

Wake County Fire Tax District Long-Range Planning



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Purpose of Today's Discussion

- Share horizon issues for the Fire Tax District
- Provide Commissioners with background information to guide future policy and tax decisions
- Receive direction for Fire Services staff to share with Fire Commission

Background

- 1994 study of fire protection in Wake County (TriData Study)
- Twenty-two non-profit fire departments pre-1998 with individual tax rates
- 1998 County Commissioners created the fire tax district overlay
- Established the Fire Commission as an advisory/recommending body
- Established a \$0.10 tax rate ceiling

REGULAR SESSION - FIRST DAY

June 16, 1997

Section 15: There is hereby levied a tax at the rate shown below, per one hundred dollars (\$100.00) valuation of property listed for taxes as of January 1, 1997, located within the 22 special fire districts for the raising of revenue for said special fire districts. This rate of tax is based on projections after allowance for the five percent commission charged for collection and that portion of the levy uncollected.

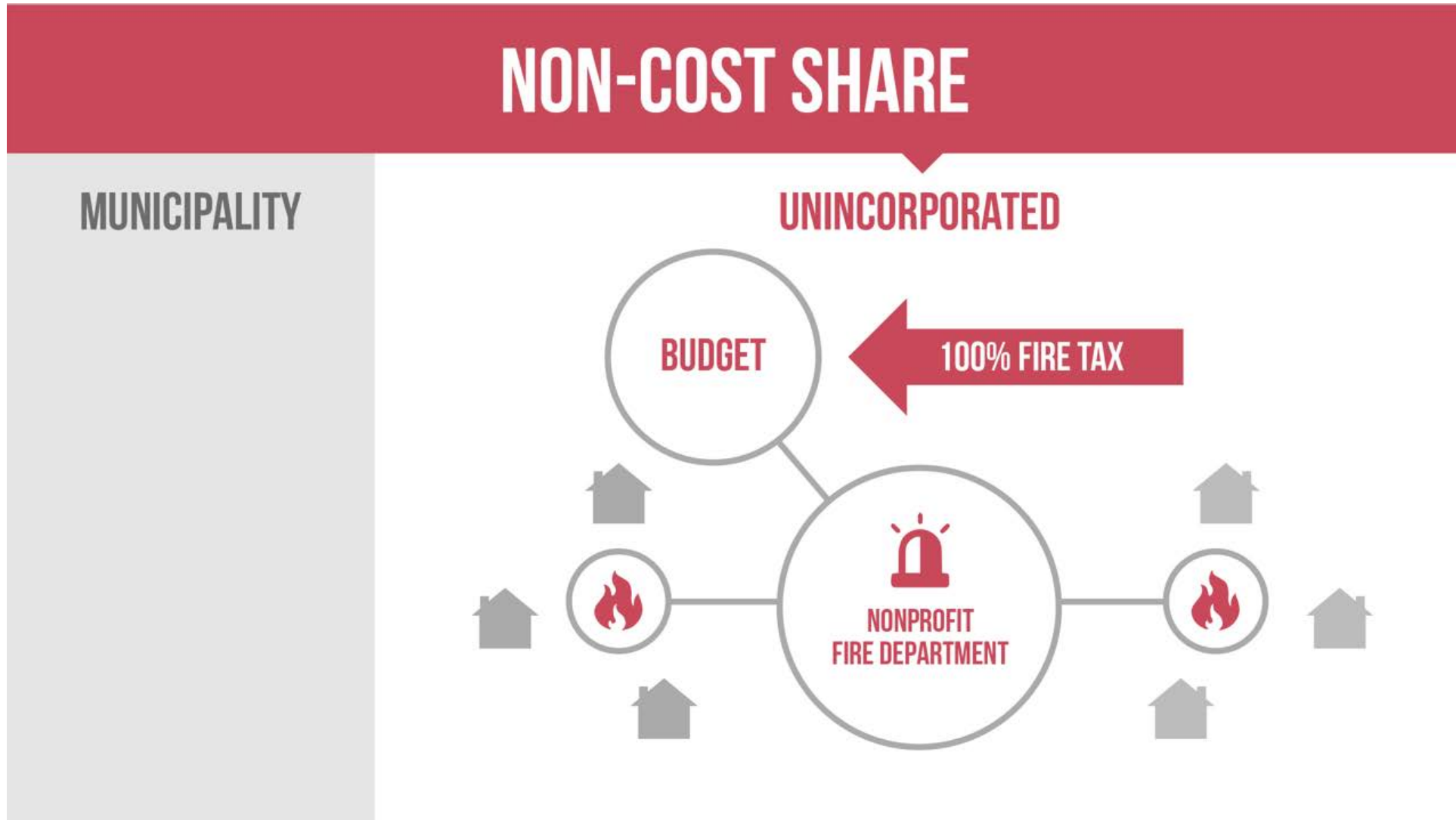
Fire District	Rate	Appropriation
Apex (Hipex)	\$.10	\$281,224
Bayleaf	.065	641,747
Cary (YRAC)	.085	124,353
Durham Highway	.06	418,381
Fairgrounds	.10	119,976
Fairview (Ten-Ten)	.095	507,134
Falls	.10	134,047
Fuquay-Varina (Furina)	.10	490,609
Garner (St. Mary's/Panther Branch)	.075	522,431
Holly Springs	.10	59,103
Hopkins	.10	93,816
Knightdale (Alert)	.095	469,030
Morrisville	.10	178,681
Raleigh Suburban	.10	2,996
Rolesville	.07	214,107
Six Forks	.06	172,775
Stony Hill	.10	114,834
Swift Creek	.065	256,776
Wake-New Hope	.075	463,205
Wake Forest (Wakette)	.085	164,520
Wendell-Holmes	.09	191,323
Zebulon (Wakelon)	.095	124,993

There is hereby appropriated to the 22 special fire districts from the proceeds of this tax the amounts shown under the *appropriation* column, for use by the special fire districts in such a manner and for such expenditures as is permitted by law from the proceeds of this tax. In the event the actual net proceeds from the tax levies exceed the appropriated amounts, the actual net proceeds exceeding the appropriated amount from the tax shall constitute the appropriation from said tax levy.

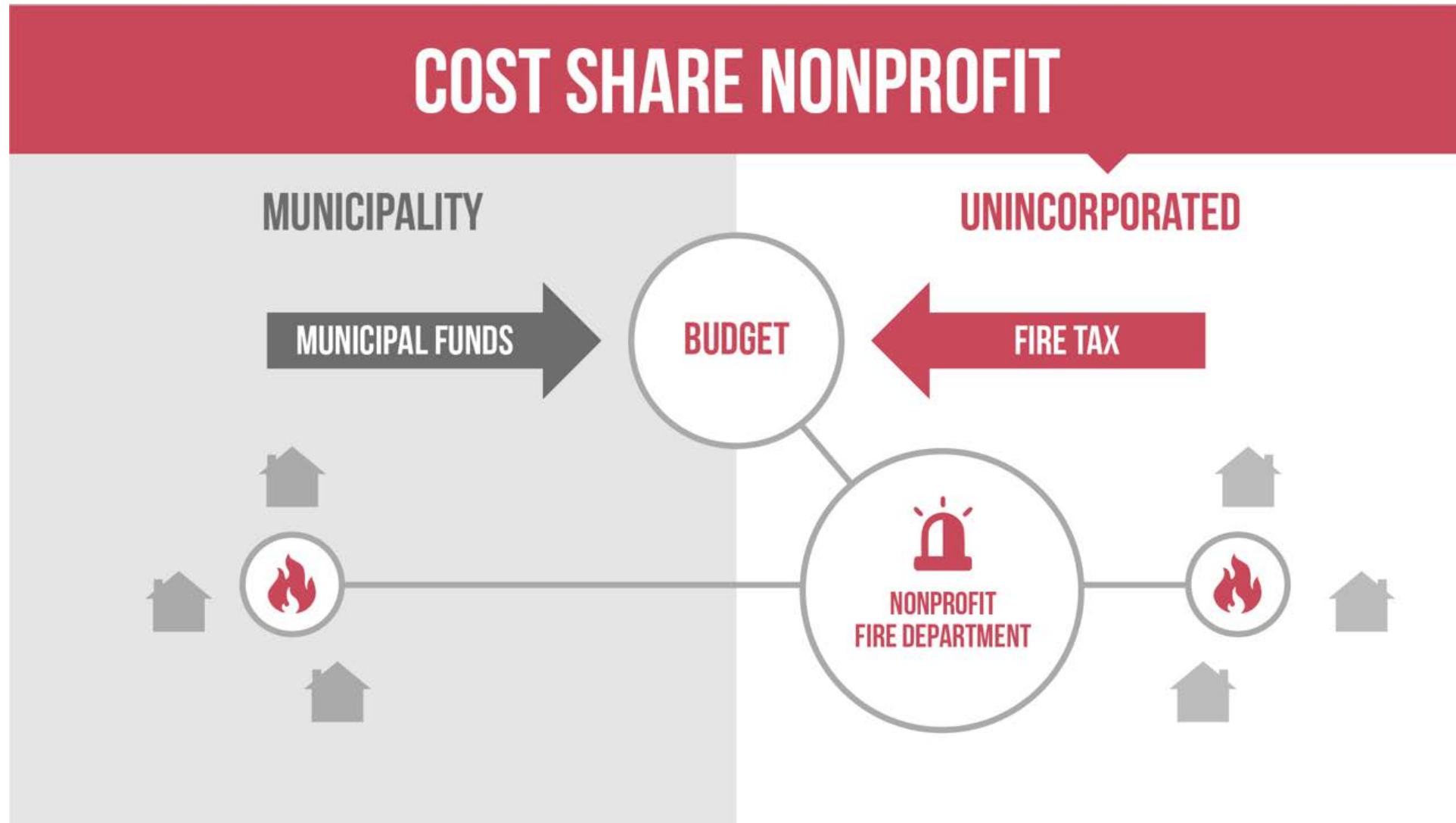
WAKE COUNTY



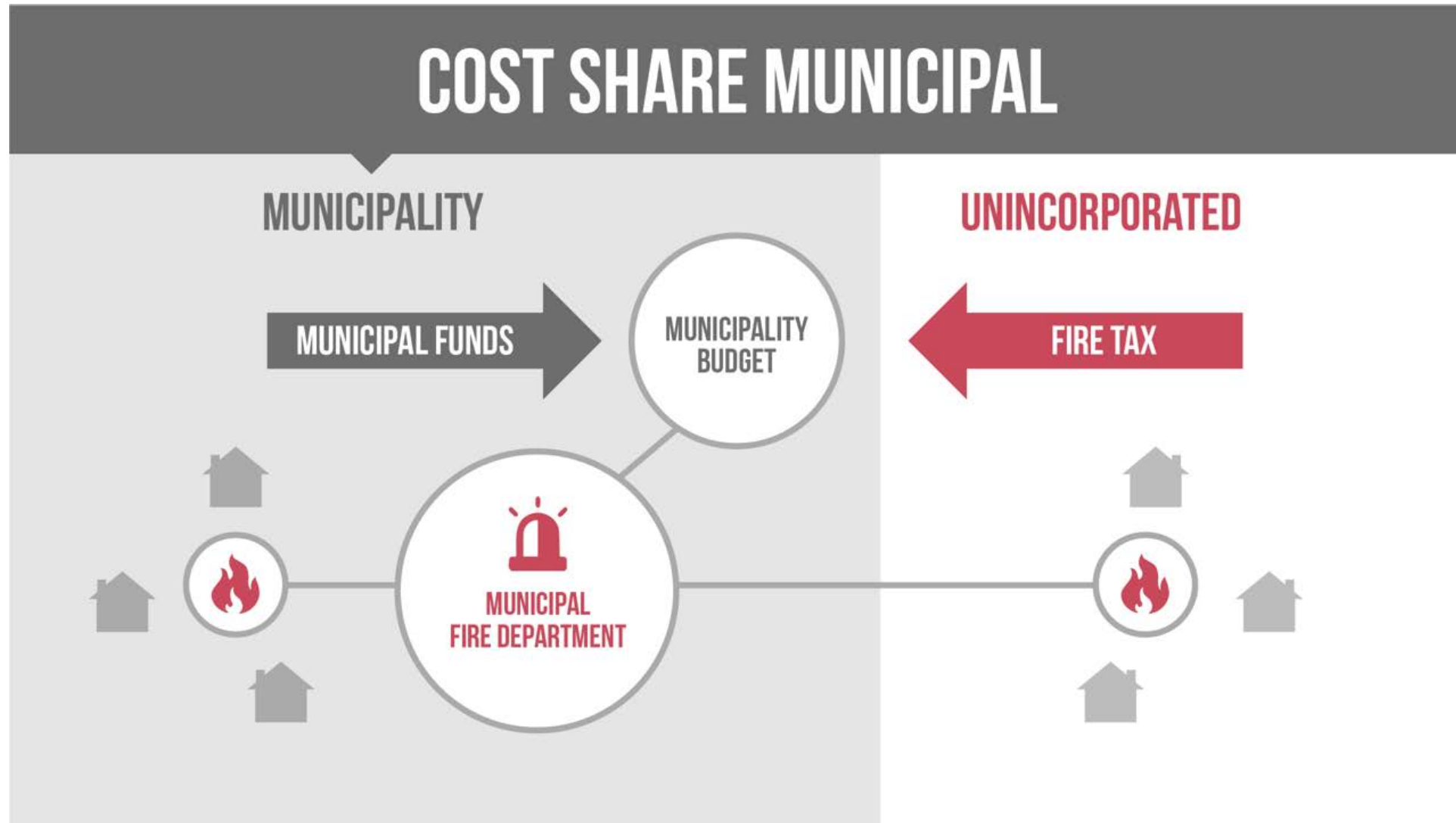
Current Fire Protection Funding



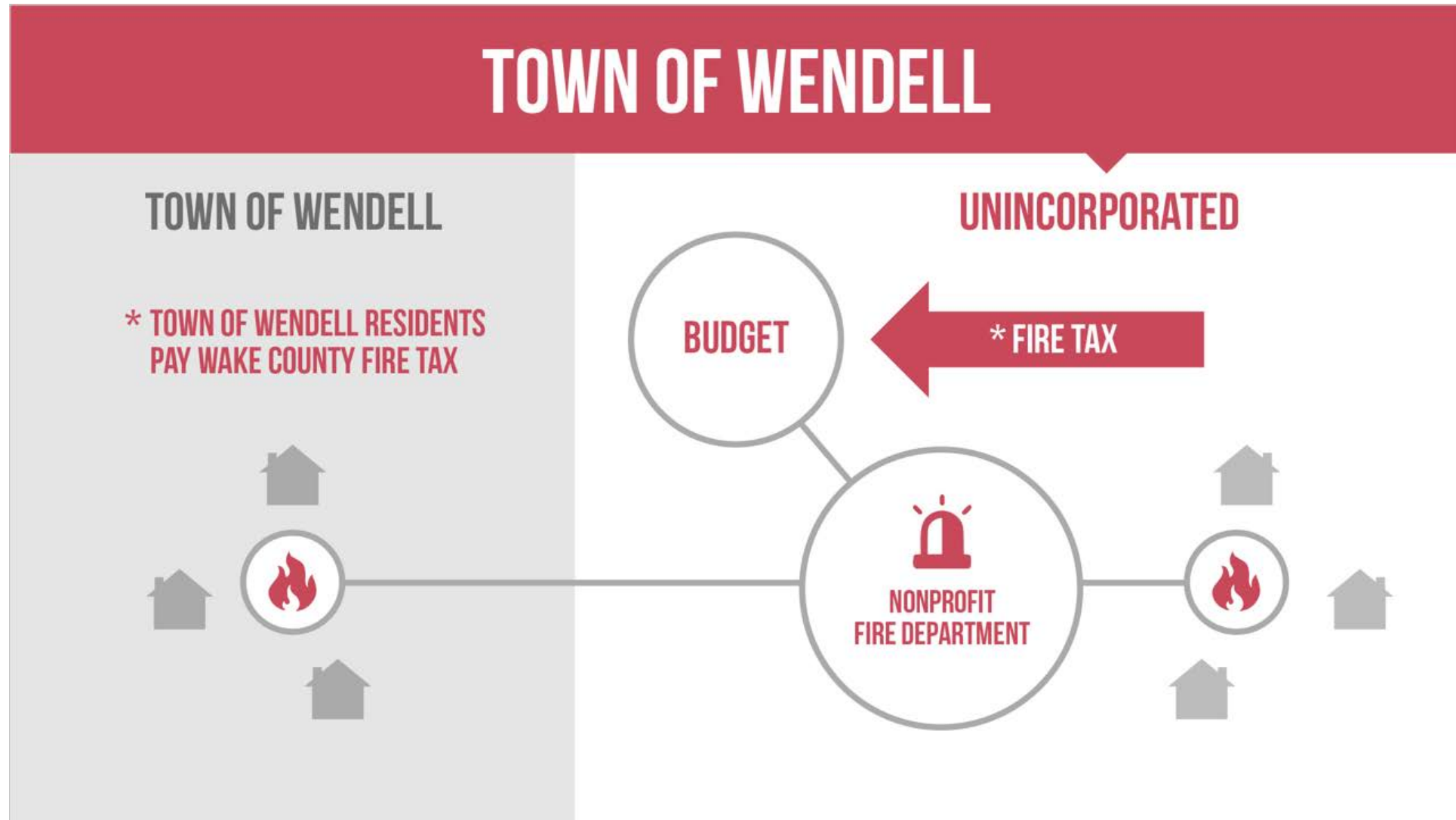
Current Fire Protection Funding



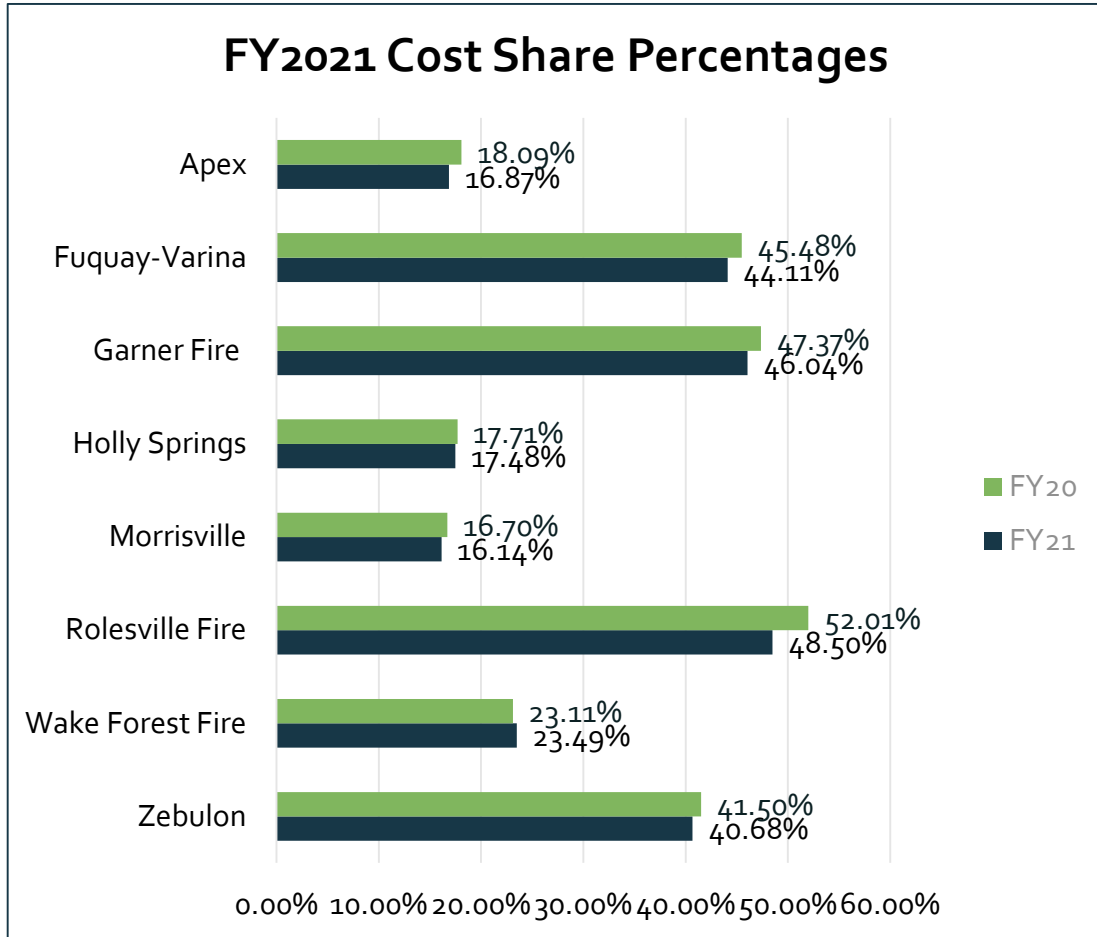
Current Fire Protection Funding



Current Fire Protection Funding



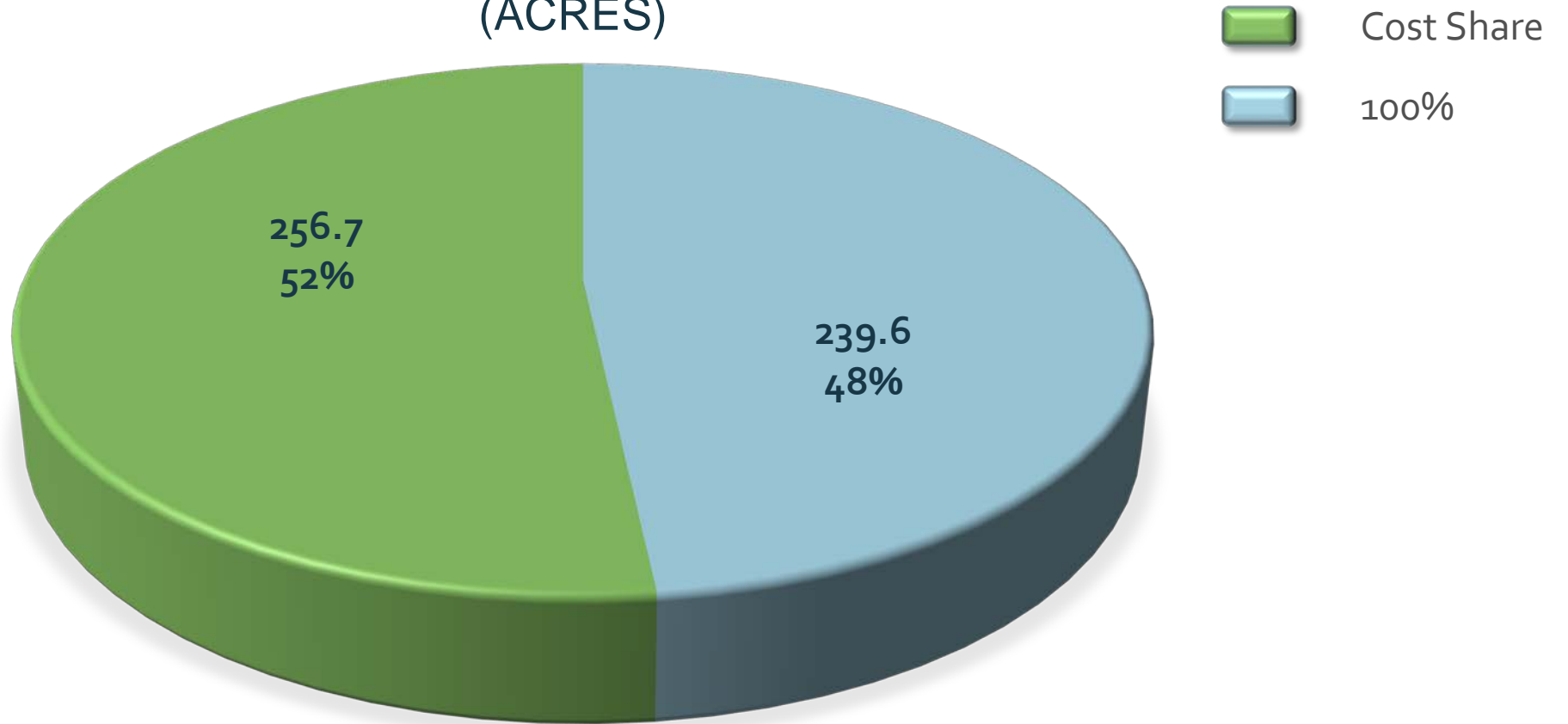
Formalization of Cost Share Methodology



- Consultant engaged and Cost Share Committee formed - Spring 2014
- Final report presented to Fire Commission – December 2014
- Adoption of methodology by Fire Commission – January 2015
- Fire Commission recommends FY17 implementation – July 2015
- Three year phase in with hold harmless provisions

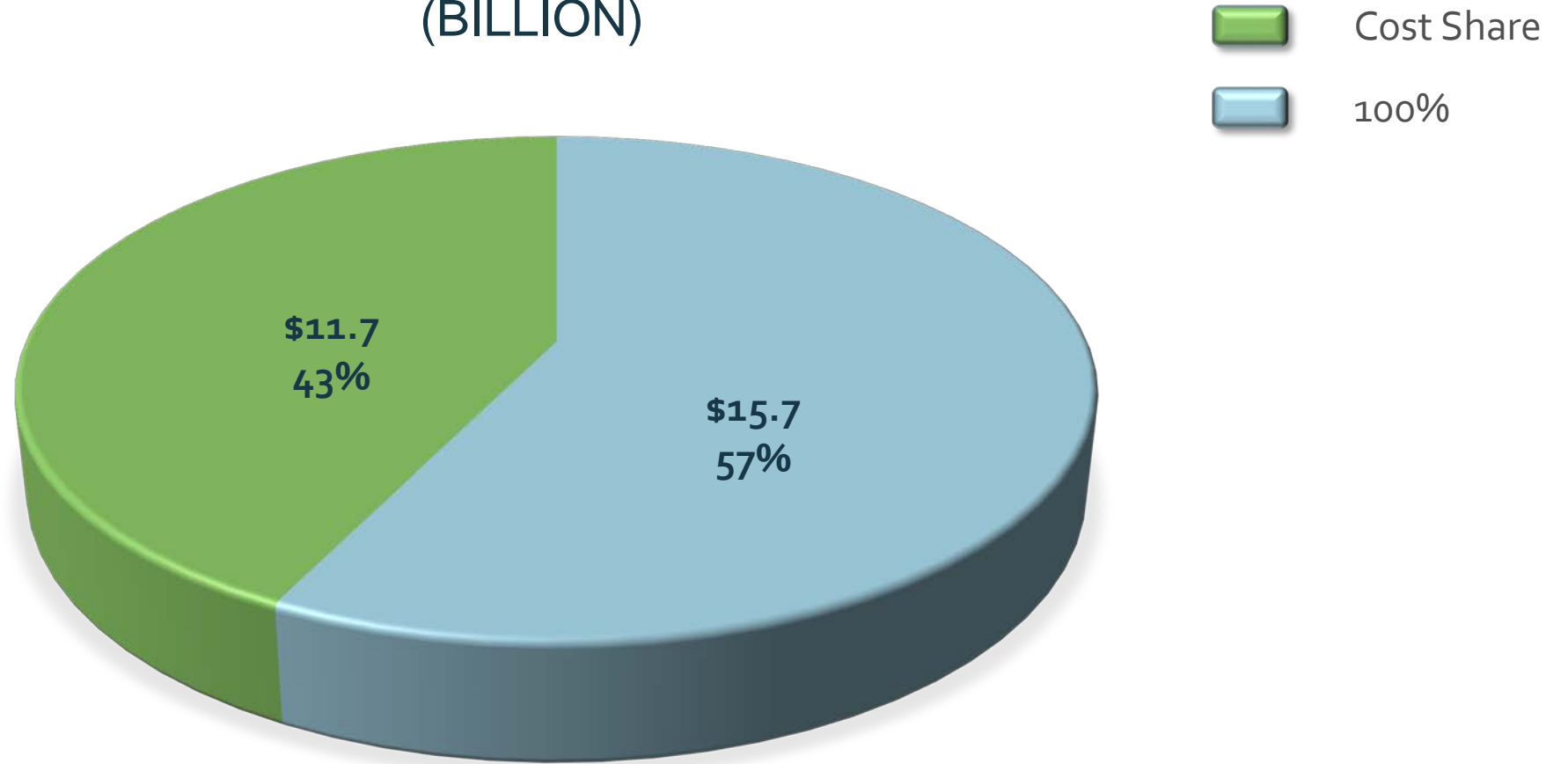
100% and Cost Share Comparison

COMPARISON BY GEOGRAPHIC AREA COVERED
(ACRES)



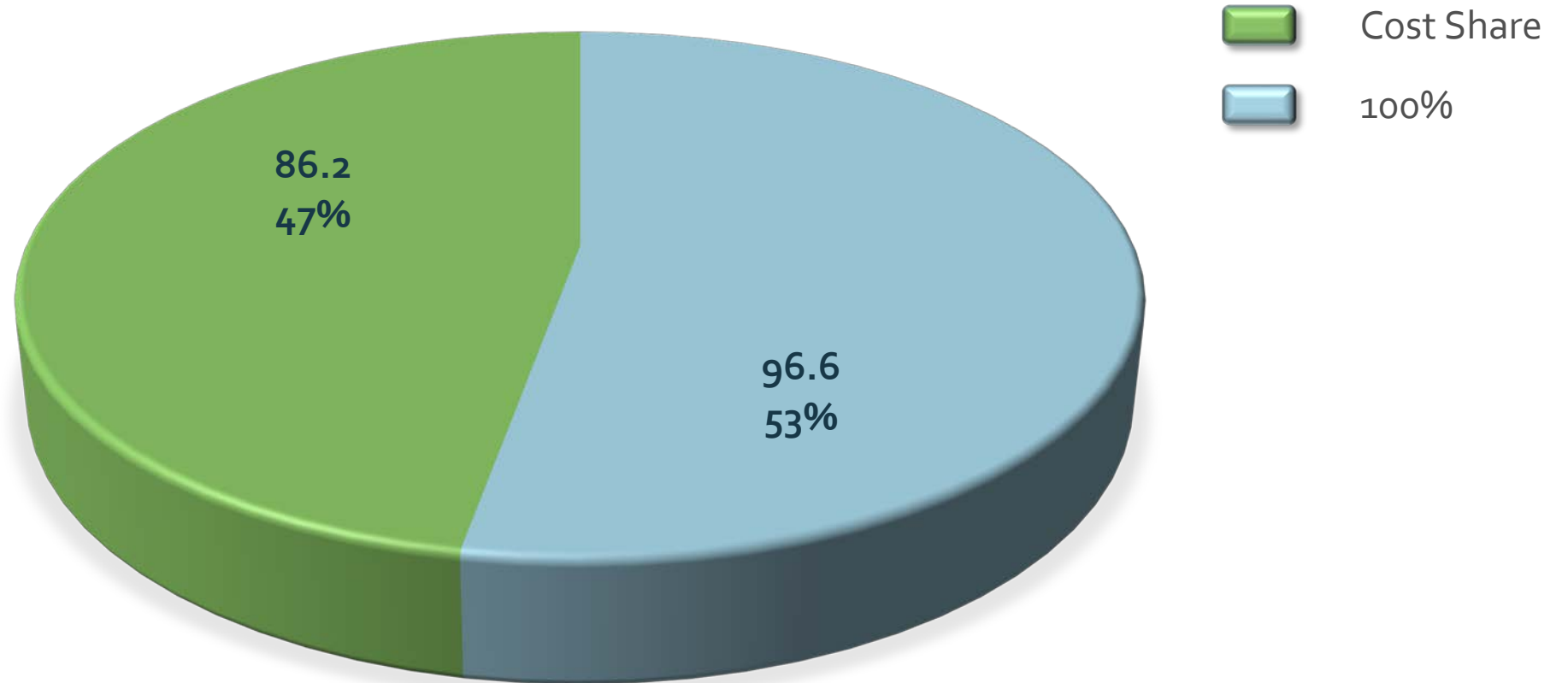
100% and Cost Share Comparison

COMPARISON BY PROPERTY VALUATION
(BILLION)



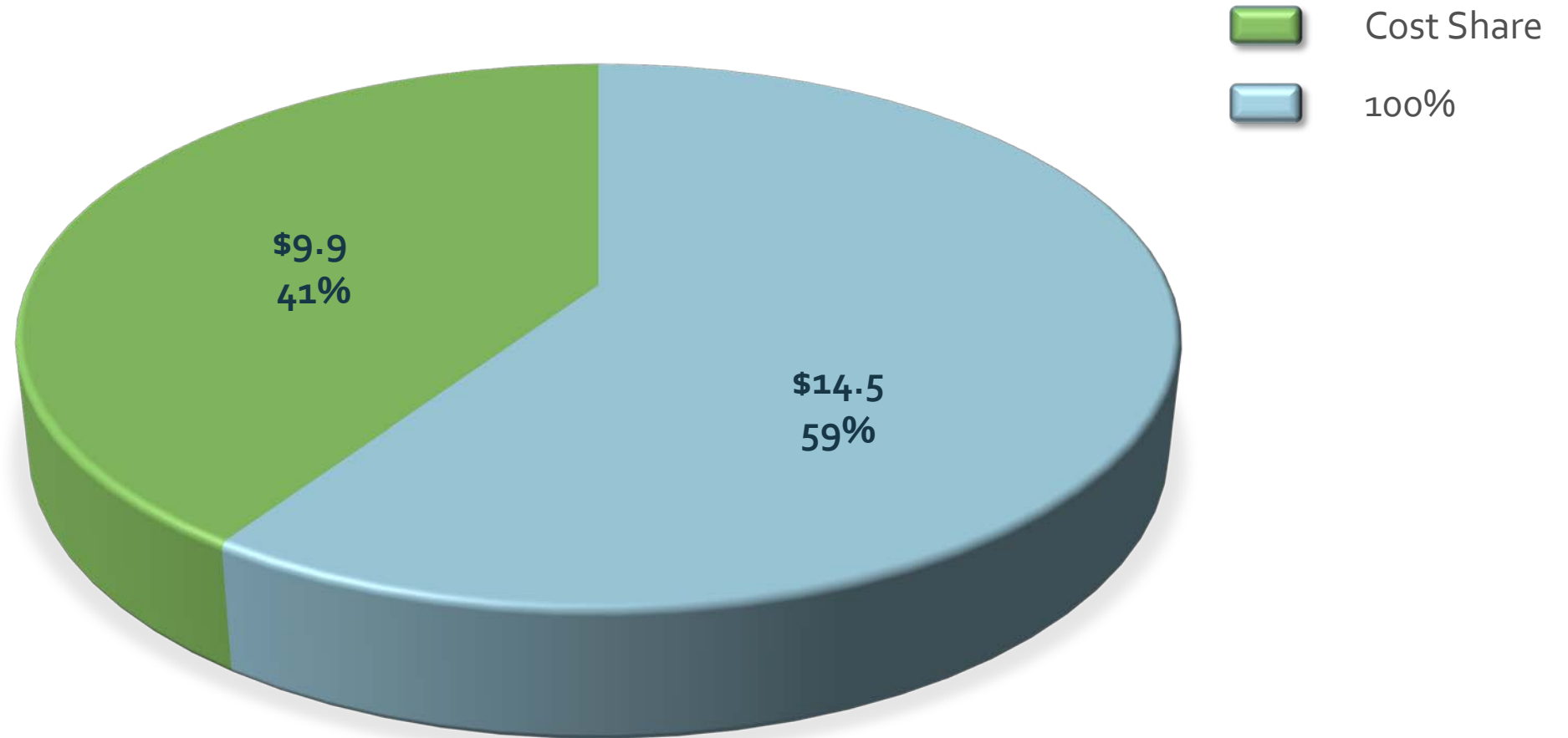
100% and Cost Share Comparison

COMPARISON OF POPULATION SERVED (K)



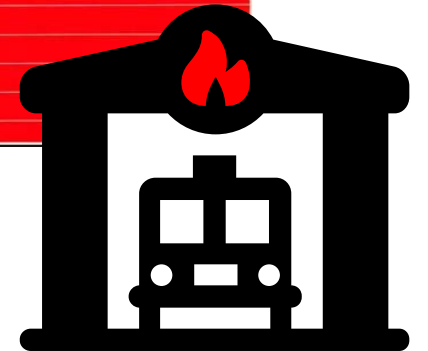
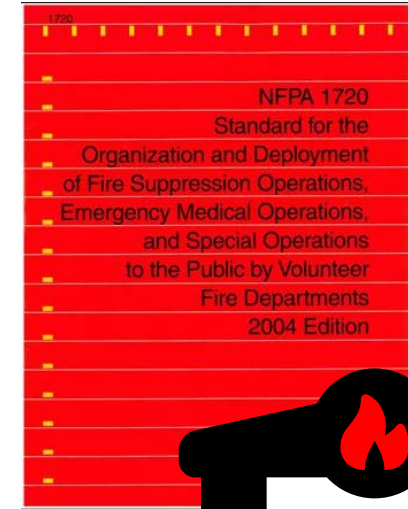
100% and Cost Share Comparison

COMPARISON OF FY2020 TOTAL BUDGET (MILLION)

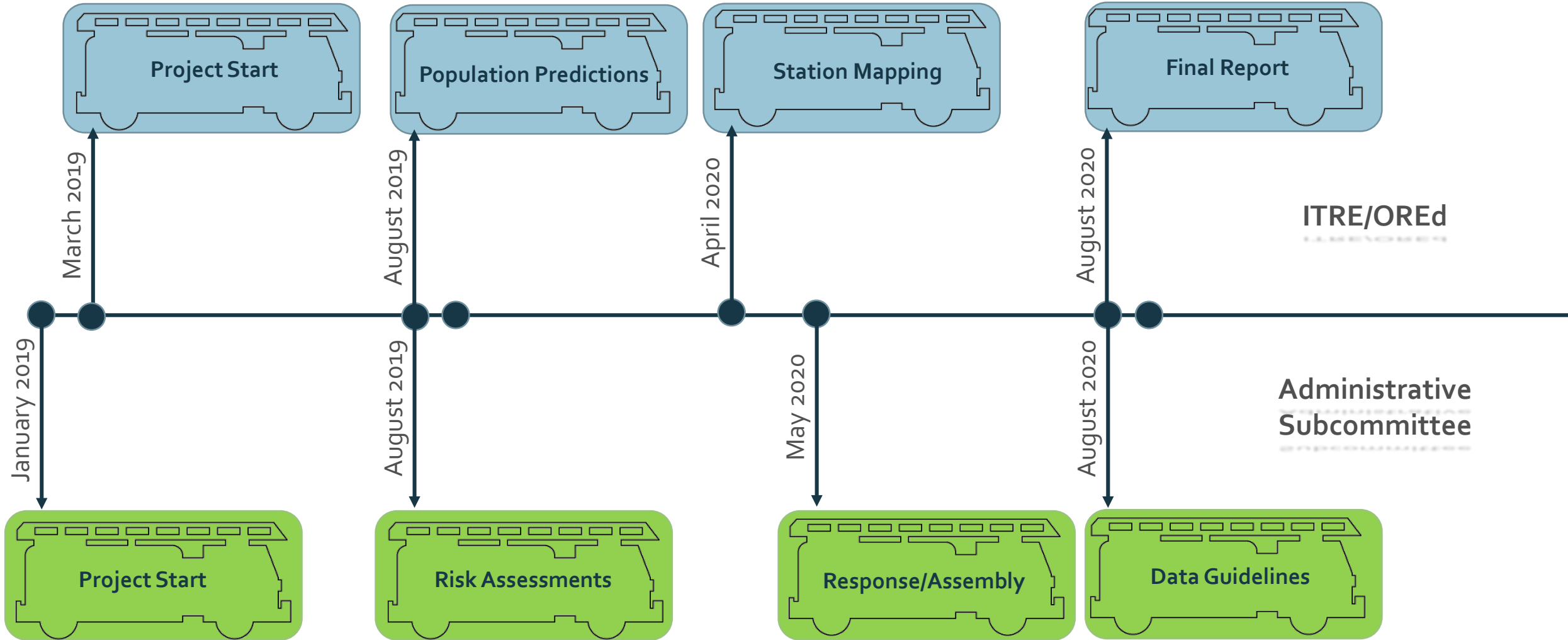


Long Range Planning

- Two Simultaneous Processes
 - NCSU ITRE/OREd
 - Wake County Fire Facility Site Analysis
 - Administrative Subcommittee
 - Community Risk Assessment
 - Development of Minimum Response Criteria
 - Development of Response/Assembly Time Standard
 - Development of Performance Objective Goals for Each Risk Type
 - Develop Data Gathering Guidelines
 - Perform Stakeholder Engagement

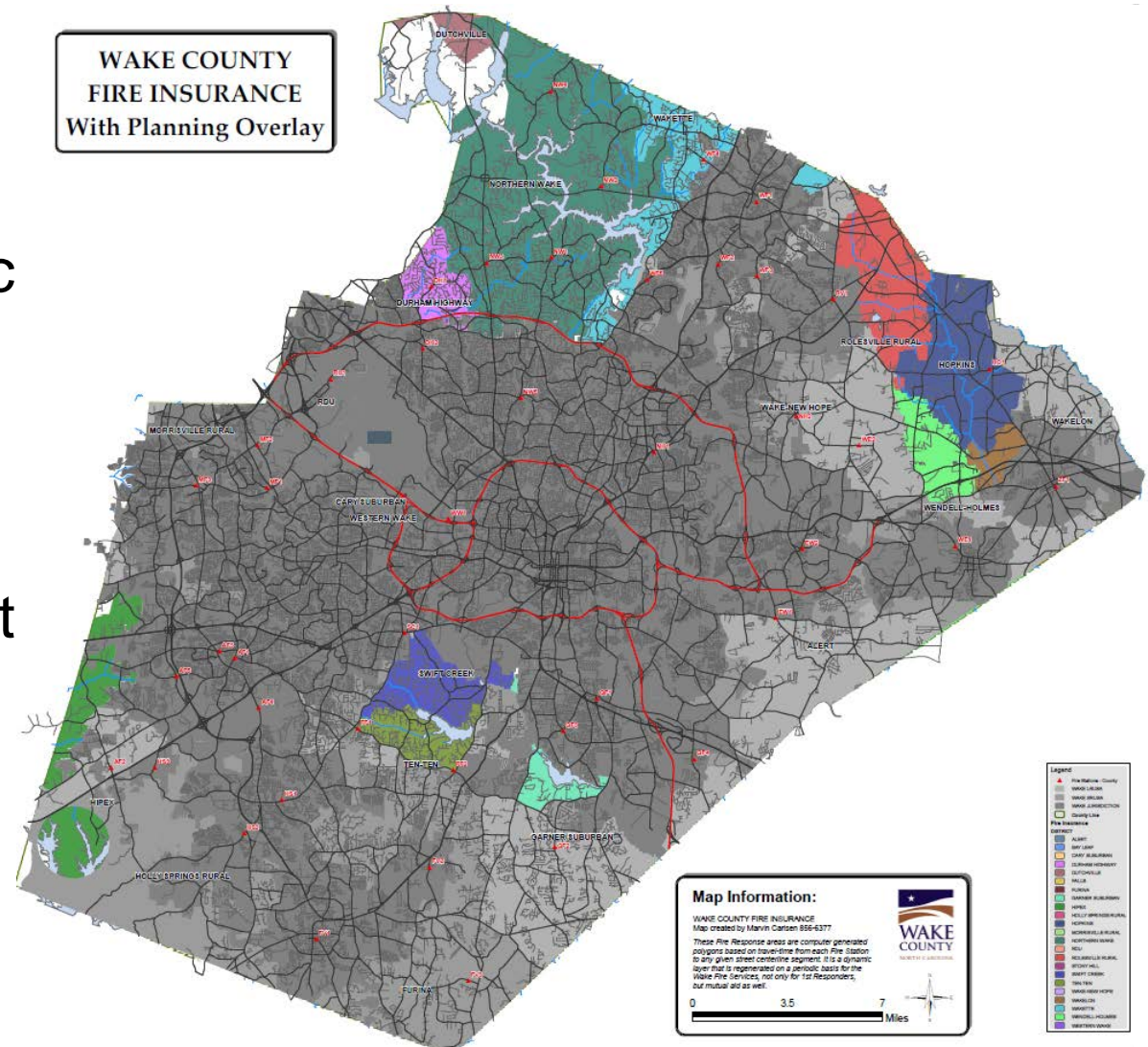


Key Milestones



Future Sustainability Challenges

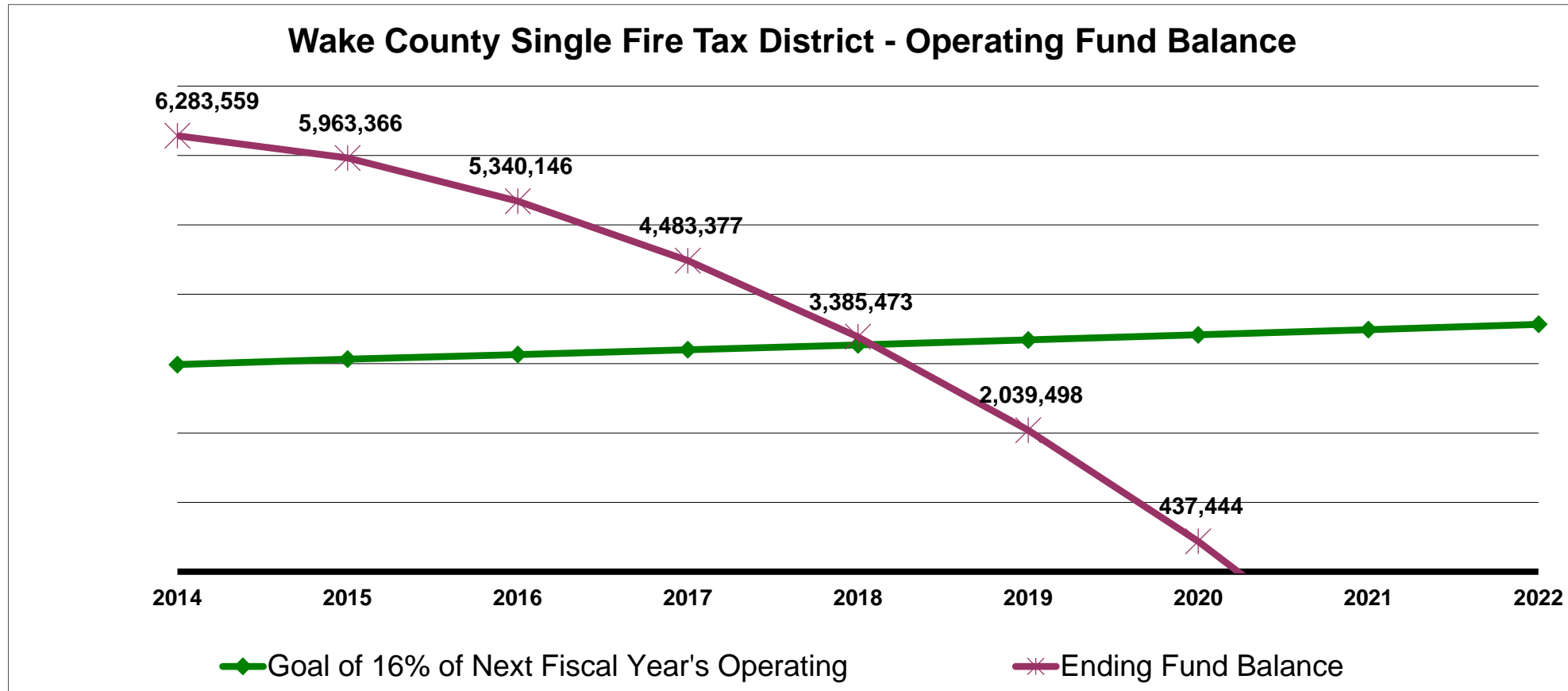
- Tax base growth is limited in the unincorporated areas of the county
- Annexations reduce the geographic size of the tax base
- Operational expenditures outpace revenue growth
- Future capital facility needs to meet population and municipal growth
- Future consolidation and merger opportunities



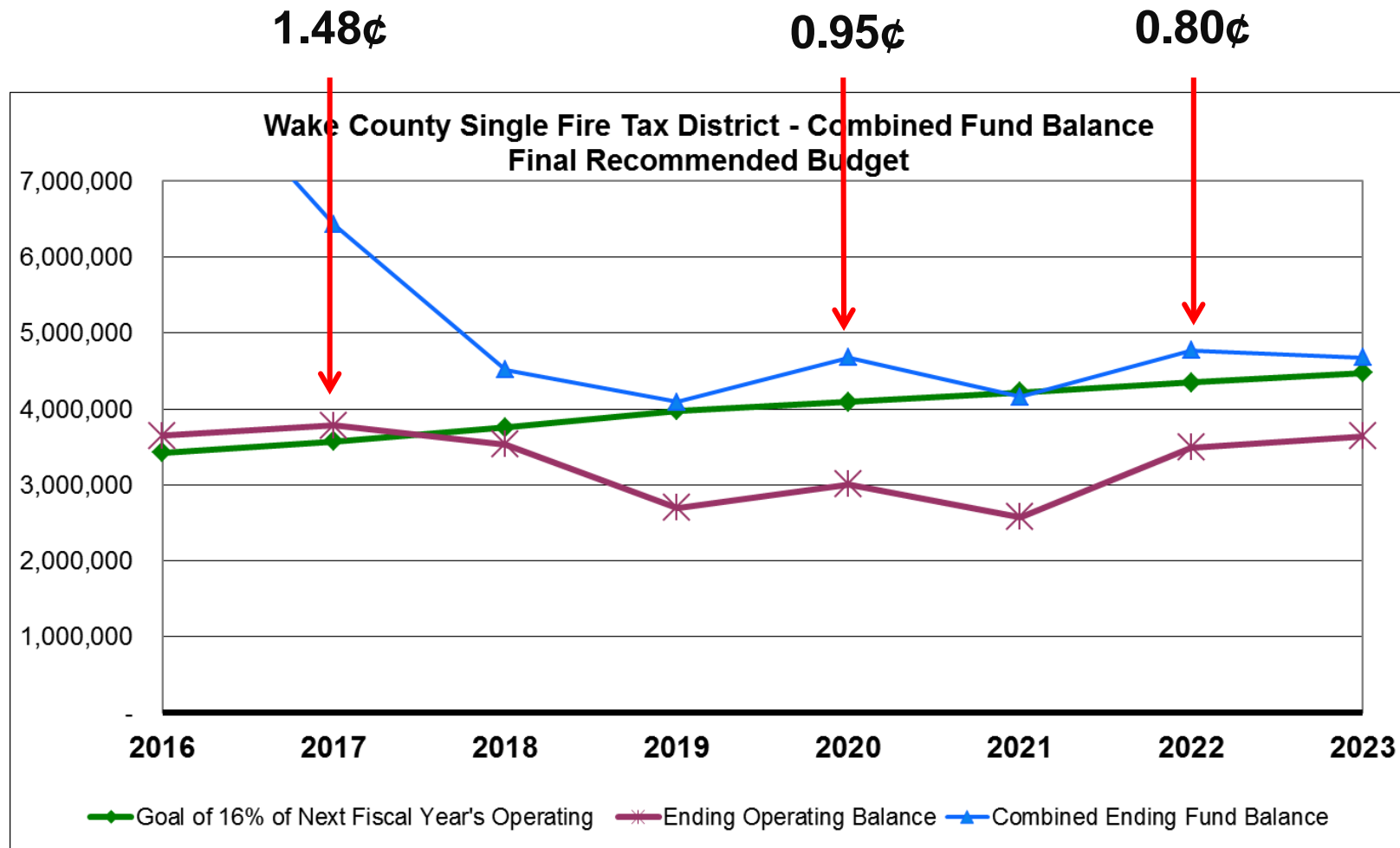
Progression of Fire Tax District Budget Model

- FY17 - set goal to maintain a combined operating and capital fund balance of 16% of following year's expenditure budget
- FY17 - start of cost share three year phase-in
- Adjusted revenue allocation between operating and capital budgets
- FY20 budget model close to \$0.10 ceiling at \$0.096
- 2019 county reappraisal
 - Revenue neutral rate of \$0.0837
 - \$0.01 = \$3.26 Million

Pre-FY2017 Budget Model



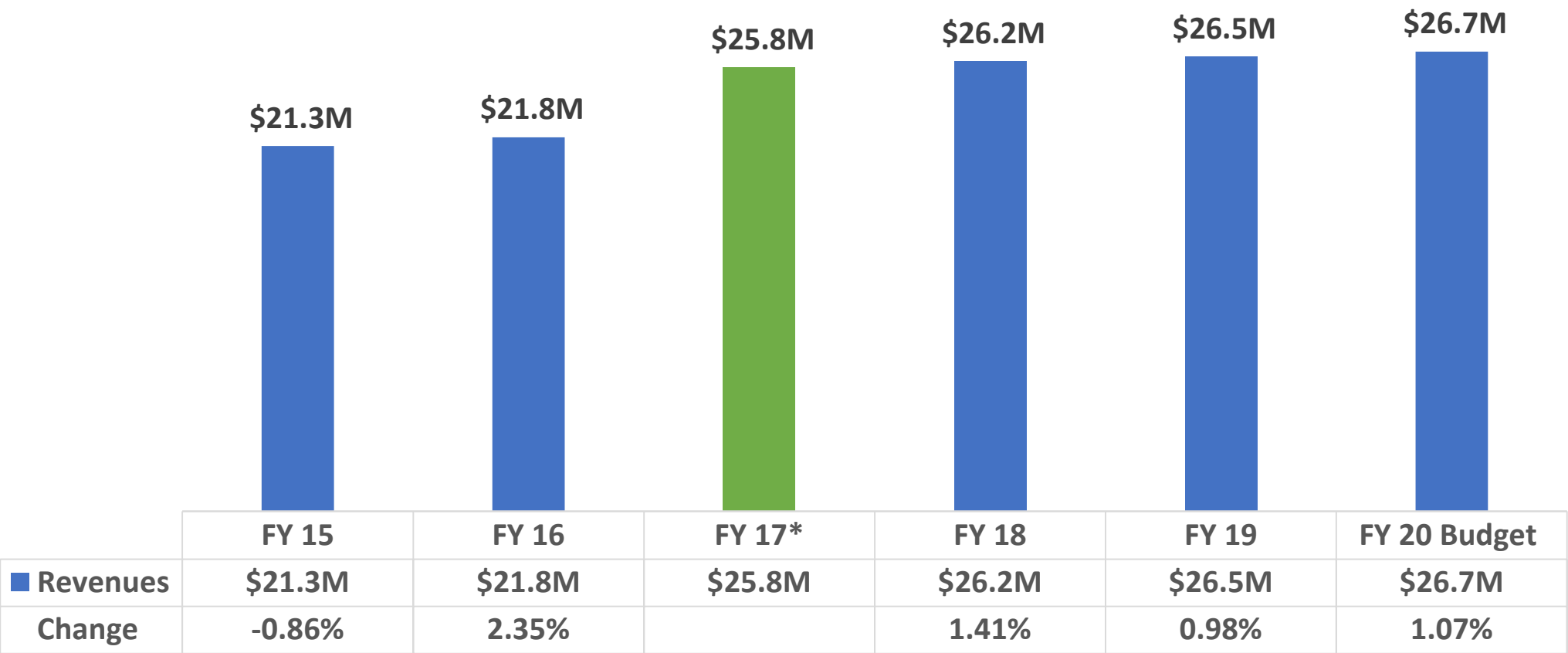
FY2017 Budget Model



Note: Use of fund balance was required in FY18 (\$489,000), FY19 (\$766,965), FY20 (\$1,475,030)

Fire Tax Revenues

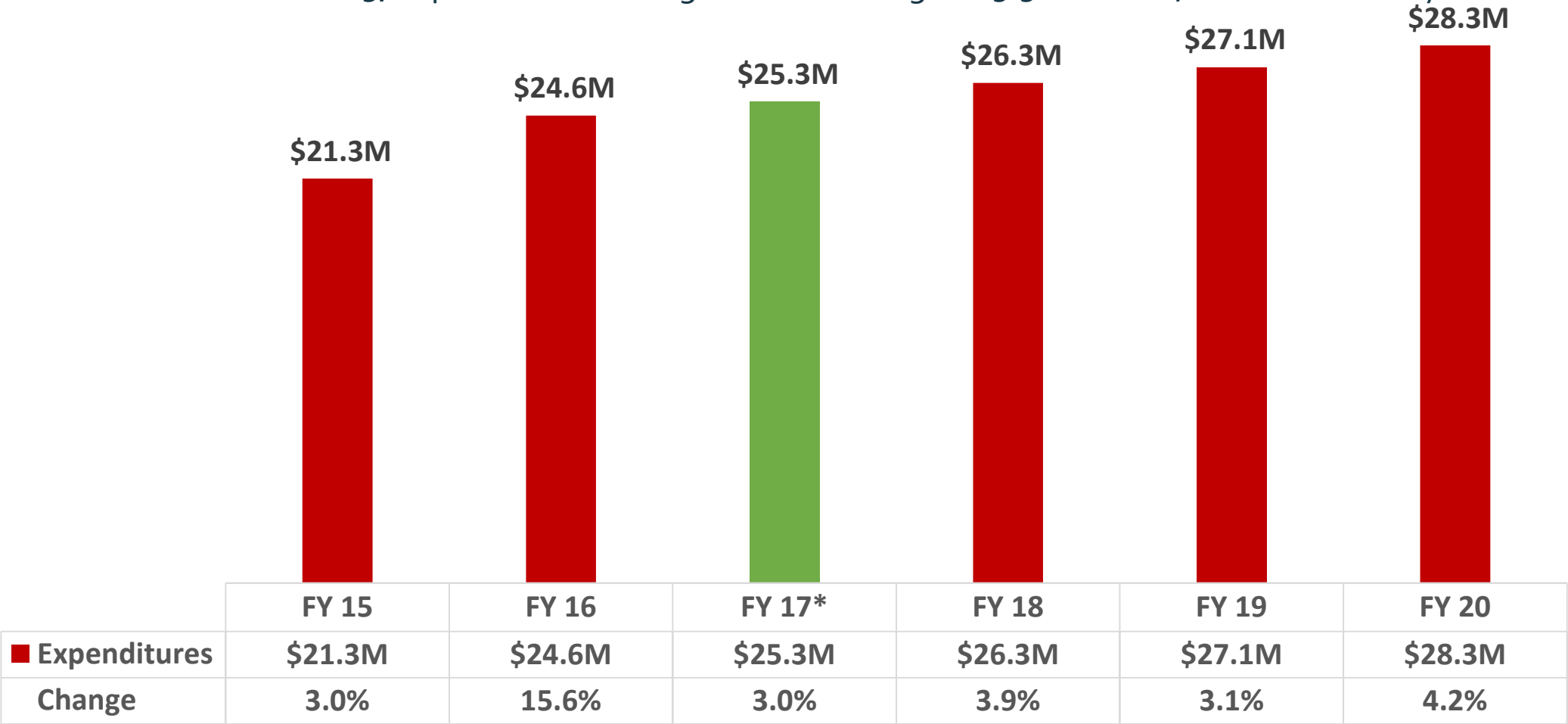
Since FY 2015, Fire Tax revenues have grown an average of .99% or \$244,000 annually*



*Green denotes 1.48 cent tax increase in FY 2017. Annual average growth calculations exclude FY 2017

Fire Tax Expenditures

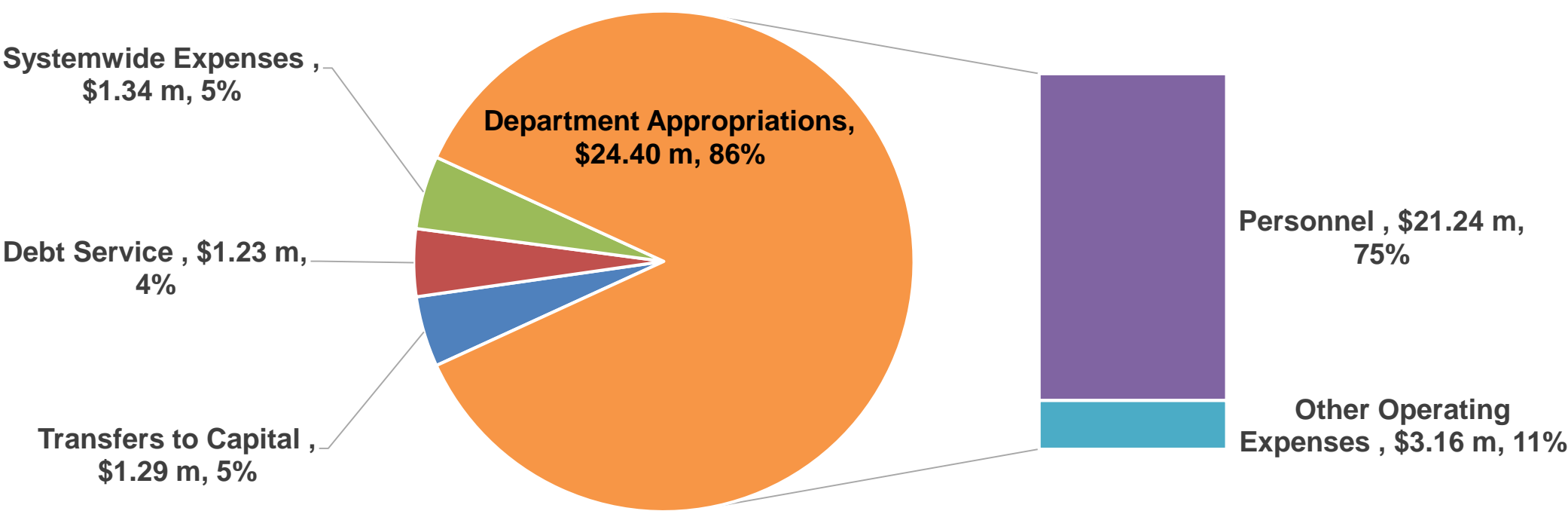
Since FY 2015, expenditures have grown an average of 5.5% or \$1.27 million annually



*Green denotes 1.48 cent tax increase in FY 2017

Operating Budget Breakdown

FY 2020 Adopted Budget



The majority of spending is direct appropriations to contracted fire departments

Projected Tax Rate Outlook at 3% Growth

Model	2020	2021*	2022	2023	2024	2025	2026	2027	2028	2029
Operating	8.67	8.23	8.23	8.90	8.90	9.22	9.22	9.56	9.56	9.71
Capital	0.93	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Total Fire Tax Rate (Cents)	9.60	9.08*	9.08	9.75	9.75	10.07	10.07	10.41	10.41	10.56
Tax Increase	-	0.71*	-	0.67	-	0.32	-	0.34	-	0.15

- FY 2021 is a revaluation year. The current assumed total revenue neutral tax rate is 8.37 cents. The chart assumes a tax increase of .71 cents over revenue neutral for model purposes.
- The required tax rate would increase above the current tax rate ceiling in FY 2025
- Over the ten year horizon, the projected required tax rate would increase 2.19 cents to 10.56 cents in FY 2029

Other Sustainability Considerations

- Structural Imbalance
 - Fund balance was utilized to fund operations in FY18 (\$489,000), FY19 (\$766,965) and in FY20 (\$1,475,030).
 - Model assumes a 0.71 cent tax rate above revenue neutral rate (8.37 cents) to meet fund balance targets and reduce reliance on fund balance
- Future Station Needs
 - Towns of Fuquay-Varina, Garner, Holly Springs, Morrisville, Rolesville, Wake Forest and Zebulon have requested assistance with new station construction/replacement costs.
 - Additional tax of 0.31 cents would be required to establish a facility capital reserve fund
- FY2021 Department Requests
 - Additional personnel requests (\$1,748,315), equipment requests (\$184,741), apparatus requests (\$638,540), facility repairs/renovations (\$742,926)
 - Additional tax of 1.02 cents would be required to fund all \$3,314,522 in expansion requests

Budget Context and Challenges

- Tax rate recap
 - Revenue neutral rate 8.37 + Structural imbalance correction 0.71 + Facility capital reserve 0.32 + FY2020 Departmental requests 1.03 = 10.43 cents
 - Fire Tax District tax ceiling = 10 cents
- Fire Departments anticipate additional funding of requests due to reappraisal
 - FY20 requests totaled \$2,678,587: personnel requests (\$2,422,553), equipment requests (\$140,583), facility repairs/renovations (\$115,451)
 - FY20 approved budget funded \$102,395 for equipment and facility repair expansion requests.
 - FY20 budget included \$777,000 increase for merit raises, salary market analysis adjustment, Wendell Falls station operating costs (1/4 year), LGERS change, annualization of prior year merit and uncontrollable operating cost increases.

Next Steps

- Discussion and Board direction to guide work on budget preparations.
 - Meetings with fire departments to review budget submissions – Currently ongoing
 - Staff shares total budget requests with Budget Subcommittee – Feb. 17
 - Staff recommended budget review by Budget Subcommittee – March 9
 - Budget Subcommittee budget review work sessions – March 16 & 23
 - Budget Subcommittee meeting with County Manager's office – March 30
 - Budget review and recommendation vote of Fire Commission – April 9
 - County Manager presents recommended budget to Board of Commissioners – May 4