

June 23, 2015

GAI Project No. A150675.02

Honorable Mayor Terrill L. Hill
City Commission Members
City Hall
201 N 2nd St
Palatka, Florida 32177-3735

Mr. Mark G. Lawson
Mark G. Lawson, P.A.
Post Office Box 14043
Tallahassee, Florida 32317

**Addendum No. 1 to Executive Summary Report
Fire Budget and Assessment Review
Palatka, Florida**

Dear Honorable Terrill Hill and City Commission members:

This Addendum is supplied to address local insight and direction received as to the distribution of budgetary costs between the two tiers (relative improvement value and per tax parcel) used in the Simplified Fire apportionment analysis paradigm. The information and analysis provided is unique to the Palatka Fire Department (PDF), its budget data, the make-up and array of tax parcels within the City, and local input and analysis conveyed from your City staff, including in particular your acting City administrator, Fire Chief, and City Attorney.

This addendum, and the alternative apportionment rates below, continue to employ the Simplified Fire strategy and to represent a reasoned alternative and equity tool for allocating and sharing all or some portion of benefits, burdens, and budgeted annual cost associated with the availability of PFD's essential services and facilities. Accordingly, this addendum, intended to further carry out your policy intent and direction, is consistent with the Executive Summary Report.

Based upon the shared consensus of local knowledge, public administration objectives, and sense of equitable apportionment, attached is a requested funding example which emphasizes apportionment more reliant on the basis of the value of improvements on each tax parcel relative to the total value of improvements throughout the entire City. This emphasis is rational, because relative value determination still removes the severable underlying land from the calculus and focuses proportionately upon the built or improved environment targeted to be protected by fire services and facilities. The logical base for your determinations in this alternative fairly remains. This alternative continues to present a fair and reasonable approach because, in part, the City continues to use both tiers of the Simplified Fire approach, although the City Commission is reasonably using its local judgment in the process of emphasizing one tier over the other in the Commission's legislative capacity.

Table 1–A, now shows for exemplary purposes a summary of the percentage allocation of the entire budget between the two tiers. We have not otherwise revised the anticipated budget example based upon your direction that the total amount the budget will remain static for these decision-making purposes.

This Table shows comparable treatment and adjustment for advanced life support (ALS) activities, but reflects the alternative cost distribution percentages and dollar amounts as a result of this alternative.

Table 1A: Tier Allocation

	Tier 1	Tier 2	ALS Adjustment	Total
Distribution	66%	34%	1.1%	100%
Dollar Amount	\$1,386,628	\$714,324	\$23,000	\$2,100,952

The funding example attached is provided upon request to further assist the City Commission in decision-making based upon the anticipated budget and more-local knowledge, input, and review of the array of tax parcels affected.

ALTERNATIVE FUNDING SCENARIO

Funding Gross Revenue of \$1,533,226 (73% of the Fire Service Budget of \$2,100,952), resulting in Net Assessment Revenue of approximately \$1,156,805.¹

Amount recovered via Tier 1 of the assessment (relative value of improvements):	\$ 1,004,385.71
Amount recovered via Tier 2 of the assessment (readiness to serve per parcel):	\$ 528,840.00
Total amount recovered through special assessments:	\$ 1,533,225.71

Example 1 Rates:

\$2.25 per \$1,000 in Relative Value of Improvements
\$120.00 per Parcel

“Vacant (Unimproved)” with Improvement value = \$0.00

Tier 1 assessment (relative value of improvements) =	\$ 0.00
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 120.00

SFR improvement value = \$25,000.00

Tier 1 assessment (relative value of improvements) =	\$ 56.25
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 176.25

Improvement value = \$100,000.00

Tier 1 assessment (relative value of improvements) =	\$ 225.00
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 345.00

Improvement value for O'Reilly Automotive = \$226,308.00

Tier 1 assessment (relative value of improvements) =	\$ 509.19
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 629.19

Improvement value for McDonalds = \$490,130.00

Tier 1 assessment (relative value of improvements) =	\$ 1,102.79
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 1,222.79

Improvement value for Prosperity Bank = \$1,261,838.00

Tier 1 assessment (relative value of improvements) =	\$ 2,839.14
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 2,959.14

Improvement value for Wal-Mart = \$8,122,624

Tier 1 assessment (relative value of improvements) =	\$ 18,275.90
Tier 2 assessment (per parcel) =	\$ 120.00
Base annual assessment =	\$ 18,395.90

Improvement value (All Governmentally-owned) = \$99,472,213.00

Tier 1 assessment (relative value of improvements) =	\$ 223,812.48
Tier 2 assessment (137 parcels) =	\$ 16,440.00
Base annual assessment =	\$ 240,252.48

Improvement value (All Institutionally-owned) = \$54,598,998.00

Tier 1 assessment (relative value of improvements) =	\$ 122,847.75
Tier 2 assessment (111 parcels) =	\$ 13,320.00
Base annual assessment =	\$ 136,167.75

¹ Governmentally-owned property cannot be subject to special assessment. The "cost" of exempting governmentally-owned parcels at the alternative funding level is approximately \$240,252.48. Institutionally-owned parcels may be exempted as a policy. The "cost" of exempting institutionally-owned parcels at the alternative funding level is approximately \$136,167.75. Net revenue, as a result of exempting governmentally and institutionally-owned parcels is \$1,156,805 (\$1,533,226 - (\$240,252 + \$ 136,168)). Rounding accounts for some discrepancies in numeric values.