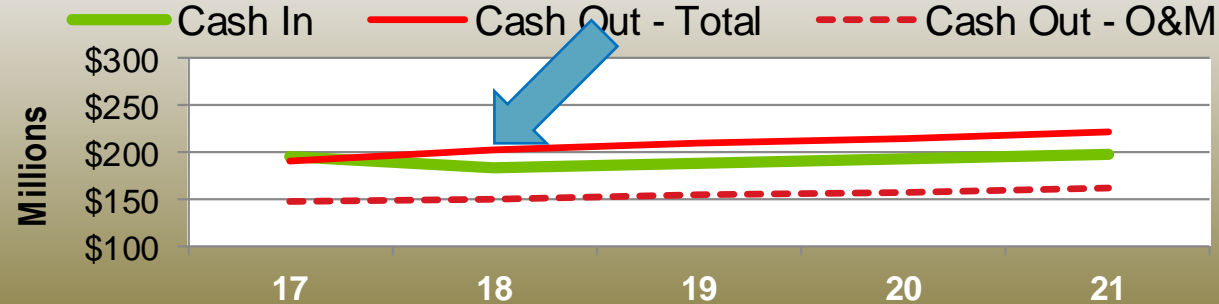
GENERAL FUND FINANCIAL ANALYSIS SUMMARY Savannah, GA

Mill Rate Fire Assmt VRP / CIP
Property What If Reserve

Calc 5/10
Save Reset

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Scenario Manager	
Rate Adjustment ▶							
Millage Rate	12.4800	12.4800	12.4800	12.4800	12.4800	Fire CIP	Average
Millage Rate - Last Plan	12.4800	12.4800	12.4800	12.4800	12.4800		
Fire Assessment Cost Recovery %		0%	0%	0%	0%		
Fire Assessment Revenue \$M		\$0.0	\$0.0	\$0.0	\$0.0		
Fire Assessment Rate per ERU		\$0.00	\$0.00	\$0.00	\$0.00		
Annual Assessment Change			\$0.00	\$0.00	\$0.00		
Cash Flow Surplus/(Deficit) \$M	\$3.3	(\$18.2)	(\$23.1)	(\$22.3)	(\$24.9)		
End of Year Fund Balance \$M	\$38.8	\$20.6	(\$2.5)	(\$24.8)	(\$49.7)		
Reserve Target Surplus/(Deficit) \$M	\$6.9	(\$13.0)	(\$37.5)	(\$60.5)	(\$86.6)		

Cash In vs. Cash Out



End of Year Fund Balance



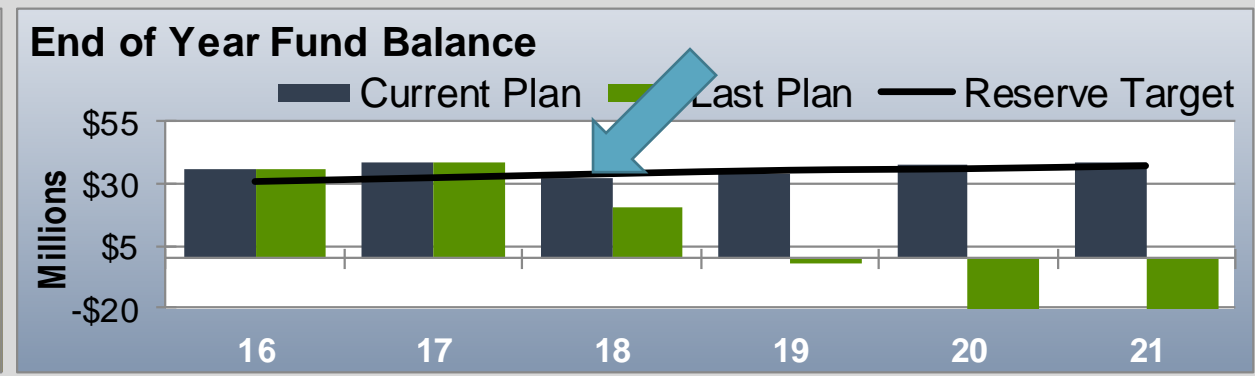
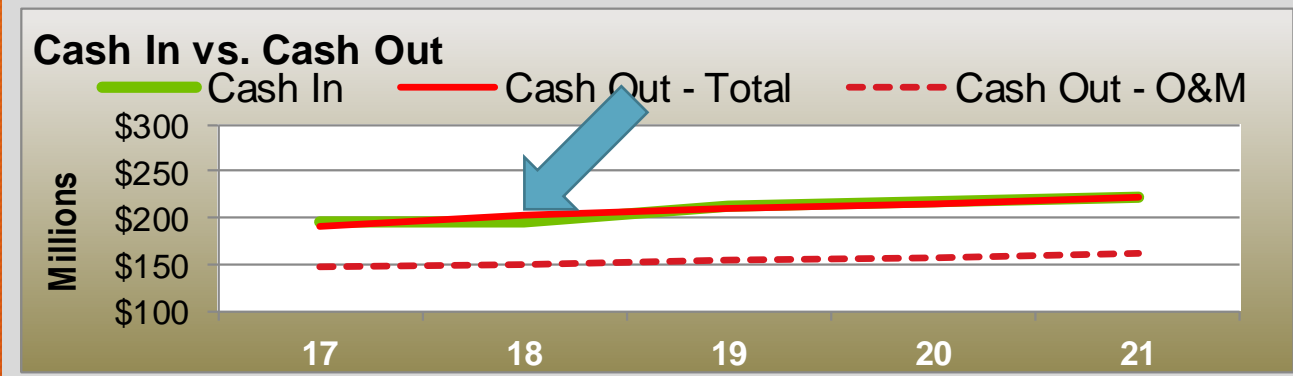
Budget Deficit Solved with Millage

GENERAL FUND FINANCIAL ANALYSIS SUMMARY Savannah, GA

Calc 5/10
Save Reset

Mill Rate Fire Assmt VRP / CIP
Property What If Reserve

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Scenario Manager	
Rate Adjustment ▶		2.5000	2.5000			Fire CIP	Average
Millage Rate	12.4800	14.9800	17.4800	17.4800	17.4800		
Millage Rate - Last Plan	12.4800	12.4800	12.4800	12.4800	12.4800		
Fire Assessment Cost Recovery %		0%	0%	0%	0%		
Fire Assessment Revenue \$M		\$0.0	\$0.0	\$0.0	\$0.0		
Fire Assessment Rate per ERU		\$0.00	\$0.00	\$0.00	\$0.00		
Annual Assessment Change			\$0.00	\$0.00	\$0.00		
Cash Flow Surplus/(Deficit) \$M	\$3.3	(\$6.3)	\$1.5	\$3.1	\$1.4		
End of Year Fund Balance \$M	\$38.8	\$32.5	\$34.0	\$37.1	\$38.5		
Reserve Target Surplus/(Deficit) \$M	\$6.9	(\$1.1)	(\$1.1)	\$1.4	\$1.7		



Budget Deficit Solved with Fire Fee

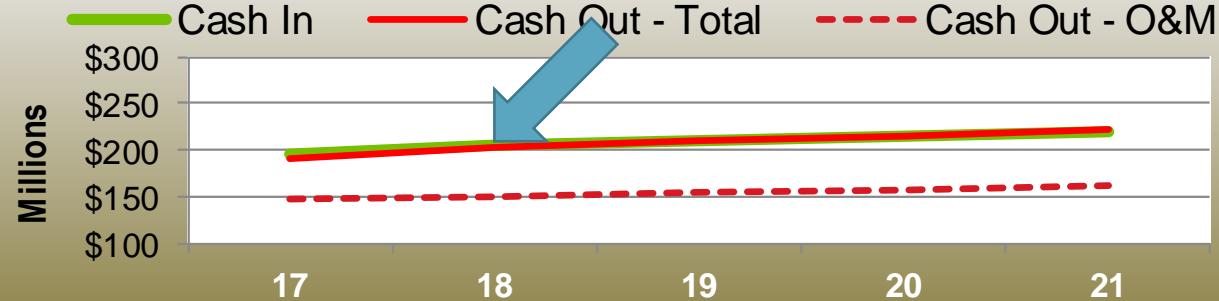
GENERAL FUND FINANCIAL ANALYSIS SUMMARY Savannah, GA

Mill Rate Fire Assmt VRP / CIP
Property What If Reserve

Calc 5/10
Save Reset

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Scenario Manager	
Rate Adjustment ▶		-2.0000				Fire CIP	Average
Millage Rate	12.4800	10.4800	10.4800	10.4800	10.4800		
Millage Rate - Last Plan	12.4800	12.4800	12.4800	12.4800	12.4800		
Fire Assessment Cost Recovery %		100%	100%	100%	100%		
Fire Assessment Revenue \$M		\$30.6	\$31.6	\$32.6	\$33.7		
Fire Assessment Rate per ERU		\$368.11	\$376.21	\$384.51	\$393.01		
Annual Assessment Change			\$8.10	\$8.30	\$8.50		
Cash Flow Surplus/(Deficit) \$M	\$3.3	\$2.9	(\$1.3)	\$0.1	(\$1.8)		
End of Year Fund Balance \$M	\$38.8	\$41.7	\$40.4	\$40.5	\$38.8		
Reserve Target Surplus/(Deficit) \$M	\$6.9	\$8.1	\$5.3	\$4.8	\$1.9		

Cash In vs. Cash Out



End of Year Fund Balance



What would example properties pay?

Example Property Type	Proposed Annual Fire Fee*
Single Family Residential	\$370
Big Box Store	\$29,563
Restaurant	\$888
School	\$16,694
Mid-Size Church	\$3,108
Small Church	\$407
Neighborhood Store	\$777
Downtown Hotel	\$18,248
Hospital	\$180,000
University	\$360,000

* Before discounts are applied

Public Education



- General education on fire services provided by Savannah Fire Rescue is currently underway.
- Customer notification will occur after adoption of budget and prior to first bill.
- Customer service training for City employees.
- Information regarding the proposed fee will be available on the City website.

Schedule and Next Steps

Action Step	Date
1. Public Workshop	Today
2. Public education campaign	Nov 2017 -
3. Adopt Budget, Charter Amendment, Billing Rate, Special Revenue Fund Ordinance, and Revenue Ordinance.	Nov - Dec 2017
4. Complete Fire Fee Discount Policy Manual	Jan 2018
5. Accept Fire Fee Discount Applications	Feb - Jun 2018
6. Customer Notification	Feb - Jul 2018
7. First Bill Issued	Sep 2018

“A fire fee ensures that everyone pays their share for fire services and spreads fire service costs to all service users. The fire fee will fully fund the high level of fire services expected by our citizens and business owners, and charging a fee could result in lower property taxes.”