



# Fire Protection Fee

## Information and Implementation Options

June 7, 2022

Committee of the Whole



# Top 5 Rated Structural Deficit Mitigation Options



#1	Fire Protection Fee
#2	Joint Fire Department
#3	FEMA Safer Grant
#4	Wheel Tax
#5	Cut Programs

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# What is a fire protection fee?

A fee assessed to properties in a taxing district for "fire protection."

Fire protection is provided when resources are standing by ready to extinguish fires.

- *Wis. Stats. 60.55 (2)(b) – Effective May 17, 1988.*





# Authority

- Wis. Stats. 66.0627 provides authority for a municipality to access charges for services.
- Wis. Stat. 60.55(2)(b) gives towns authority to charge a fee for fire protection services.
- Wis. Stat. 62.26(1) gives cities the same authority that towns have.
- Wis. Stat. 66.0602 requires a negative levy adjustment to a municipalities budget for “covered services.” Fire protection is one of the listed covered services.



# Negative Levy Adjustment

- The levy limit is reduced by the amount estimated to be collected through the fire protection fee.
- It cannot exceed the levy amount for fire protection in the 2013 budget.
- In 2013, the general levy funded the fire department with \$12,213,143
  - Does not include revenue from fees in 2013 or any administrative costs incurred by other departments

# Implementation

- **Move 100% of Fire Department operations to fire protection fee as of January 1, 2023**
- **Amount will be total department expenses less department revenues**
  - **Will be determined during budget process**
  - **For estimates in this presentation, \$12 million is assumed**

# Options for Fire Protection Fee Schedule



# Option 1 – Acreage

This option divides the cost equally among all 5,443 acres of property not owned by the city, state, or federal government.

This increases costs for large parcels with lower assessed values and decreases costs for smaller parcels with higher assessed values.



## Option 2 – Weighted Acreage

This is the same concept as Option 1 except commercial properties are weighted 2 times higher than normal, manufacturing properties are weighted 3 times higher, county property is weighted 1/2 of normal.

This has a similar outcome to Option 1, but commercial and manufacturing properties pay more, the county pays significantly less, and all other properties pay slightly less.

## Option 3 – AV-Based Comm/Mfg.

This option imposes a fee for any commercial or manufacturing property equal to the amount of taxes there were paying for the fire department. The remaining balance is split among all other properties using the weighted acreage formula used in Option 2.

This results in commercial and manufacturing properties paying the same amount with increases to tax-exempt properties and decreases to residential property

## Option 4 – Hybrid Acreage/Value

This option applies the weighted acreage formula to all properties. Then, a portion of the fire department cost is designated to tax-exempt property in proportion with the weighted acreage for tax-exempt properties. That cost is distributed under the weighted acreage formula. Then, the remaining balance is distributed among all taxable properties in proportion to their assessed values.

Tax-exempt properties end up paying about 16% of the cost of the fire department based on the acreage they own (although 24% of the land is tax-exempt). All taxable properties get about a 16% reduction in total cost



# Selecting an Option

- State law says the council sets the fee collection schedule
- Must be a formula that applies to all property to produce a definite fee
- Four options are just examples
- No matter what is selected, the fee is adjustable annually



# Summary - All amounts estimated

#	Option	Net Cost Down	Net Cost Up	Total cost shift
1	Acreage	16,300	3,400	\$4 million
2	Weighted Acreage	17,500	2,200	\$4.1 million
3	AV-Based Comm/Mfg.	16,000	2,000	\$2.3 million
4	Hybrid Acreage/Value	19,300	400	\$1.9 million



# Examples – all amounts estimated

Property	A/V	Acres	Option 1	Option 2	Option 3	Option 4
1-family home	\$144,800	0.121	(184)	(236)	(211)	(72)
Hi-Density Comm'l	\$1,528,700	1.181	(2,161)	(580)	0.00	(765)
Lo-Density Comm'l	\$591,200	1.515	+1,497	+3,524	0.00	(295)
Church	\$0.00	1.356	+2,989	+2,402	+2,692	+2,402
County	\$0.00	118.021	+260,195	+104,537	+117,150	+104,537
WAWM	\$0.00	14.528	+32,029	+25,736	+28,841	+25,736
Large Mfg.	\$11,297,700	48.594	+71,919	+223,040	0.00	(5,655)

# Next Steps

- Confirm 2013 Fire Budget Amount
- Check with auditors about accounting treatment
- Develop and present options for Fire Protection Fee rates for property categories
- Common Council consideration of Fire Protection Fee Ordinance – July 12, 2022
- Include Fire Protection Fee in 2023 Recommended Budget



# Questions?

