



City of North Port, FL

Fire Rescue District Revenue Sufficiency Analysis Update

July 16, 2019





Agenda

1. Background
2. Data and Assumptions
3. Key Issues
4. Results
5. Live Model & Discussion

Background

- FY 2013: The City retained Stantec (previously Burton & Associates) to develop the current Fire Rescue Assessment Methodology
 - Revenue Sufficiency Analysis (RSA) also completed in FY 2013
 - Analysis revealed rate spikes in certain years to fund new Station operating costs
 - Annual Fire Assessment Roll Updates
 - FY 2016 – 2018: City retained Stantec to update the RSA annually
 - Analysis confirmed the need for annual rate adjustments
 - Offered alternative, levelized rate plan to fund future costs
- FY 2019: Update the RSA with latest cost and revenue data
- Revenue Sufficiency Analysis Goal:
 - Identify assessment revenue adjustments necessary to fund all ongoing and projected costs while maintaining required reserve fund balances in each year of the projection

Data and Assumptions

- **Data Utilized in Analysis:**
 - FY 2019 Adopted Budget
 - FY 2020 Proposed Budget
 - FY 2020 and Beyond:
 - Projected based upon Proposed FY 2020 Budget
 - Individual line-item escalation factors applied
 - Beginning Reserve Fund Balance obtained from the FY 2018 Audited Financial Report
 - Reserve Targets Utilized in Model:
 - Minimum Operating Reserve: 20%
 - Minimum Stabilization Reserve Level: Additional 5% (25% total)
 - Maximum Stabilization Reserve Level: Additional 10% (30% total)
 - Growth Assumptions based upon several years of assessment roll data trends

Key Issues

- Adequate Current and Future Revenue Needs for:
 - Maintaining Minimum Operating Reserve Levels
 - Ongoing Escalation of Personnel and Operating Costs
 - Salaries/Wages
 - Health Insurance
 - Retirement
 - SAFER Grant Expiration in FY 2022-23
 - Personnel and Operating Costs for Station 87 in FY 2023
- Lower than recommended rate adjustments in current year would require greater adjustments in future years

Results

FAMS-XL

NORTH PORT FIRE RESCUE, FL

Stantec

CALC SAVE CTRL LAST OVR

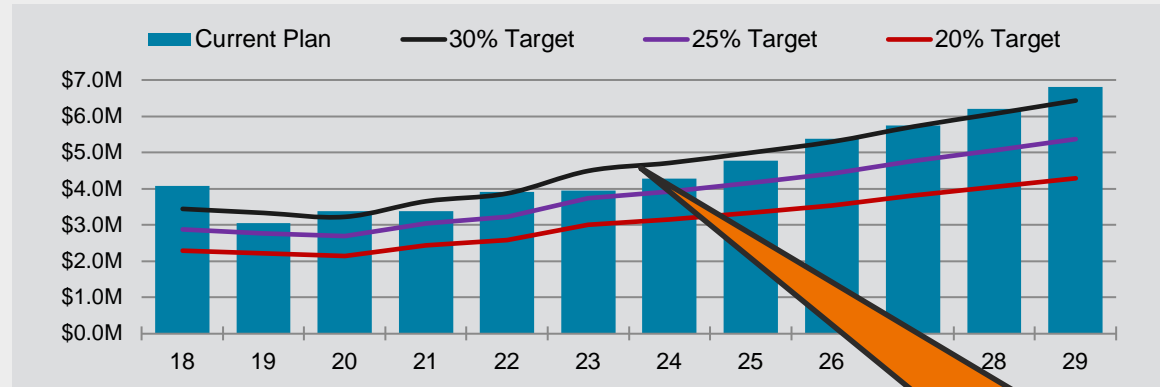
9% Rate Adjustment
for FY 2020

9% Rate Adjustments
Required for FY 2021-23

Lower level
adjustments in out-
years of forecast

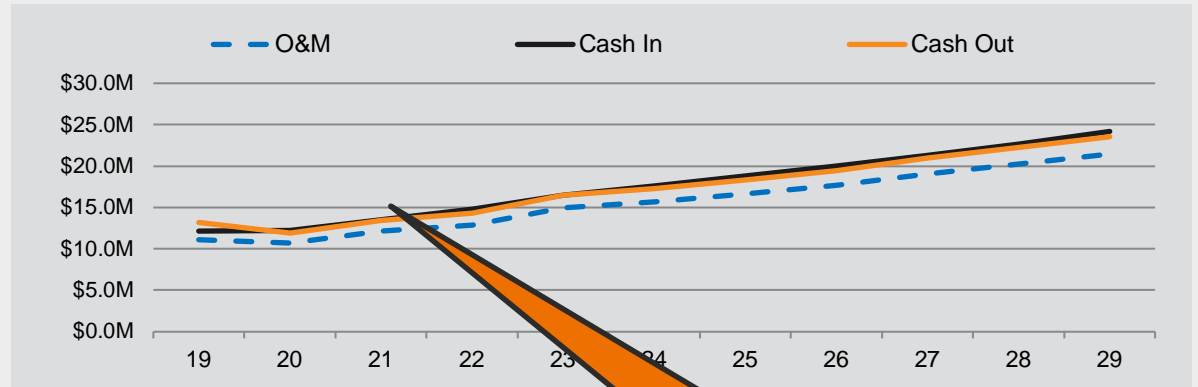
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2023	FY 2028
Tier 1 Rate Plan	0.00%	9.00%	9.00%	9.00%	9.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	46.09%	73.51%
Tier 2 Rate Plan	0.00%	9.00%	9.00%	9.00%	9.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	46.14%	73.86%
Tier 1 Fee	\$78.59	\$85.66	\$93.37	\$101.77	\$110.93	\$114.81	\$118.83	\$122.99	\$127.29	\$131.75	\$136.36	Reserve %	25%
Tier 2 Fee	\$5.05	\$5.50	\$6.00	\$6.54	\$7.13	\$7.38	\$7.64	\$7.91	\$8.19	\$8.48	\$8.78		
Average Single Family Bill	\$219.99	\$239.66	\$261.37	\$284.89	\$310.57	\$321.45	\$332.75	\$344.47	\$356.61	\$369.19	\$382.20		

Operating Fund



Maintains Reserve
Balances between
25%-30%

Revenues vs. Expenses



Rate Adjustments
provide sustainable
cash flows

Conclusions/Recommendations

- Ongoing Cost Escalation, Staff Additions and Future Projects will require continued rate adjustments
- **Recommended 9% overall rate adjustment to Fire Rescue District Non-Ad Valorem Assessment for FY 2020**
 - A reduced adjustment would require higher increases in future years to fund necessary costs
- Beyond FY 2023, if revenues have been adequately adjusted, lower level adjustments will maintain sustainability

City of North Port,
FL

Fire Rescue
District RSA
Update

Open Discussion