Results of Gallagher Impact on Fire Departments @ 7.20 %

(conducted by CSFC in November 2017)

(FDs from Grand, Elbert, Larimer, Weld, Jefferson, El Paso, Fremont & Montrose Counties)

#1 – Since the assessment rate is now 7.20%, what is the fiscal impact for your FD?

- We saw a $172,136 loss in revenue due to the decreased RAR.
- Gallagher affected the District by $-372,231. Fortunately, District growth offset this so that no cuts needed to be made.
- $6,208,025 - $5,615,299 = $592,726 difference
  - 7.96% = $6,208,025 Property Tax
  - 7.2% = $5,651,299 Property Tax
- With the new property development and increased valuations, we only realized about a $50,000 increase in tax revenue. Based on calculations using the old rate that amount should have been closer to $250,000.
- Our assessment and growth increased by almost 25%. However due to Gallagher, we only received a 17% increase. We will not receive funding proportionate to our growth. Services will then be affected overall
- There is no financial impact in the 2018 Budget. The increase in property values, combined with new home construction, was greater than the decrease in the RAR and our Residential AV went up approximately 16% between this year's budget and 2018.
- Our assessed value went up 5.5% on the preliminary assessed value. We usually see a small decline between then and the final assessed value in December, so we are assuming about 5% even. Unfortunately, our costs are going up faster than 5%; and we are seeing a continued decline in EMS revenues. Overall, we are facing a 9.9% decline in revenue for 2018.
- We would have received an additional $377,000 at 7.9%
- In theory about a 10% drop. The problem is the market value is changing too –generally up, so that blunts the effect of the drop.

#2 – What is the percentage of your budget now comes from residential taxes?

- 83.33%
- Approximately 98%
- 32%
- 70%
- approximately 38%
- About 55%
- 73%
- Our Assessor will not break it out, estimate it around 70%
- 56% of our budget comes from residential property taxes.

#3 – What is the impact of the new RAR on your FD's ability to provide your current level of emergency services?

- At this point we are still quite capable of maintaining our current level of service.
- We can just maintain our current level of service, which is being provided with under-staffed firefighter positions. We had anticipated being able to fund additional firefighter positions with the increase in property valuations, assessed at the old rate.
- The District has still not recovered from the losses in assessed values resulting from the recession. 2018 was anticipated to be the first year since 2012 that we would not be required to utilize reserve funds for operations and to begin rebuilding capital replacement/personnel needs. The new assessment rate has forced us to continue this practice to sustain current service levels while keeping hiring, salary, and capital replacement freezes in place. We are projected to continue using reserve funds for operational purposes through 2020.
- Although we have an increase in funds for 2018 it will not provide adequate funding to keep up with the pace of new development regarding.
- There is no immediate impact of the new RAR on our ability to maintain our current level of emergency services.
- We plan to make up some of the 9.9% through spending from reserves. We are trying to avoid laying off line personnel, but will be cutting costs by allowing our engine staffing to fall from 3 to 2 instead of using overtime, along with other cuts. There will be longer response times and more frequent need for automatic aid from other departments.
- With the amount of growth there was minimal effect. Future growth will be the issue.
- At this point we can maintain status quo. Future-prevents growth except through assessed value increases and new construction. Also –in the future- the increasing

demands on the 29% assessment of Non-Residential (businesses) will be becoming more and more unfriendly to commercial property. At what point is it going to break the system and businesses demand relief? If the Legislature grants that relief, without touching the RAR or changing what is considered truly Residential, we will be in deep trouble.

- It will delay some shortcomings we were hoping to improve (pending outcome of tomorrow's election.)

#4 – What is your FD's projection for residential revenues in 2019 & 2020?

- Don't have a projection now. The District board will be discussing Impact Fees in 2018.
- We are unable to make an accurate determination now, but expect to not see an adequate increase in direct tax revenue to continue to meet our service delivery goals, and provide for the additional resources (people and equipment) needed to accomplish those goals. Being a small agency in a not so affluent county, we do not see the new development or increases in property valuation that the front range communities experience.
- We are projecting a 2.5% increase in residential assessed value for 2018 ($39K Revenue increase for 2019) and a 5% increase in residential assessed value for 2019 ($83K Revenue increase for 2020 at a 7.2% RAR)
- Hard to say based on the rate of growth and continued ratcheting affect. We are hoping for assistance in calculating this.
- We haven't received concrete numbers from the WC Assessor regarding 2019 and 2020 (budget year) AVs. My expectation is that 2019 will be very similar to 2018, and 2020 may see the beginning of slowed property value increases, combined with an anticipated drop again in the RAR. The real challenge to maintaining our current level of service is on the 3-5 year horizon.
- The variables make this hard to predict. Will the proposed elimination of the residential tax credit above $500,000 cause a weakening of the residential market? Will ambulance revenues continue to decline? Will we see an increase in new construction in this area? We anticipate that we are not likely to make up the shortfalls and will be seeking a mill levy from the public.\
- Expect to be flat or decline because of the TABOR effect
- We should see an increase, residential construction is booming, so new construction and slowly increasing assessed values will yield increased revenues. However with the statewide aggregate increase in residential values that will again put pressure downward on the Gallagher RAR calculation.
- If new construction continues at the same pace, TLMFPD will add about $200,000/yr in revenue excluding increased market values. Only 2020 will reflect a change in market values since that will be the next reassessment year and will depend on the economy (incr. 5%-10%??) 2019 - $3,500,000 2020 - $3,800,000

#5 – What other revenue opportunities are you using?

- In the district we have little opportunity. From the municipal side of our funding we receive 29% of .01 of the base 2.25% sales tax in addition to receiving 67% of the City's property tax (increase realized in the 2019 budget). We also receive 11% of a special quarter cent sales tax that generates nearly 11% of our $35 million budget. This tax is up for election to be renewed before 2020 when it sunsets. In the City we receive capital expansion fees (impact fees) for capital purpose.
- We continuously apply for numerous grant opportunities, and have explored some additional fee based funding opportunities. Unfortunately, being a Special Fire District, our options are limited due to statutory restrictions related to Fire District funding.
- We have increased service fees to the maximum prudent amount, expanded our participation in Wildland Cooperation Assignments and will be applying for over $450K in grant opportunities during the 2018 budget year to assist with apparatus and operational equipment replacement.
- Impact fees and Capital funds, Increasing Fees. None of these options cover personnel which is now our biggest threat.
- We are fortunate and have been awarded a 2016 SAFER staffing grant for $200,000 over a 3-year period of performance, beginning January 2018.
- EMS transport billing. Grants when we can get them.
- We have seen an increase in use tax (vehicles) most likely due to the hail damage this year
- Collecting Impact Fees. Fire Marshall's Office plan and inspection fees.
- EMS Billing and Specific Ownership tax (and other property taxes) make up remaining part of budget +/- 2%.