

Highlands County, Florida

Fire Assessment Memorandum

AUGUST 2017

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Assessment Memorandum

INTRODUCTION

Government Services Group, Inc. (GSG) specializes in government finance and taxation issues by working with cities, counties, special districts and state agencies to develop unique funding and service delivery solutions for critical infrastructure and service needs. GSG has developed extensive experience in structuring and implementing alternative revenue sources in Florida.

Highlands County (County) has entered into a professional services agreement with GSG to provide specialized services in the development of a non-ad valorem assessment program to fund fire services within the unincorporated area of the County and the City of Lake Placid (Fire Assessment Project).

The objective of the Fire Assessment Project was to develop an annual assessment program to fund the provision of fire services within the unincorporated area of the County and the City of Lake Placid (Fire Assessment). The annual fire assessment will, subject to County Commission approval, be collected using the tax bill collection method beginning in November 2017. This document is the Fire Assessment Memorandum (Assessment Memorandum), which is one of the project deliverables specified in the scope of services.

The work effort, documented by this Assessment Memorandum, focused on the calculation of assessment rates and classifications required to fully fund the identified assessable costs to provide fire services within the unincorporated area of the County and the City of Lake Placid for Fiscal Year 2017-18. The County has the choice of funding all or only a portion of the assessable costs based on policy direction. In addition, the work effort recorded in this Assessment Memorandum required the identification of the full costs of assessable fire services (minus all revenues) and the allocation of those costs to properties that specially benefit from the provision of such fire services.

OBJECTIVES

The County retained GSG to develop an annual recurring special assessment program so that it is capable of funding all, or a portion of, the assessable costs associated with providing fire services within the unincorporated area of the County and the City of Lake Placid. Commencing with Fiscal Year 2017-18, subject to County Commission approval, the fire assessment will be collected using the property tax bill collection process provided in section 197.3632, Florida Statutes (Uniform Method). Because the fire assessment will be collected using the Uniform Method, the data available on the ad valorem tax roll has been used to develop the Fiscal Year 2017-18 assessment program.

Accordingly, the challenge for the County is to develop a non-ad valorem assessment program which uses property information that is or will be on the ad valorem tax roll. To this end, GSG has been charged to fully cost the services to be provided by the County, develop a fair and reasonable apportionment methodology for such assessable costs, and determine assessment rates and parcel classifications that are accurate, fair and reasonable.

The fire non-ad valorem assessments must meet the Florida case law requirements for a valid special assessment. These requirements are:

1. The service provided must confer a special benefit to the property being assessed; and
2. The costs assessed must be fairly and reasonably apportioned among the properties that receive the special benefit.

The work effort of this project required the evaluation of data obtained from the County, Property Appraiser, Tax Collector and the CAD fire call dispatch data to develop a fire assessment program that focuses upon the proposed Fiscal Years 2017-18 assessable cost calculations. The objectives of this initial effort were to:

- Determine the full costs of providing fire services within the unincorporated area of the County and the City of Lake Placid.
- Review such final cost determination with the County to determine which elements provide the requisite special benefit to the assessed properties.
- Determine the relative benefit anticipated to be derived by each property use category within the unincorporated area of the County and the City of Lake Placid from the delivery of fire services.
- Recommend the fair and reasonable apportionment of assessable costs among benefited parcels within each property use category.
- Calculate assessment rates and parcel classifications for Fiscal Year 2017-18 based on the projected Fiscal Year 2017-18 assessable cost calculations.
- Ensure that the recommended assessment rates and parcel classifications conform to the statutory requirements of the Uniform Method.

APPORTIONMENT METHODOLOGY

The calculation of assessment rates for fire services depends on three separate, but interconnected, pieces of data. The first data element is the identification of the full cost of providing fire services through the development and determination of the assessable costs of providing such services. The second data element is the analysis of service delivery data, segregated to property use categories (i.e., fire call data). The third and final data component is a comprehensive analysis of all property use categories within the unincorporated County and the City of Lake Placid to determine which parcels receive a special benefit from the provision of fire services and to identify a fair and reasonable method of apportioning the assessable costs among all benefited parcels within each property use category.

The recommended fire services apportionment methodology allocates assessable costs based on the anticipated demand for fire services by categories of real property use as identified on the real property assessment roll prepared for the levy of ad valorem taxes. The assessable fire costs are allocated among real property use categories based upon the historical demand for these services. This demand is identified by examining the fire incident data as logged by the County in the CAD fire call dispatch data.

Service Description

Fire services are provided to the unincorporated area of the County and the City of Lake Placid primarily through the fire stations located throughout the County. These fire stations provide standard fire suppression and first responder services. Table 1 below provides a list of the stations.

**Table 1
Highlands County Fire Stations**

Station
DeSoto City Volunteer Fire Department
Highlands Lakes Volunteer Fire Department
Highlands Park Volunteer Fire Department
Lake Placid Volunteer Fire Department
Leisure Lakes Volunteer Fire Department
Lorida Volunteer Fire Department
Placid Lakes Volunteer Fire Department
Sun N Lakes Volunteer Fire Department
Venus Volunteer Fire Department
West Sebring Volunteer Fire Department

Source: Highlands County (2017).

Table 2 lists the location and the fire flow/pumping capacity of the fire apparatus. This information is used to determine the square footage cap for non-residential properties.

**Table 2
Apparatus Inventory and Fire Flow**

Station(s)	Apparatus	Fire Flow (GPM)
DeSoto City	Brush 18	250
	Brush 19	250
	Engine 18	1,250
	Tanker 18	750
	Engine 19	1,250
Highlands Lakes	Engine 1	1,250
	Tanker 1	1,250
	Tanker 2	1,250
	Brush 1	180
	Brush 2	180
Highlands Park	Engine 33	1,250
	Tanker 33	1,250
	Brush 33	125
	Brush 34	125
	Brush 35	125
Lake Placid	Engine 36	1,250
	Brush 36	250
	Brush 37	250

Station(s)	Apparatus	Fire Flow (GPM)
	Tanker 37	250
	Ladder 36	1,500
	Engine 117	1,250
	Engine 135	1,250
	Engine 95	750
Leisure Lakes	Brush 59	180
	Brush 131	250
	Brush 132	250
	Engine 161	1,250
	Engine 23	1,250
	Engine 24	1,250
Lorida	Tanker 23	500
	Brush 23	125
	Brush 24	125
	Brush 25	125
	Pumper 39	1,000
	Brush 39	250
Placid Lakes	Engine 39	1,250
	Tanker 40	1,250
	Brush 40	125
	Tanker 41	750
	Engine 41	1,250
Sun N Lake	Brush 41	125
	Brush 42	125
	Engine 45	1,250
	Tanker 45	500
Venus	Brush 45	180
	Brush 47	200
	Pumper 9	1,250
	Brush 10	125
	Engine 10	1,250
	Brush 9	125
	Engine 9	1,250
West Sebring	Brush 11	125
	Engine 7	1,000
	Quint 7	1,250
	Brush 7	125
	Brush 12	125
Total Fire Flow (GPM)		37,670

Source: Highlands County (2017).

The current pumping capacity is defined as the combined amount of water that all apparatus in the Fire Department can pump to a first alarm, non-residential fire. As outlined by Table 2, the pumping capacity of the Fire Department is 37,670 gallons per minute. Accordingly, based on National Fire Protection

Association fire fighting standards for fire-flow, the Fire Department currently has sufficient fire-flow capacity to provide service coverage in the event of a structure fire involving unlimited square footage.¹

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¹ Source: National Fire Protection Association, "NFPA 1 Fire Code, 2015, Chapter 18"

Assessable Costs Calculations

The cost calculations, apportionment methodology and assessable rates developed apply to the fire services provided within the unincorporated area of the County and the City of Lake Placid.

Because of the Florida Supreme Court's opinion in City of North Lauderdale v. SMM Properties that emergency medical services (above the level of first response) do not provide a special benefit to property, in consolidated fire and rescue departments, line item assessable cost calculations must be allocated between fire protection and emergency medical services.

Currently, in Highlands County, emergency medical services are provided separately, therefore, all fire protection expenditures and revenues reflected in the budget provided by the County are directly allocable to fire protection. However, in the event the County were to integrate fire and emergency medical services administratively and functionally, the County's budget would need to be allocated between fire and EMS to comply with the City of North Lauderdale vs. SMM Properties decision.

ASSESSABLE COST CALCULATIONS

The fire assessable cost calculations for Fiscal Years 2017-18 are based on the following assumptions for the purpose of this Fire Assessment Memorandum.

- Pursuant to section 197.3632, Florida Statutes, the tax collector and property appraiser may each enter into an agreement with the local government for reimbursement of necessary administrative costs incurred from the collection of the non-ad valorem assessment. Accordingly, if any such fee(s) is charged, the fee may be recouped as an add-on to the total assessable costs for the year.

The line item "Collection Costs @ 2% (Tax Collector)" under "Additional Costs" reflects reimbursement for the collection costs associated with the non-ad valorem assessment incurred by the Tax Collector. Pursuant to section 197.3632, Florida Statutes, a municipal or county government shall only compensate the tax collector for the actual costs of collecting the non-ad valorem assessment. Accordingly, the Tax Collector's collection costs are estimated to be 2% of the total assessable costs. The applied collection charge is estimated to be adequate to cover the Tax Collector's actual collection costs.

- The line item "Statutory Discount @ 5% (4% early payment/1% non-collection)" under "Additional Costs" reflects a 95% collection of the Fire Assessment to cover the 4% statutory discount allowed by the Uniform Method and 1% reserve for under collection. Accordingly, the statutory discount is budgeted at 5% of the total assessable costs.
- The line item "Study Costs" under "Additional Costs" is the reimbursement to the County for the costs of conducting the assessment study. These costs are reimbursable through the assessment program.
- The line item "Notice Costs" under "Additional Costs" is the reimbursement to the County for the costs of producing and mailing the statutorily required first class notices to all affected property owners. These costs are reimbursable through the assessment program.

Table 3 provides a calculation of the assessable costs for Fiscal Year 2017-18 based on the above assumptions and the projected Fiscal Year 2017-18 budget as provided by the County. The calculation yields an assessable cost of \$6,478,943 for Fiscal Year 2017-18.

Table 3
Fiscal Year 2017-18 Assessable Budget

	Fiscal Year 17 - 18 Assessable Budget
Personnel	
REGULAR SALARIES & WAGES	\$553,826
OTHER SALARIES & WAGES	\$24,000
OVERTIME	\$3,500
SEPCIAL PAY - INCENTIVE	\$2,640
FICA TAXES	\$44,697
RETIREMENT CONTRIBUTIONS	\$126,958
LIFE & HEALTH INSURANCE	\$101,033
WORKERS COMPENSATION	\$37,751
Total Personnel	\$894,405
Operating	
PROFESSIONAL SERVICES	\$20,000
CONTRACTUAL SERVICES	\$149,939
TRAVEL & PER DIEM	\$6,929
COMMUNICATIONS & FREIGHT	\$32,688
UTILITY SERVICES	\$55,006
RENTALS & LEASES	\$14,495
INSURANCE	\$60,595
REPAIR & MAINTENANCE	\$276,352
PRINTING & BINDING	\$862
OTHER CHARGES/OBLIGATIONS	\$2,800
ADMIN EXP	\$169,804
OFFICE SUPPLIES	\$1,327
OPERATING SUPPLIES	\$391,469
GAS & OIL	\$62,235
BOOKS	\$18,500
SUBSCRIPTIONS	\$3,450
EDUCATION & TRAINING	\$101,776
DUES & MEMBERSHIPS	\$6,039
PRINCIPAL PAYMENTS	\$110,249
INTEREST PAYMENTS	\$9,072
OTHER USES	\$931
RESERVE FOR CONTINGENCY	\$31,719
MUTUAL AID FUNDS	\$70,000
Total Operating	\$1,596,237
Capital	
IMPROVEMENTS OTHER THAN	\$20,000
MACHINERY & EQUIPMENT	\$476,799
APPARATUS	\$100,000
STATIONS	\$225,000
Total Capital	\$821,799
SERVICE ENHANCEMENTS	
PERSONNEL	\$2,160,000
TRAINING	\$144,000
GEAR	\$126,000
STATIONS	\$115,000
Total SERVICE ENHANCEMENTS	\$2,545,000

Additional Costs	
COLLECTION COSTS @ 2% (TAX COLLECTOR)	\$129,579
STATUTORY DISCOUNT @ 5% (4% EARLY PAYMENT / 1% NON-COLLECTION)	\$323,948
STUDY COSTS	\$128,250
NOTICE COSTS	\$54,725
Total Additional Costs	\$636,502
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Total Assessable Costs	\$6,478,943

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Determination of Fire Services Demand

INCIDENT DATA

GSG obtained information from the County’s CAD dispatch system in an electronic format, identifying the number and type of fire rescue incident responses within the unincorporated County and the City of Lake Placid for a one-year period (Calendar Year 2016).

The County’s CAD dispatch data was geo-coded in order to tie each call to the parcel that is was dispatched to. Each call was then assigned to a property use category based upon on the parcel’s use as determined by the DOR Code as shown in Appendix A .

GSG analyzed one year of fire rescue incident data from the CAD dispatch system files to evaluate trends and determine if aberrations were present. The CAD dispatch system recorded a total of 1,052 fire incidents within the unincorporated County and the City of Lake Placid during Calendar Year 2016.

There are certain fire incidents that could not be assigned to a specific property or parcel. These calls represent either non-specific type incidents, which are incidents that could not be correlated to a specific parcel or calls that involved auto accidents and other types of incidents along roads and highways.

Of the 1,052 fire incidents, 1,011 were calls to specific property uses. The remaining 41 incidents were considered non-specific type incidents. Because of the inability to correlate these non-specific type incidents to specific property categories, the call analysis does not include these 41 incidents. Additionally, the level of services required to meet anticipated demand for fire protection services and the corresponding annual fire protection budget required to fund fire protection services provided to non-specific property uses would be required notwithstanding the occurrence of any incidents from such non-specific property uses.

The 1,011 fire type incidents corresponding to specific properties were assigned to the following property use categories: residential, commercial, industrial/warehouse, institutional and land.

Table 4 outlines the property use category assignment of fire type incidents based on the analysis conducted.

Table 4
Fire Calls by Category (Calendar Year 2016)

Category	Number of Calls
Residential	529
Commercial	117
Industrial/Warehouse	32
Institutional	99
Land	234
Total	1,011

Source: Highlands County (2017).

PROPERTY DATA

GSG obtained information from the ad valorem tax roll from the Highlands County Property Appraiser's office to develop the assessment roll.

Each property use within the assessable area on the ad valorem tax roll was assigned to one or more of the property use categories based on their assignment of use by the Highlands County Property Appraiser or verification of use obtained through field research. The Property Appraiser assigns a building improvement code based on a building's assigned use on a parcel of property. GSG conducted an analysis regarding building improvement types based on the assignment of use by the Highlands County Property Appraiser or verification obtained through field research. A list of building improvement codes used by the Highlands County Property Appraiser as well as the assigned assessment rate category is provided as Appendix B.

Further analysis was conducted of the parcels based on the Florida Department of Revenue (DOR) four-digit property use codes reflected in the Rule 12D-8.008, Florida Administrative Code. A listing of DOR codes and associated property description is provided as Appendix A.

For parcels assigned to the Residential Property Use Category, GSG utilized the total number of dwelling units as determined from the building files on the ad valorem tax roll or through the use of field research.

For parcels within the Non-Residential Property Use Category, GSG utilized the amount of square footage of the non-residential structures as determined from the building files on the ad valorem tax roll or through the use of field research.

For parcels within the undeveloped land category, GSG utilized the total number of unimproved parcels within the County as determined from the Property Appraiser's land files or through the use of field research. Submerged land and rights-of-way parcels were removed from the data where they could be identified.

Computation of Fire Assessments

SPECIAL BENEFIT ASSUMPTIONS

The following assumptions support a finding that the fire services, facilities, and programs provided by the County provide a special benefit to the assessed parcels.

- Fire services, facilities, and programs possess a logical relationship to the use and enjoyment of property by: (i) protecting the value and integrity of improvements and structures through the availability and provision of comprehensive fire services; (ii) protecting the life and safety of intended occupants in the use and enjoyment of property; and (iii) lowering the cost of fire insurance by the presence of a professional and comprehensive fire program.
- The availability and provision of comprehensive fire services enhance and strengthen the relationship of such services to the use and enjoyment of the parcels of property, the market perception of the area and, ultimately, the property values within the assessment area.

APPORTIONMENT METHODOLOGY

The following section describes the assessment apportionment methodology for fire services based on: (i) the fire assessable cost calculations; (ii) the ad valorem tax roll maintained by the property appraiser; and (iii) the CAD dispatch system data.

COST APPORTIONMENT

The Fiscal Year 2017-18 assessable costs were apportioned among property use categories based upon the historical demand for fire services as shown in Table 4 above. This apportionment is illustrated in Table 5.

Table 5
Fiscal Year 2017-18 Cost Apportionment

Property Category	Number of Calls	Percentage of Calls	Portion of Fiscal Year 2017-18 Assessable Budget
Residential	529	52.32%	\$3,390,070
Commercial	117	11.57%	\$749,789
Industrial/Warehouse	32	3.17%	\$205,070
Institutional	99	9.79%	\$634,437
Land	234	23.15%	\$1,499,577
Total	1,011	100.00%	\$6,478,943

PARCEL APPORTIONMENT

The share of the assessable costs apportioned to each property use category was further apportioned among the individual buildings of property within each property use category in the manner described in Table 6.

Table 6
Parcel Apportionment within Property Use Categories

Category	Parcel Apportionment
Residential	Dwelling Unit
Non-Residential	
-Commercial	Square Footage
-Industrial/Warehouse	
-Institutional	
Land	Per Parcel

Applying the foregoing parcel apportionment methodology, fire assessment rates were computed for each property use category. The specific methodology, underlying special benefit and fair apportionment assumptions are included below and generally described.

RESIDENTIAL PARCEL APPORTIONMENT ASSUMPTIONS

The following assumptions support findings that the parcel apportionment applied in the Residential Property Use Classification is fair and reasonable.

- The size or the value of the residential parcel does not determine the scope of the required fire response. The potential demand for fire services is driven by the existence of a dwelling unit and the anticipated average occupant population.
- Apportioning the assessed costs for fire services attributable to the residential property use category on a per dwelling unit basis is required to avoid cost inefficiency and unnecessary administration, and is a fair and reasonable method of parcel apportionment based upon historical call data.
- The historical demand for fire protection service availability for multi-family and single family residential property is substantially similar and any difference in the percentage of documented fire protection calls to such specific property uses is statistically insignificant.

RESIDENTIAL PARCEL APPORTIONMENT CALCULATION

Based upon the historical demand for fire services, the percentages of the County's total fire assessable costs attributable to residential properties were calculated. The amount of the assessable costs allocable to property in this residential property use category was divided by the number of dwelling units in the residential category to compute the fire assessment to be imposed against each dwelling unit. The Residential Category includes single-family dwelling units, mobile homes, multi-family dwelling units consisting of duplexes and multi-family buildings with three or more dwelling units, condominiums and townhouses. For each residential parcel, the actual number of dwelling units located on the parcel will be multiplied by the dwelling unit charge per category to compute the residential fire assessment for the parcel.

Table 7 illustrates the assignment of dwelling units under this apportionment methodology to the Residential Property Use Category.

Table 7
Parcel Apportionment - Residential Property Use Category

Residential Property Use Category	Number of Dwelling Units
Residential Dwelling Units	37,380

Source: Highlands County (2017).

NON-RESIDENTIAL PARCEL APPORTIONMENT ASSUMPTIONS

The capacity to handle fires and other emergencies in Non-Residential Property Use Classification is governed by the following:

- The current pumping capacity is defined as, the combined amount of water that all apparatus in the can pump to a first alarm non-residential fire. As shown in Table 3, a maximum of 37,670 gallons per minute is available within the County and the City of Lake Placid. Accordingly, based on National Fire Protection Association firefighting standards for fire-flow, there is sufficient fire-flow capacity to provide service coverage in the event of a structure fire involving unlimited square footage.

The following assumption supports findings that the parcel apportionment applied in the Non-Residential Property Use Classification is fair and reasonable.

- The separation of the non-residential buildings by actual square footage is fair and reasonable for the purpose of parcel apportionment because the demand for fire services is determined and measured by the actual square footage of structures and improvements within benefited parcels.
- Recreational vehicle park property will be treated as commercial property for non-ad valorem special assessments levied by the District, like the fire assessment. It is fair and reasonable to treat each space within recreational vehicle park property as a building of commercial property and assign the square footage of 191 square feet, the average size of a recreational vehicle, according to the Florida Association of RV Parks and Campgrounds.

NON-RESIDENTIAL PARCEL APPORTIONMENT CALCULATION

Based upon the historical demand for fire services, property in the Non-Residential Property Use Classification will be responsible for funding a percentage of assessable costs. The amount of the assessable costs allocable to each non-residential parcel will be based upon the aggregate of all non-residential building square footage situated on the parcel.

The non-residential assessment rate was determined by multiplying the percent of total fire calls attributable to non-residential property by the total assessable costs. This calculated amount of assessable costs was then divided by the number of non-residential square feet to obtain an assessment per square foot.

Table 8
Parcel Apportionment - Non-Residential Property Use Categories

Non-Residential Property Use Categories	Total Square Feet
Commercial	5,121,349
Industrial/Warehouse	4,259,815
Institutional	3,623,112

Source: Highlands County (2017).

LAND APPORTIONMENT ASSUMPTIONS

The following assumptions support findings that the parcel apportionment applied in the Land Property Use Category is fair and reasonable.

- Fires on vacant land and agricultural parcels place a recognized and measurable demand on the fire protection services of the County. Accordingly, it is fair and reasonable to apportion the assessable costs for fire protection services attributable to the Land Property Use Category based on such property's demand percentage.
- Apportioning the assessed costs for fire protection services attributable to the Land Property Use Category on a per parcel basis is a fair and reasonable method for parcel apportionment. However, due to the limited apparatus and resources available in the County for combating brush fires, the County has determined that a brush fire greater than one acre in size is not capable of being suppressed by the County fire department and the County's fire control activities under such circumstances are directed to avoiding the spread of the fire until additional personnel, apparatus and equipment arrive on the scene. Accordingly, it is fair and reasonable to assess on a per parcel basis for Tax Parcels within the Land Property Use Category.

LAND APPORTIONMENT CALCULATION

Based upon the historical demand for fire rescue services, the percentage of assessable costs attributable to vacant and agricultural land was calculated. For parcels within the Land Property Use Category, the number of parcels was obtained from the Property Appraiser's land files.

The total costs attributable to vacant land are then divided by the sum of the number of parcels in the Land Property Use Category. This per parcel amount is then applied to each parcel to compute the assessment amount for the parcel.

Table 9 illustrates the assignment of parcels under this apportionment methodology for the Land Property Use category.

Table 9
Parcel Apportionment Land Property Use Category

Land Property Use Category	Number of Parcels
Land	64,967

Source: Highlands County Property Appraiser (2017).

COMPUTATION OF FIRE ASSESSMENT RATES

Applying the parcel apportionment methodology, fire assessment rates were computed for each specified property use category. Based on the assessable costs of providing fire services, the number of fire calls apportioned to specific property categories and the number of billing units within the specified property categories, Table 10 illustrates the assessment rates after application of the assessment methodology based on 100 percent funding of the total assessable costs for Fiscal Year 2017-18.

Table 10
Fiscal Year 2017-18 Fire Assessment Rates (100% Funding)

Residential Property Use Category	Rate Per Dwelling Unit
Residential	\$91.00
Non-Residential Property Use Categories	Rate Per Square Foot
Commercial	\$0.15

Non-Residential Property Use Categories	Total Square Feet
Industrial/Warehouse	\$0.05
Institutional	\$0.18

Land Property Use Category	Rate Per Parcel
Land	\$24.00

Estimated Gross Revenue: \$6,478,943; Estimated Exempt Buy-down: \$; Estimated Net Revenue: \$5,707,384; Estimated Net Revenue at 95%: \$4,851,277.

EXEMPTIONS AND IMPACT OF EXEMPTIONS

Because the fire assessment is being developed to meet the case law standards for a valid special assessment, any proposed exemptions require special scrutiny. The crafting of an exemption must be founded upon a legitimate public purpose, and not trample on state or federal constitutional concepts of equal protection and constitutional prohibitions against establishment of religion or the use of the public treasury directly or indirectly to aid religious institutions. Furthermore, to ensure public acceptance, any exemption must make common sense and be fundamentally fair. Finally, the impact of any proposed exemption should be evaluated in terms of its magnitude and fiscal consequences on the County's general funds.

Whenever crafting an exemption, it is important to understand that the fair apportionment element required by Florida case law prohibits the shifting of the fiscal costs of any special assessment from exempt landowners to other non-exempt landowners. In other words, the funding for an exemption from a special assessment must come from a legally available external revenue source, such as the County's general fund. Funding for fire assessment exemptions cannot come from the proceeds derived directly from the imposition of special assessments for fire services and facilities. Because any exemption must be funded by an external funding source, the grant of any exemption will not have any impact upon the fire assessment to be imposed upon any other non-exempt parcels.

Whether the County decides to fund exemptions for fire assessments on property owned by non-governmental entities would be based upon a determination that such exemptions constituted a valid public purpose. The importance of special assessments on non-governmental, tax-exempt parcels has been addressed by the Florida Supreme Court in Sarasota County v. Sarasota Church of Christ, 667 So.2d 180 (Fla. 1995) (In reciting the facts of the case on appeal, the Court stated that the party challenging the assessment consisted of religious organizations or entities owning developed real property in Sarasota County [the Churches] that are exempt from ad valorem taxes but not from special assessments.) The funding of exemptions for non-governmentally owned institutional property wholly exempt from ad valorem taxes could be based on a finding that such properties provide facilities and uses to their ownership, occupants or membership, as well as the public in general, that otherwise might be required to be provided by the County. Such a finding would be the basis for a determination that such properties served a legitimate public purpose or provided a public benefit that merited the County's funding of an exemption from the fire assessment.

In identifying an appropriate exemption plan, the County should be cautious not to confuse the ownership of a parcel with the parcel's use. For example, a determination to exempt properties used for institutional purposes would have to be extended to similar institutional property owned by entities created for profit, as well as institutional property owned by non-profit or governmental entities. However, if the County wanted to make the policy decision to narrow the exemption to only institutional property owned by not-for-profit entities, it might consider adding a second test to the exemption which afforded exemptions to institutional properties which were wholly exempt from ad valorem taxes. Adding the tax-exempt criteria further narrows the exemption on a well-tested tax-exempt premise.

Whether the County decides to charge governmental entities or fund exemptions on governmentally-owned property requires somewhat different considerations. First, a forced sale of government property is not available as an enforcement mechanism. The charge to governmentally-owned parcels would be more akin to a service fee for each government parcel's proportionate benefit from the availability and provision of fire services by the County. The billing would be direct, received by government buildings and facilities. Enforcement would be by judicial proceedings to require payment. As to each level of government, differing concepts of immunity and other statutory provisions or case law decisions may prevent collection or frustrate special assessment imposition.

State and federal laws contain a patchwork of provisions exempting certain governmental property owners from the payment of special assessments. For example, section 423.02, Florida Statutes, exempts certain housing projects from the payment of special assessments. This general law does provide that a housing authority may agree with a local government to make payments in lieu of taxes, but experience is that such an agreement, if in existence at all, under-funds the impact of such properties on a County's fire assessable cost calculations.

Accordingly, if the County chooses to exempt governmentally-owned property from the fire assessment and fund such costs from inter-local agreement with the affected government or from the County's general fund, it is important that the County take steps to set up a reasonable contingency within its general budget to fund the cost incurred in providing fire services to government owned properties.

Additionally, per F.S. 125.01(1)(r) vacant unimproved agricultural land, non-residential agricultural buildings with a just value under \$10,000 and agricultural pole barns are exempt from the fire assessment. It is important that the County take steps to set up a reasonable contingency within its general budget to fund the cost incurred in providing fire services to these agricultural exempt properties.

Table 11 summarizes the estimated impact for Fiscal Year 2017-18 of exempting institutional tax-exempt, governmental tax-exempt and agricultural exempt property.

Table 11
Fiscal Year 2017-18 Estimated Impact of Exemptions (100% Funding)

Financial Classification	Amount
Estimated Assessable Costs	\$6,478,943
Estimated Buy-down for Institutional Tax-Exempt	\$238,564
Estimated Buy-down for Governmental Tax-Exempt	\$453,411
Estimated Buy-down for Agricultural Exempt Property	\$79,584
Estimated Revenue Generated	\$5,707,384
Estimated Revenue Generated at 95%	\$4,851,277

Outstanding Issues

Issue 1: Exemption of Institutional, Tax-Exempt Parcels (Non-Governmental)

The aggregate cost for the fire services that are available to institutional, wholly tax-exempt properties was estimated as part of the Institutional Property Use Category based on an analysis of each parcel's use. The fair apportionment concepts in the methodology provided within this Assessment Memorandum require an identification of the calls for service to these properties and, therefore, their respective costs. If a policy decision is made to exempt institutional, tax-exempt property, the proportional assessed costs allocated to such exemptions must be funded from other legally available sources because the financial burden of such exemption cannot be apportioned to non-exempt parcels. With any exemption, care should be taken to craft and ensure a non-discriminatory exemption class based upon valid public purpose concepts.

Issue 2: Exemption of Governmental Parcels

In addition to the institutional, wholly tax-exempt properties, the aggregate cost for fire services provided to schools and governmental properties (municipalities, county, state, federal and any sovereign state or nation) was also estimated as part of the Institutional Property Use Category based on an analysis of each parcel's use. The fair apportionment concepts in the methodology provided within this Assessment Memorandum require an identification of the calls for service to these properties and, therefore, their respective costs. If a policy decision is made to exempt governmental property, the proportional assessed costs allocated to such exemptions must be funded from other legally available sources because the financial burden of such exemption cannot be apportioned to non-exempt parcels.

Issue 3: Collection of Assessments from Governmental Property

A special assessment can be imposed against governmental property to pay for the benefits that such property receives. However, as to each level of government, differing concepts of immunity and other statutory provisions or case law may prevent collection or frustrate special assessment imposition. In addition, Florida case law is clear that the payment of such assessments cannot be enforced by a lien against the public property. Rather, the enforcement remedy would be a judicial action to compel payment. A collateral issue in enforcing payment is the legislative authorization of the public agency to pay the charge or special assessment imposed. Thus, the law establishing the expenditure authority of the specific governmental or public agency or its appropriation discretion must be examined to determine whether the governmental unit has the authority to pay a charge or assessment for fire services provided by the County. From a collection standpoint, each governmental unit should be sent a separate bill and no attempt should be made to collect the special assessment using the Uniform Method.

Issue 4: Apportionment Methodology

The apportionment methodology is based on the level of services and resources currently being provided or projected to be provided by the County. Any changes in the level of services or resources within the unincorporated County and the City of Lake Placid could affect the apportionment methodology and should be analyzed prior to imposition of future fire assessments.

Issue 5: Non-Specific Calls

In the fire call analysis, certain fire related calls were classified as non-property specific, because of the location of occurrence in the incident report. These calls represent non-

specific incidents that either could not be correlated to a specific parcel or involved auto accidents or other types of incidents along roads and highways. These calls are excluded from the analysis that determines the percentage of calls for service to respective property types and therefore, are not considered in the determination of the extent of budget required to fund the department. Because the budget is established based on the ability of the department to adequately protect structures, no adjustment has been made to the budget due to non-property specific calls. Further, even if such calls did affect the cost of the department's operations, there are sufficient non-assessment revenues available to offset any impact upon the budget.

Issue 6: Verification of Real Property Assessment Roll Data

Data utilized to assign property use categories and the number of billing units per category is based upon information maintained on the real property assessment roll maintained by the Highlands County Property Appraiser for the levy of ad valorem taxes. A successful assessment program collected under the Uniform Method must use the information maintained by the property appraiser on the ad valorem tax roll. However, property appraisers are charged only with the responsibility of determining the value of all property within each County and maintaining certain records contained therewith, specifically the preparation of the ad valorem tax roll. The ad valorem tax roll is designed solely to provide the data required by property appraisers to fulfill their charge of assessing the value of property. In contrast, assessment programs focus on property use, size of improvements and other characteristics. Much of the information used for the development of the assessment rates was provided in the ad valorem tax roll. However, further verification of the data for some parcels of property was conducted.

Issue 7: Hardship Assistance Program

The County has the option of creating a Hardship Assistance Program to assist residential property owners with homesteaded property, who meet the eligibility criteria, with the financial burden created by the imposition of the Fire Assessment. The eligibility criteria are typically based upon Federal Government Poverty Level Guidelines established by the United States Department of Health and Human Services, as adjusted for family size, but may also be based upon criteria from an existing hardship assistance program. Eligibility for hardship assistance would be determined by County staff.

Issue 8: Mobile Home and Recreational Vehicle (RV) Park Vacancy Credit

Because of the transient use and potential extraordinary vacancies within mobile home and RV parks as compared to other residential property and the lack of demand for fire services for unoccupied spaces, it is fair and reasonable to provide for an extraordinary vacancy adjustment procedure for mobile home and RV properties. Vacant mobile home and RV spaces within a mobile home or RV park will be charged; however, these properties will be eligible for an extraordinary vacancy adjustment for vacant mobile home and RV spaces.

Implementation

TAX BILL FISCAL YEAR 2017-18

The following section describes the steps required to implement and collect the Fire Assessment on the ad valorem tax bill for Fiscal Year 2017-18 and thereafter. Following this section is a critical events schedule identifying specific dates for all significant remaining events for the County to comply with those prescribed by the County's home rule ordinance authorizing the imposition of the annual Fire Assessments.

To use the tax bill collection process, a local government must follow the strict procedures provided in section 197.3632, Florida Statutes (Uniform Method). A local government must initiate the process almost a year before it intends to begin using the Uniform Method to collect the assessments. The process begins with the passage of a resolution of intent prior to January 1 or, if the property appraiser, tax collector, and local government agree, March 1. The adoption of a resolution of intent does not obligate the local government to use the method or to impose a special assessment, but it is a prerequisite to using the Uniform Method. The County adopted the resolution of intent prior to January 1, 2017.

Under section 197.3632, Florida Statutes, property appraisers must annually provide certain information to local governments by June 1 to assist the local government in the preparation of special assessment rolls to be collected under the Uniform Method.

Assuming the County decides to proceed with implementing a fire assessment, a draft home rule ordinance must be adopted that will outline the procedural steps and notifications required to impose a recurring annual fire assessment using the tax bill collection method.

Pursuant to the Home Rule Ordinance, the County will be required to adopt an initial assessment resolution. Such initial assessment resolution should, among other things, briefly describe the Fire Assessment Program, the method of apportionment, set a public hearing date for final consideration, and direct and authorize the mailed and published notifications to those property owners included on an initial assessment roll.

Upon adoption of the initial assessment resolution, the County will have made the tentative decision to move forward with the imposition of special assessments to fund all or a portion of the fire assessable costs. After adopting the necessary implementing documentation, the local government must develop a computerized, non-ad valorem assessment roll that contains the basis and rate of the assessment and electronically applies it to each building subject to the assessment. The non-ad valorem assessment roll must utilize the parcel identification number and property use code classifications maintained by the property appraiser and be compatible with the ad valorem tax roll.

Statutory requirements to use the tax bill collection method provide that a service assessment roll must be adopted at a public hearing between January 1 and September 15 so the tax collector can merge it with the ad valorem tax roll and mail a single bill for the combined collection of assessments and ad valorem taxes. At least 20 days prior to the public hearing, a local government must publish notice of the hearing in a newspaper of general circulation within the government's boundaries and by individual first class United States mail to the owners of property subject to the assessment. The mailed notice can either be a separate notice or the County may have the option to use the Truth-In-Millage (TRIM) notice to notify property owners of their respective fire assessment amount. The use of TRIM is dependent upon the agreement of the property appraiser and whether the TRIM notice meets the necessary statutory requirements.

At the public hearing, the County will adopt a final assessment resolution, which, among other things, will confirm the initial assessment resolution, articulate the final rate of assessments, approve the assessment roll, and direct and authorize the method of collection.

Once the final assessment resolution is adopted and the roll certified by September 15th to the Highlands County Tax Collector to be collected along with ad valorem taxes, any minor modifications, corrections or errors must be made in accordance with the procedure applicable to the correction of errors on the tax roll, upon written direction from the County to the Highlands County Tax Collector.

Collection of the special assessments and ad valorem taxes begins in November. Failure to pay the assessments and taxes results in the issuance of a tax certificate and may result in the sale of a tax deed.

PRELIMINARY IMPLEMENTATION SCHEDULE

Outlined in Table 12 is a preliminary implementation schedule identifying specific dates for significant remaining events necessary for the County to implement the fire assessment program and collect the assessments using a tax bill collection method for Fiscal Year 2017-18.

Table 12
Preliminary Implementation Schedule

County adopts Service Assessment Ordinance (Public Hearing)	August 15, 2017
County adopts Initial Assessment Resolution	August 15, 2017
County advertises Public Hearing to adopt Final Assessment Resolution	By August 24, 2017
Notices mailed to Affected Property Owners	By August 24, 2017
Public Hearing to adopt Final Assessment Resolution (Special Meeting)	September 14, 2017
Certify Fire Assessment Roll to Tax Collector	By September 15, 2017
Tax Bills Mailed by County Tax Collector	By November 1, 2017

Appendix A

DEPARTMENT OF REVENUE PROPERTY USE CODES & DESCRIPTIONS

DRAFT

DOR Code and Description	Category
00 - VACANT	Land
01 - SINGLE FAMILY	Residential
03 - MULTI-FAM 10+ UNITS	Residential
05 - COOPERATIVES	Residential
06 - RETIREMENT HOMES	Institutional
07 - MISCELLANEOUS	Residential
07 - MISCELLANEOUS	Land
08 - MULTI-FAM <10 UNITS	Residential
10 - VACANT COMMERCIAL	Land
11 - STORES, 1 STORY	Commercial
12 - MIXED USE	Commercial
15 - REG SHOPPING CENTERS	Commercial
16 - COMMUNITY SHOPPING	Commercial
17 - OFF BLDG 1 STORY	Commercial
18 - OFF BLDG MULTI-STORY	Commercial
19 - PROFESSIONAL BLDG	Commercial
20 - AIRPORT/BUS TERMS	Commercial
21 - RESTAURANTS/CAFE	Commercial
23 - FINANCIAL INST	Commercial
24 - INS COMPANY OFF	Commercial
27 - VEHICLE SL/SERV/RENT	Commercial
28 - PARK LOTS, M/H PARKS	Residential
33 - NIGHTCLUBS/BARS	Commercial
34 - BWL AL/SKT RNK/PL HL	Commercial
36 - CAMPS	Commercial
38 - GOLF COURSES	Commercial
39 - HOTELS AND MOTELS	Commercial
40 - VACANT INDUSTRIAL	Land
41 - LIGHT MANUFACTURE	Industrial/Warehouse
43 - LUMBER YARDS	Industrial/Warehouse
48 - WAREHOUSE STOR/DIST	Industrial/Warehouse
49 - OPEN STORAGE	Industrial/Warehouse
58 - TIMBERLAND 50-59	Land
63 - GRAZING SOIL CAP 4	Land
66 - GROVES/ORCHARDS	Land
69 - ORNAMENTALS/MISC	Land
70 - VAC INSTITUTIONAL	Land
71 - CHURCHES	Institutional
72 - PRIVATE SCHOOLS	Institutional
73 - PRIVATE HOSPITALS	Institutional
75 - NON-PROFIT SERVICE	Institutional
76 - MORTUARY/CEMETERY	Institutional
78 - REST HOMES	Institutional
79 - CULTURAL GROUPS	Institutional
82 - FOREST, PARKS REC	Land
83 - PUBLIC SCHOOLS	Institutional
84 - COLLEGES	Institutional
86 - COUNTY	Institutional

DOR Code and Description	Category
87 - STATE	Institutional
89 - MUNICIPAL	Institutional
90 - LEASEHOLD INTEREST	Industrial/Warehouse
91 - UTILITIES	Industrial/Warehouse
94 - RIGHTS-OF-WAY	Non-Specific
9802 - CENTRALLY ASSESSED	Non-Specific
99 - NON-AG ACREAGE	Land
N. - NOTE RECORD	Non-Specific

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Appendix B

HIGHLANDS COUNTY PROPERTY APPRAISER BUILDING IMPROVEMENT CODES AND USE DESCRIPTIONS

DRAFT

Building Use Code	Description	Category Assigned
00	VACANT	NOT USED
01	SINGLE FAMILY RESIDENTIAL	RESIDENTIAL
02	SFR MODULAR	RESIDENTIAL
03	CONVERTED SFR	COMMERCIAL
05	RESIDENTIAL DETACHED GARAGE	NOT USED
06	RENTAL UNIT	RESIDENTIAL
07	DAY CARE CENTER	COMMERCIAL
08	MOBILE HOME	RESIDENTIAL
09	EXCEPTIONAL RESIDENTIAL	RESIDENTIAL
10	CONDOMINIUM - LOW RISE	RESIDENTIAL
11	CONDOMINIUM - HIGH RISE	RESIDENTIAL
12	CONDOMINIUM - TOWN/ROW HOUSE	RESIDENTIAL
13	CONDOMINIUM - VILLA	RESIDENTIAL
14	SFR - LOW RISE	RESIDENTIAL
15	SFR - HIGH RISE	RESIDENTIAL
16	SFR-TOWN/ROW HOUSE	RESIDENTIAL
17	DORMITORY	INSTITUTIONAL
18	INTERVAL OWNERSHIP - LOW RISE	RESIDENTIAL
19	INTERVAL OWNERSHIP - HIGH RISE	RESIDENTIAL
20	INTERVAL OWNERSHIP - TOWNHOUSE	RESIDENTIAL
22	MULTI-FAMILY - LOW RISE	RESIDENTIAL
23	MULTI-FAMILY - HIGH RISE	RESIDENTIAL
24	MULTI-FAMILY - TOWN HOUSE	RESIDENTIAL
25	MULTI-FAMILY - OLDER APARTMENT	RESIDENTIAL
26	DUPLEX/ONE HALF	RESIDENTIAL
27	DUPLEX	RESIDENTIAL
28	TRIPLEX/QUADRAPLEX	RESIDENTIAL
29	DOME/A FRAME	RESIDENTIAL
35	STORES - INDIVIDUAL	COMMERCIAL
36	DISCOUNT STORE	COMMERCIAL
37	DEPARTMENT STORE	COMMERCIAL
38	STRIP STORES	COMMERCIAL
39	SHOPPING CENTER - COMMUNITY	COMMERCIAL
40	SHOPPING CENTER - REGIONAL	COMMERCIAL
42	SUPERMARKET	COMMERCIAL
43	CONVENIENCE STORE	COMMERCIAL
44	HOTEL	COMMERCIAL
45	HOTEL/MOTEL - OFFICE COMP	COMMERCIAL
46	MOTEL - LOW COST	COMMERCIAL
47	MOTEL - MODERN	COMMERCIAL
48	PACKAGE/LOUNGE	COMMERCIAL
49	OFFICES - LOW COST	COMMERCIAL
50	OFFICES - STANDARD	COMMERCIAL

Building Use Code	Description	Category Assigned
52	MEDICAL OFFICE	COMMERCIAL
53	HOSPITAL	INSTITUTIONAL
54	CONVALESCENCE HOME	INSTITUTIONAL
55	RESTAURANT/LOW COST	COMMERCIAL
56	RESTAURANT/LOUNGE	COMMERCIAL
57	RESTAURANT - FAST FOOD	COMMERCIAL
58	BOWLING ALLEY/ROLLER RINK	COMMERCIAL
59	ARENA/GYM	COMMERCIAL
60	AUDITORIUM	COMMERCIAL
61	CINEMA	COMMERCIAL
62	BANK	COMMERCIAL
63	BRANCH BANK	COMMERCIAL
64	SERVICE STATION	COMMERCIAL
65	GARAGE	COMMERCIAL
66	VEHICLE SALES/REPAIR	COMMERCIAL
67	SERVICE SHOP	COMMERCIAL
68	MORTUARY	INSTITUTIONAL
69	CLUB HOUSE	INSTITUTIONAL
69c	COMMERCIAL CLUBHOUSE	COMMERCIAL
72	CAR WASH	COMMERCIAL
73	SWITCHING STATION	NOT USED
74	MEDICAL CLINIC	INSTITUTIONAL
74c	Commercial Medical Clinic	COMMERCIAL
75	NURSING HOME	NURSING HOMES
77	EXCEPTIONAL OFFICE	COMMERCIAL
78	EXCEPTIONAL STORE	COMMERCIAL
79	EXCEPTIONAL COMMERCIAL	COMMERCIAL
80	MANUFACTURING - LIGHT	INDUSTRIAL/WAREHOUSE
81	MANUFACTURING - HEAVY	INDUSTRIAL/WAREHOUSE
82	WAREHOUSE - DISTRIBUTION	INDUSTRIAL/WAREHOUSE
83	WAREHOUSE - MINI	INDUSTRIAL/WAREHOUSE
84	WAREHOUSE - STORAGE	INDUSTRIAL/WAREHOUSE
85	EQUIPMENT STORAGE	INDUSTRIAL/WAREHOUSE
86	BARNS	NOT USED
87	PRE-FABRICATED METAL BUILDING	INDUSTRIAL/WAREHOUSE
88	MILKING BARN	NOT USED
89	EXCEPTIONAL INDUSTRIAL	INDUSTRIAL/WAREHOUSE
90	SCHOOL	INSTITUTIONAL
91	CHURCH	INSTITUTIONAL
92	EDUCATIONAL/RELIGIOUS	INSTITUTIONAL
93	GOVERNMENTAL BUILDING	INSTITUTIONAL
DUP	DUP BLDG (NON-RESIDENTIAL)	NOT USED
LAND	LAND ACREAGE RECORD	LAND

Building Use Code	Description	Category Assigned
MHPK	MOBILE HOME PARK	RESIDENTIAL
RVPK	RV PARK	COMMERCIAL
SOH	SAVE OUR HOMES DUP BLDG	NOT USED

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