



Town of Southwest Ranches, FL

Fiscal Year 2018/2019: July 26th, 2018 Council Meeting

Proposed Operating Millage	4.6548 mills
Proposed TSDOR Millage(5th FY)	0.3342 mills
Initial Fire Assessment	\$0.02 to \$43.46 increase
Initial Solid Waste Assessment	\$159.34 to \$264.77 increase

Budget Process Calendar Of Events

- Thursday, July 26, 2018 (**TONIGHT**):
 - ✓ Preliminary Millage and Initial Fire/Solid Waste Assessment Adoption

- Tuesday, August 21, 2018 (**7 pm**):
 - FY 2018/2019 Proposed Budget Workshop

- Wednesday, September 12, 2018 (**6 pm**):
 - First Public Hearing for Tentative Millage and Budget Adoption
 - Final Fire Protection and Solid Waste Special Assessment Adoption

- Saturday, Sept. 22 – Tuesday, Sept. 25, 2018:
 - Final Budget Advertised

- Thursday, September 27, 2018 (**6 pm**):
 - Second Public Hearing for Final Millage and Budget Adoption

Summary of FY 2018/2019 Proposed Rates and Fees Compared to FY 2017/2018

Adopted FY 2018: Rate/Fee

- ▶ Operating Millage: 4.1017 mills
- ▶ TSDOR Millage: 0.3612 mills
- ▶ Fire Assessment: \$70.36 increase (approx. 16% per residential dwelling unit) from FY 2017
- ▶ Solid Waste: \$65.79 or greater (overall average of an approx. 27% increase throughout all residential parcel lot sizes)

Proposed FY 2019: Rate/Fee

- ▶ Operating Millage: 4.6548 mills
- ▶ TSDOR Millage: 0.3342 mills
- ▶ Fire Assessment: \$43.46 increase (approx. 8% per residential dwelling unit) from FY 2018
- ▶ Solid Waste: \$159.34 increase or greater (overall average of an approx. 37% increase throughout all residential parcel lot sizes)

Ad valorem (Property Tax) Introduction

Market Value is what someone would be willing to pay to purchase a property. The assessed valuation, set by the Broward County Property Appraiser's Office, is an estimate of what that number might be as of January 1 of each year.

$$\begin{aligned} &\text{Assessed Valuation} \\ &\quad - \text{Exemptions} \\ &\quad \hline &= \text{Taxable Value} \end{aligned}$$

$$\begin{aligned} &\text{Taxable Value} \times \\ &\quad \underline{\text{Taxable Rate (Millage)}} \\ &= \text{Tax Levy} \end{aligned}$$

Why an increase is needed in Millage?

1. Existing Public Safety Services mandated contractual increase (see Public Safety Services Contract Impact slide)
2. Preparation for forthcoming potential extraordinary litigation
3. Emergency line of credit activation and resulting interest expense due to Hurricane Irma
4. Impact of Florida Statute 170.01(4) which granted a 100% Fire Assessment exemption to all vacant agricultural land

Why an increase is needed in Millage? (continued)

5. Quality of life and level of service improvements:
Program Modifications
6. Capital Improvement Projects
7. Normal inflation/Cost of Living Adjustments(e.g. 1.0147% Florida per capita change in personal income)
8. Contingency increase for forthcoming budget workshop and public hearings

Public Safety Services Contract Impact

- ▶ Previous contract expired during 2017 and after extensive contacts and negotiation resulted in contractual increases for this basic but essential local governmental service.
- ▶ For example: Police Services FY 2019 direct impact alone on General Fund = \$122,391 increase;
- ▶ Maximum probable income from Towns net new taxable value increase ($\$15,785 \text{ per mill} \times 4.4629$ - utilizing the FY 2018 rate) = \$70,447;
- ▶ Minimum probable deficit for the police services portion alone as applied to the Towns net new taxable value increase without a rate adjustment for FY 2019 = **(\$51,944)**.

Program Modifications Funded (8 in total):

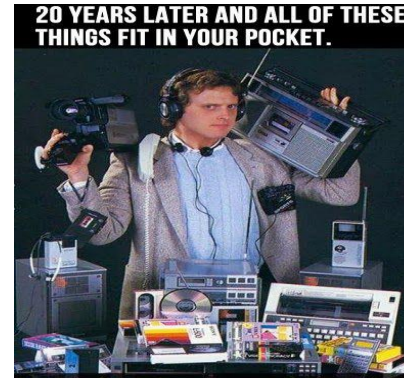
- Information Technology Replacement Program (\$13,000)
- Contractual GIS Technician Services (\$20,000)
(no millage impact)
- Volunteer Fire Department safety equipment:
(all no millage impact)

Fire Apparatus Replacement Program
(\$50,000)

Communication Equipment
Replacement/Upgrade (\$40,192)

SCBA Bottle Replacement (\$3,045)

Bunker Gear Replacement Program (\$2,808)



Program Modifications Funded (continued):

- Volunteer Fire Department Increase in Shift Personnel (\$42,942) *(no millage impact)*



- Fire Protection Rate Assessment Study (\$50,000) *(no millage impact)*

Eight (8) Capital Improvement Projects Funded Include:



- Fire Wells Replacement and Installation *(no millage impact)*
- Public Safety - Fire Rescue Modular Improvements *(no millage impact)*
- Fire Station Alerting System *(no millage impact)*
- Progress on Frontier Trails Conservation Area
- Town Hall Complex Safety, Drainage, and Mitigation Improvements *(no millage impact)*
- Transportation Projects: 1) Transportation Surface Drainage Ongoing Rehabilitation (TSDOR), 2) Drainage Improvements, and 3) Pavement Striping and Markers Program. **Reminder:** TSDOR expenses, however, require funding separate from the regular operating millage.



**SOUTHWEST RANCHES PROPOSED
MILLAGE RATE FOR TRANSPORTATION
SURFACE DRAINAGE ONGOING
REHABILITATION (TSDOR). TSDOR
CONSISTS PRIMARILY OF ROAD
RESURFACING AND RESTORATION.**

Fiscal Year	Millage Cost	Net Millage Equivalent
FY 2018/2019	\$450,000	.3342 mills (vs. .3612 in FY 2017/2018)

Fiscal Year 2019 Millage Maximums and Related Information (Based on Certified Assessment Information)

Millage Name	Votes Required	Maximum Millage	Total Resulting Net Revenues	Net Revenue Change (from proposed funding level)	FY 2019 levy increase on \$250,000 taxable value
Current Year Roll-Back Rate	3	4.3283	\$5,829,366	(\$889,832)	\$0
Maximum Majority Vote	3	4.3919	\$5,915,022	(\$804,176)	\$16
FY 2017-2018 Adopted Rate (Town of SWR Operating 4.1017 + TSDOR .3612 Rates)	4	4.4629	\$6,010,645	(\$708,553)	\$34
Maximum Super Majority Rate	4	4.8311	\$6,506,538	(\$212,660)	\$126
FY 2018-2019 Proposed Rate (Town of SWR Operating 4.6548 + TSDOR .3342 Rates)	5	4.9890	\$6,719,198	\$0	\$165
Unanimous	5	10.0000	\$13,468,026	\$6,748,828	\$1,418

COMBINED RATE IMPACTS

▶ Operating Millage:

- ▶ The proposed rate for operating purposes (4.6548 mills) represents a .5261 millage and a \$173 increase per \$250,000 of taxable value which covers increases in Public Safety Services, extraordinary and emergency items, an unfunded state mandate as well as funding for new and/or ongoing program modifications and capital improvement projects.

▶ Transportation Surface Drainage Ongoing Rehabilitation (TSDOR):

- ▶ The proposed funded amount of \$450,000 is a decrease from last fiscal year (\$470,000) and therefore represents a decrease per \$250,000 of taxable value . The millage rate (.3342 mills) is a decrease from the prior years adopted TSDOR millage rate due to the fact of the reduced funded amount and the Town experienced a rise in overall taxable value. This represents a \$8 decrease and when combined with the above operating millage results in a net increase of \$165 per \$250,000 of taxable value.

▶ Residential Fire Rates:

- ▶ The proposed rate would result in a \$43.46 increase per residential dwelling unit.

▶ Solid Waste Rates:

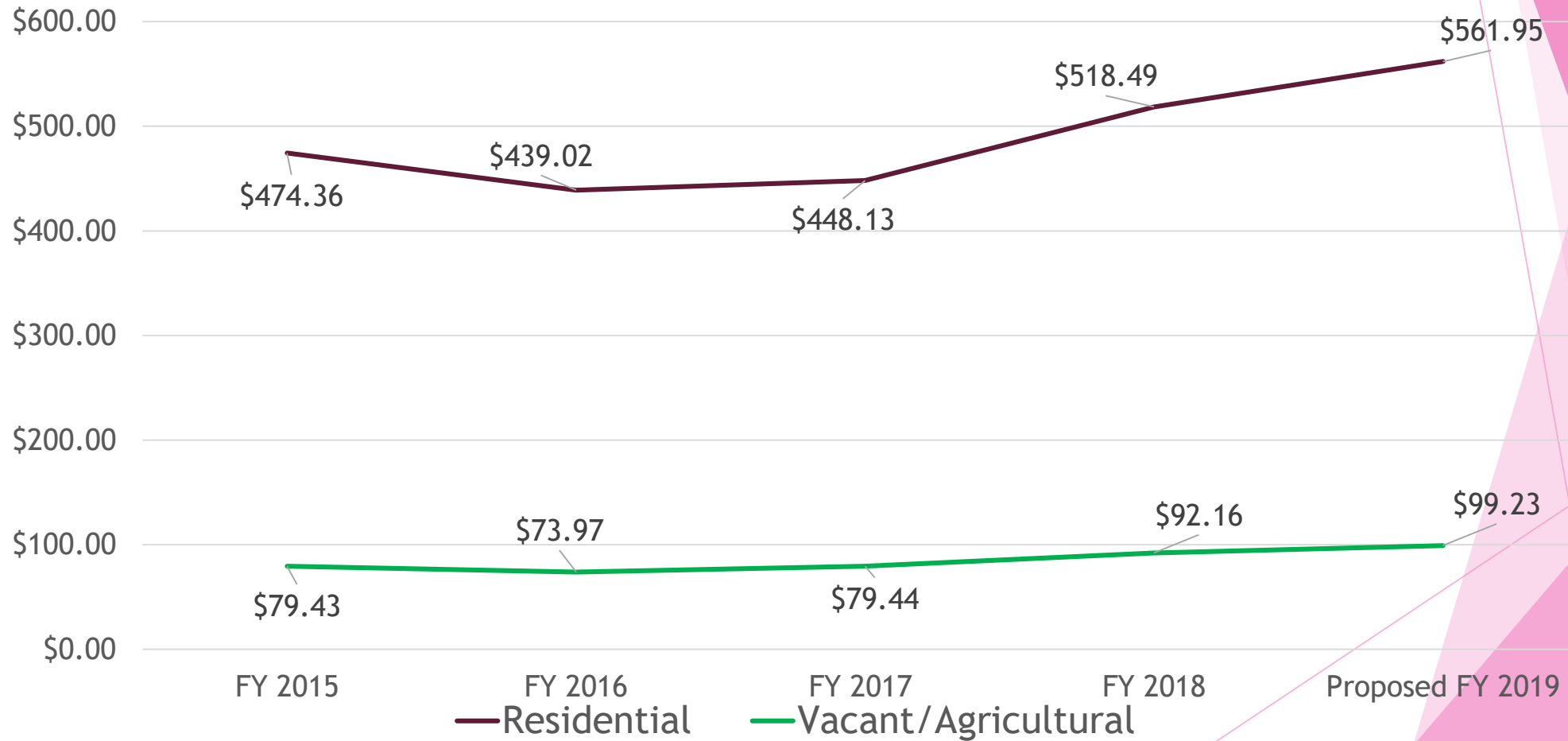
- ▶ The proposed rate structure reflects full cost recovery with no further rate subsidy as well as conservatively includes the maximum impact from a potential solid waste and/or bulk waste contract tonnage generation “true-up” provision. The “true-up” (or “true-down”) is unknown until the current FY ends on September 30th. Accordingly, these rates require an increase of \$159.34 or more depending upon lot square footage.

Fire Assessment

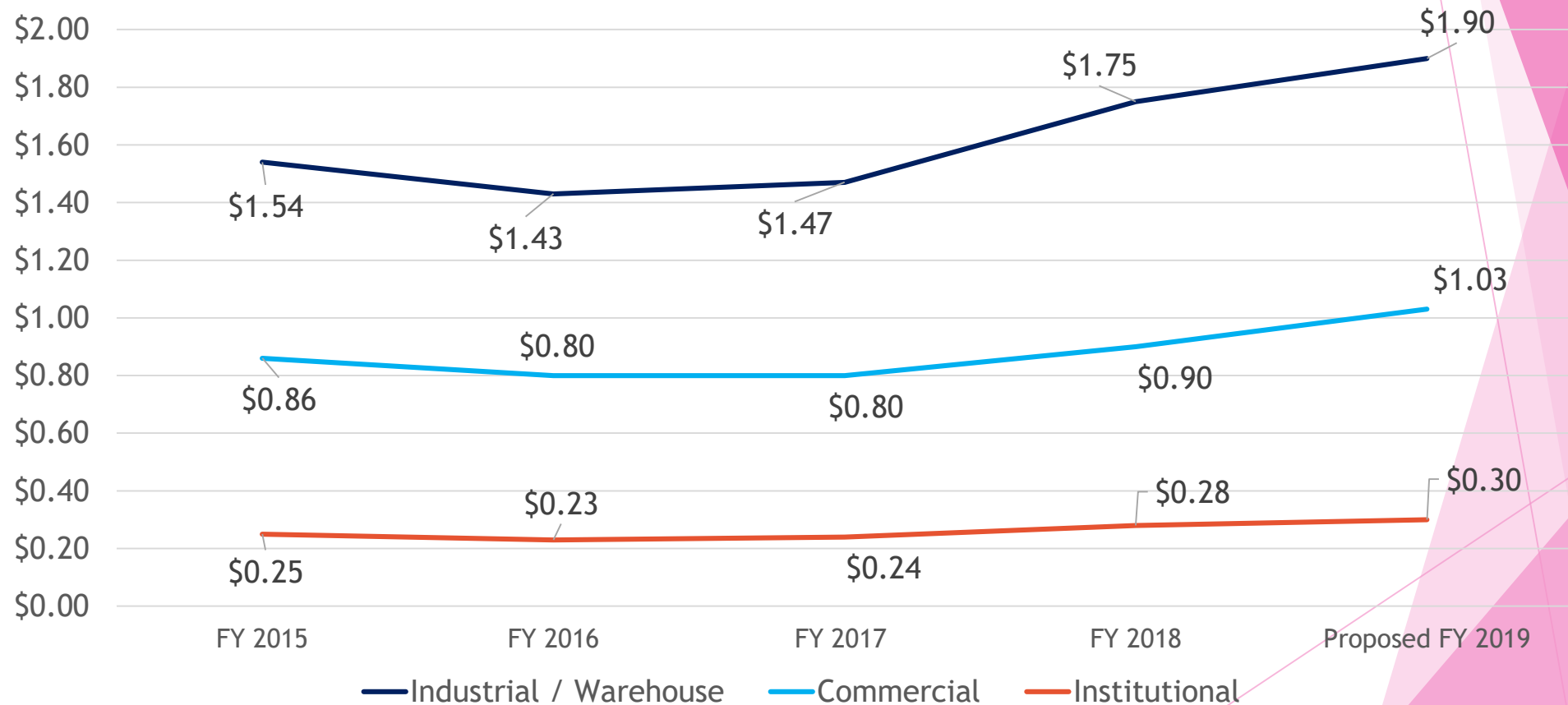
- ▶ This assessment is permitted by Florida Statute Chapters 166.021 and 166.041 and is adopted by Town Ordinance 2001-09.
- ▶ Ordinance 2001-09 requires that the annual rate be established each year.
- ▶ Ten (10) homesteaded properties owned by total and permanent service-connected disabled U.S. veterans are proposed to be exempted tonight to Town Council. The Town impact resulting from adopting this 100% tax exemption (\$5,619.50) is absorbed within the General Fund.
- ▶ An initial resolution is needed tonight for the assessment to comply with Florida Statutes and use for Truth In Millage (TRIM) notices distributed by the Broward County Property Appraisers office.

Fire Assessment Residential and Acreage Category Rates

Four Year History and Proposed FY 2019



Fire Assessment Rate: Per Square Foot Building Area by Category Four Year History and Proposed FY 2019



Fire Assessment Impact(s)

- ▶ Residential: \$43.46 increase (per dwelling unit)
- ▶ Vacant/Agricultural: \$7.07 increase (per acre)
- ▶ Industrial / Warehouse: \$.15 increase (per square foot Bldg. area)
- ▶ Institutional: \$.02 increase (per square foot Bldg. area)
- ▶ Commercial: \$.13 increase (per square foot Bldg. area)

Solid Waste (Garbage) Assessment

- ▶ Permitted by Florida Statute Chapters 197.3632.
- ▶ Annual rate establishment required by Town ordinance 2002-08.
- ▶ The only residential parcels proposed to be 50% exempted to Town Council tonight are ten (10) homesteaded properties owned by total and permanent service-connected disabled U.S. veterans. The Town impact resulting from this 50% tax exemption (\$3,669.50) is absorbed within the General Fund.
- ▶ Initial resolution is also needed tonight for the assessment to comply with Florida Statutes and use for Truth In Millage (TRIM) notices distributed by the Broward County Property Appraisers office.

Proposed Solid Waste Rates for FY 18/19 (with changes from FY 17/18)

Based On Consultant Study

Assessment Range	Lot Sq. Ft.		Number of Units in Range	Solid Waste Cost Per Unit	Bulk Waste Cost Per Unit	Total Proposed Rates FY 18/19	Total Assessed Rates FY 17/18	Difference: Increase
A	-	41,200	406	\$ 318.95	\$ 295.83	\$ 614.78	\$ 455.44	\$ 159.34
B	41,201	46,999	426	\$ 318.95	\$ 347.18	\$ 666.13	\$ 491.08	\$ 175.05
C	47,000	62,999	414	\$ 318.95	\$ 418.34	\$ 737.29	\$ 541.97	\$ 195.32
D	63,000	95,999	449	\$ 318.95	\$ 454.03	\$ 772.98	\$ 564.47	\$ 208.51
E	96,000	106,999	460	\$ 318.95	\$ 505.93	\$ 824.88	\$ 605.47	\$ 219.41
F	107,000	>107,000	429	\$ 318.95	\$ 629.42	\$ 948.37	\$ 683.60	\$ 264.77

Solid Waste (SW) Impact

- ▶ Over the past five years (FY 2013-2017) the solid waste collection rate has decreased by nearly 35% and the contractual agreement ended. After going to bid in FY 2017, establishing numerous contacts, and substantial negotiation, the lowest responsive and responsible bidder required significant cost of service increases (73%) to offer the services.
- ▶ The adopted Residential rates in FY 2018 was “smoothed” and was increased only approximately 27% over all property categories with the utilization of \$300,894 in unrestricted Solid Waste Fund net position.
- ▶ The FY 2019 proposed average increase is approximately 37% over all property categories and will result in full cost recovery for mandated contractual adjustments including CPI and Fuel indices as well as conservatively includes the maximum exposure for a potential “true-up” generation factor.
- ▶ Finally, it is important to note that the proposed FY 2019 rate for all ranges average higher than all the property rate ranges retroactive from FY 2012 by an overall average of less than 14% (or approximately 2% increase annually per year over the past seven years)!



Conclusion:

It is your Town Administrator's and Town Financial Administrator's recommendation that the Town Council of Southwest Ranches unanimously adopt the resolutions presented tonight setting the rate maximums which provide for:

- 1) increasing the Operating millage,
- 2) decreasing the TSDOR millage,
- 3) increasing Fire Assessment rates to property owners, and
- 4) increasing Solid Waste, Bulk and Recycling rates closer to obtain then maintain a fully user based operation.