



# Fire & EMS Consolidation Feasibility Study Talking Points

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## INSIDE THIS ISSUE

- 1 First: What you need to know
- 2 What did the report show?
- 3 What about after fire consolidation?
- 4 What did the City discover?
- 5 What do Stuart residents actually pay for service?
- 6 What else should I know?
- 7 Where to go for more information

*"For more information on the Fire & EMS Consolidation Feasibility Study please visit: <http://cityofstuart.us/index.php/hot-topics>*

## First: What you need to know

In April of 2015, Fitch & Associates, LLC entered into a contractual agreement with the City of Stuart and Martin County to complete a study of fire rescue operations in each community. The purpose of the study was to analyze the operational efficiencies and effectiveness of each jurisdiction in order to identify the benefit, if any, of fire consolidation and the establishment of an independent fire district in the County. In March of 2016, the consultant draft report was released by Fitch & Associates, LLC including a data analysis and executive summary. The report claims City of Stuart and Martin County residents would both benefit from fire rescue consolidation. Stuart staff analysis of financial impacts in the report however, identified inconsistencies with the consultant's data and calculations - requiring further review.

## What did the report show?

The Fitch report claims both Martin County and City of Stuart residents currently pay Ad Valorem (property) taxes as follows:

### Martin County Residents:

- \$150,510 Average Taxable (property) value
- 2.431 Mills for Fire Service
- Accounts for 20% of total County Ad Valorem tax
- Avg. home owner pays \$366

### City of Stuart Residents:

- \$150,510 Average Taxable (property) value
- 1.838 Mills for Fire Service
- Accounts for 40% of total City Ad Valorem tax
- Avg. home owner pays \$424

## What about after fire consolidation?

The Fitch report claims both County and City residents would pay:

### Scenario A:

- \$150,510 Average Taxable (property) value
- 1.451 Mills for Fire Service
- Avg. home owner pays \$365.75

### Scenario B:

- \$150,510 Average Taxable (property) value
- 1.414 Mills for Fire Service
- Avg. home owner pays \$360.18

## What did the City discover?

Upon review of the feasibility study, staff analysis discovered inconsistencies with calculations the consultant used in the report to conclude that consolidation would be beneficial for the City and its residents. The data suggests that Stuart residents would save significantly by consolidating with Martin County while the City budget would remain equivalent. The City Financial Services Department however, later identified key omissions in the consultant's data that failed to account for \$600,000 in indirect fire services costs and \$372,750 in lost revenue from the Stuart and Sewall's Point fire services contract. The consultant also incorrectly identified 1.838 mills in tax assessment fire services costs for City residents - whereas Stuart residents actually pay only half of that (or about 0.96 mills). While the consultant claims 40% of all City Ad Valorem revenue is allocated towards fire services, only about 21% of all total City revenue is allocated towards these services - a significant difference affecting much of the financial data used in the report.

## What do Stuart residents actually pay for service?

While the report's data suggests a significant savings for City residents, the following numbers provided by City staff account for the consultant's miscalculations (but still uses the consultant methodology with 1.838 City millage) showing that not only would Stuart residents not save, but may actually pay more:

### At a theoretical millage of 1.838 mills for Fire Services for City of Stuart residents:

- Average City home owner pays \$229 for (1.8383) millage rate
- Average City home owner pays additional Tier 1 Fire Assessment of \$108.35
- Average City home owner pays additional Tier 2 Fire Assessment of \$22.60
- Total cost to average City home owner for fire services - \$360

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**Actual Total cost to average City home owner with rate of 0.96 mills - \$250**

## What else should I know?

Other findings by the City Financial Services Department indicated the City would be in the negative more than \$373,000 if consolidation with the County occurred. In the data provided by the consultant, the City neither loses nor gains revenue; however the City staff analysis shows lost revenue from the loss of the Sewall's Point contract to the district authority if it were established through consolidation. While the consultant accounted for this \$373,000 in its initial calculation of total Stuart fire services revenue, it failed to remove it from the \$5,010,000 the City would need to fund its share of the independent fire district - leaving the City in the negative.

Realizing the disadvantage of fire rescue consolidation for the City and its residents, the City of Stuart City Commission voted unanimously on June 6<sup>th</sup>, 2016 not to pursue the matter any further.

## Where to go for more information

- ❖ For more information on the City of Stuart and Martin County Fire District and Fire Consolidation analysis, please visit: <http://cityofstuart.us/index.php/hot-topics>