

Wake County Fire Tax District



wakegov.com

Purpose of Today's Update

Provide Commissioners with background information to guide upcoming tax decisions

Past and Present

Future Financial Outlook

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 self imposed tax rate ceiling

REGULAR SESSION - FIRST DAY

June 16, 1997

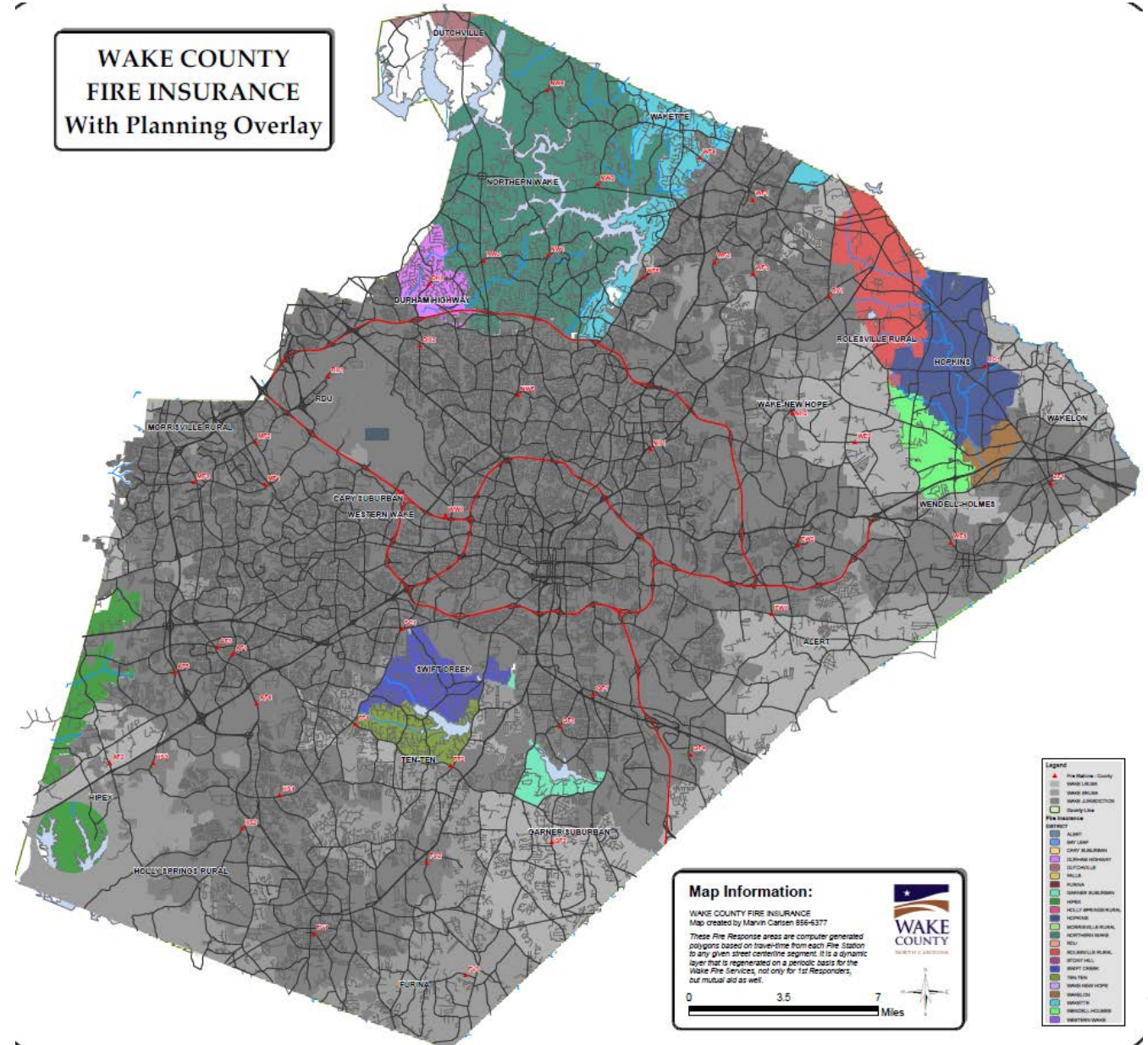
Section 15: There is hereby levied a tax at the rate shown below, per one hundred dollars (\$100.00) valuation of property listed for taxes as of January 1, 1997, located within the 22 special fire districts for the raising of revenue for said special fire districts. This rate of tax is based on projections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

Future Sustainability Challenges

- Tax base growth limited in the unincorporated areas
- Annexations reduce the size of the district's tax base
- Operational expenditures outpace revenue growth
- Capital facility needs to meet population growth
- Consolidation and merger opportunities



Tax District Fire Departments

Not for Profits – 100% Funded by Wake County
Durham Highway
Fairview
Hopkins
Northern Wake
Swift Creek
Wake New Hope
Wendell
Western Wake

Municipal – Cost Share
Apex
Fuquay-Varina
Holly Springs
Knightdale
Morrisville
Wake Forest
Zebulon

Not For Profit – Cost Share
Garner
Rolesville

Cost Share Formula

- Funding methodology used for determining what percentage of a department's total fire service costs should be supported by the Fire Tax District vs. Municipalities.
- Each cost share department's Fire Tax District funding is determined using a formula that evaluates the unincorporated area's proportion of:
 - Service Demand (% of total calls for service)
 - Population (% of total population served)
 - Valuation (% of total assessed tax valuation covered)
 - Area (% of total square milage covered)
 - Heated Square Footage (% of total square footage covered)
- Each department's cost share percentage is re-calculated annually. A three-year average is used to prevent dramatic shifts in the funding percentage.
- As municipalities grow and expand in the County, the Fire Tax District's cost share will decrease.

Wake County Fire Tax District

Cost Share Percentage Updates

Department	FY20	FY21	FY22	Change from FY21	3 Year Change
Apex	18.09%	16.86%	15.78%	-1.08%	-2.31%
Fuquay Varina	45.48%	44.05%	42.80%	-1.25%	-2.68%
Garner	47.37%	46.05%	44.75%	-1.30%	-2.62%
Holly Springs	17.71%	17.44%	18.56%	1.12%	.85%
Knightdale			51.28%		
Morrisville	16.70%	16.14%	15.46%	-.68%	-1.24%
Rolesville	52.01%	48.51%	46.29%	-2.22%	-5.72%
Wake Forest	23.11%	23.48%	23.18%	-.30%	.07%
Zebulon	41.50%	40.74%	38.95%	-1.79%	-2.55%

* The reduction in Funds appropriated to cost share departments from FY21 to FY22 based on decreased cost share % alone = nearly **300K**

Tax District Revenue Growth

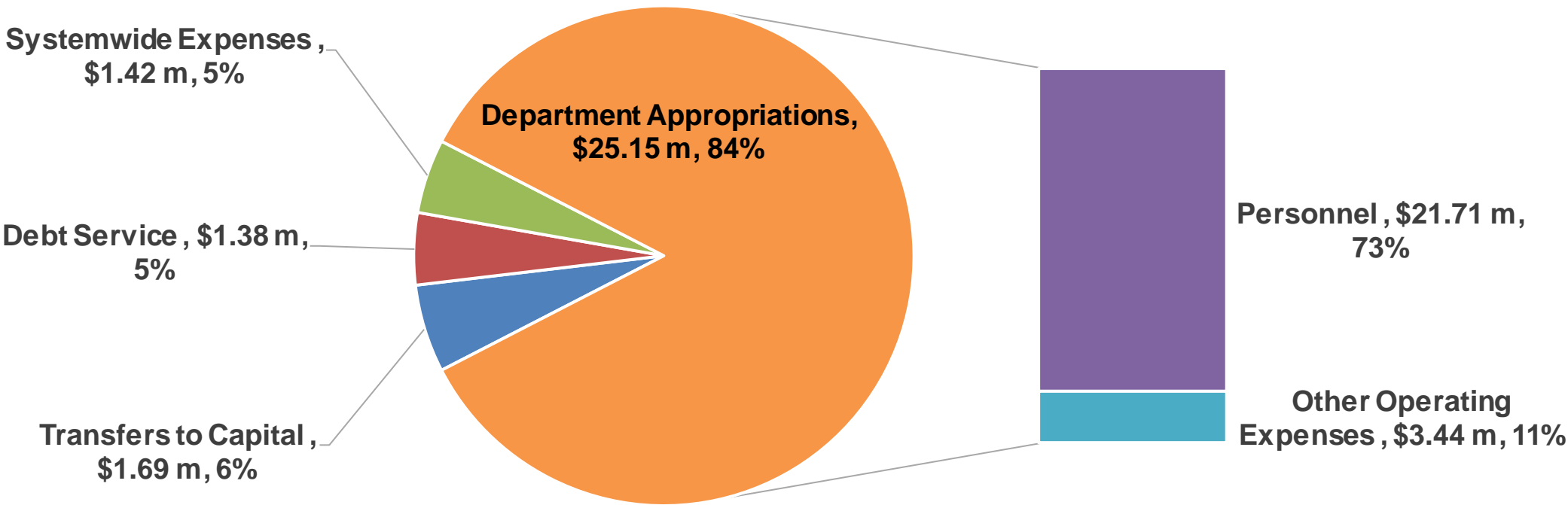
- Revenue growth with no tax increase
 - On average, in years without a tax increase, Natural Revenue Growth is \$350K or less per year
 - 3% Merit increase for full-time employees in FY22 is over \$480K
 - Apparatus and Equipment cost have an annual increase of 2-3% per year

Examples of uncontrollable cost increase

- Fire Apparatus (Engines) cost increase of nearly 3% per year (over 30K per vehicle) we typically purchase 4 per year
- Firefighter PPE (180 sets of turnout gear) increases over 40K per year
- 911 Center Dispatch Fees increased over 100K in the last 2 years
- On average the total operating budgets for all the fire departments increase around 600K per year (includes the merit of 480K). That does not take into account any new staffing or station openings. Department operating budgets are only growing by an average 7K per year.
- Utilities, Insurance Premiums and Retirement rate changes typically grow each departments budget yearly

Operating Budget Breakdown

FY 2021 Adopted Budget



The majority of spending is direct appropriations to contracted fire departments

Reserve for Future Fire Station Construction

Projection for future fire station construction has been developed

Projection includes estimates for operating support on each of the new stations as they are constructed

Projection incorporates station construction at the appropriate cost shares

Projection estimates that a capital reserve of \$1.2 million per year would be required beginning in **FY 2022** (\$8.4 million over the 7-year CIP period)

FY22 Tax District

The FY22 Proposed Fire Tax District Budget Includes

- 1.3M increases for operations (merit, uncontrollable increases)
- 250K increases to personnel to ensure vacancy rates are covered
- 40K –Virtual Training, new generation firefighters will train more with virtual opportunities. Trained firefighters provide better services, and more training hours means more ISO points in that category.
- 181K – ISO compliant CAD integrated Pre-Plan software. (100% ISO points out of the box)
- 79K in equipment enhancements

Projected Tax Rate Outlook

FY 2022 Model	2021* Adopted	2022	2023	2024	2025*	2026	2027	2028
Operating	8.25	8.65	9.06	9.96	10.37	10.75	11.17	11.60
Capital	0.85	1.62	1.21	1.73	1.32	1.84	1.42	1.74
Total Fire Tax Rate (Cents)	9.10	10.27	10.27	11.69	11.69*	12.59	12.59	13.34
Tax Increase	0.76	1.17	-	1.42	-	0.90	-	0.75

(in cents; asterisks denote revaluation years)

- Model assumes 1% Revenue Growth and 5% Expenditure Growth in future years
- Model includes Capital Reserve for Station Construction and assumed operational costs of new stations
- 16% Fund Balance threshold for Fire Tax District Maintained
- Shifting Tax Rate Allocation to Keep Operating Balanced
- FY 2022-27 Total Tax Increases: 3.49 cents
- FY 2026: Increase higher than previous model because of Comprehensive Capital Updates

Fire Tax District currently has long-term sustainability issues:

The Tax District Model projects a need for **a 1.17 cent tax increase in FY22**, with subsequent tax increases every two years to sustain the current operational needs of the Departments

The tax increase under consideration for FY22 would **exceed the Board self-imposed 10 cent tax ceiling set in 1999**

The 10-cent ceiling does not support on-going operational needs and maintaining financial policies (16% Fund Balance)

District looking beyond FY 2022 for additional sustainability options (mergers & consolidations, continue conversations and options with Raleigh & Cary)

A 15-cent tax ceiling would sustain the Tax District for the foreseeable future and complies with NCGS language upon which the Tax District was created.

Questions

