

FIRE PROTECTION FUND – FAQ (REVISED)



■ What is a Public Safety Special Assessment?

State law allows the city to impose a special assessment to fund public safety services. This is funding that is separate from other taxes and can only be used for a dedicated public safety expense. The city is seeking to fund fire services with this assessment and the money raised by this assessment can only be spent on fire department operations and expenses. This assessment will be divided between the summer and winter tax rolls as a separate line item.

■ What is the proposed assessment rate?

The city is considering an assessment rate of 3.75 mills to fund 85% of the estimated costs for fire services for the upcoming fiscal year which is July 1, 2021 through June 30, 2022. The assessment would result in estimated revenue of \$828,615 dedicated solely for fire protection services, vehicles, and equipment.

Annually, the city will evaluate its upcoming expenditures and determine the assessment rate for that upcoming year.

■ How is the revenue used?

The revenue raised by this assessment can only be used to fund Fire Department expenses, such as personnel costs, equipment for operations, and fire department vehicles. This will ensure a dedicated revenue source to provide reliable funding for fire protection services.

■ Why does the city need additional revenue?

The city is facing a combination of financial challenges which necessitate an increase in revenue to maintain basic city services. Since 2010, the city has collected less in revenue from property taxes every year in part due to stagnate taxable values. This is combined with reductions in state revenue sharing and other revenue losses. Additionally, costs continue to rise for routine expenditures such as health insurance and equipment or vehicles. For several years, the city expenditures have exceeded revenues resulting in a diminished savings balance.

■ What about reductions to expenditures?

The city has taken action to reduce costs including making changes to pension systems, combining positions or not filling vacancies upon retirement, and leveraging outside funding including grants. However, costs that are outside the city's control continue to rise such as health care costs and price of goods and equipment needed to operate. Additionally, recent changes to state law have imposed funding mandates for additional pension contributions and we are seeing increasing costs to replace aging infrastructure further limiting the city's existing resources.

This assessment will be made in combination with additional cost cutting measures to ensure the long-term fiscal stability of the city. Administration and Council are continuing to carefully evaluate operational costs to further limit spending on a city-wide scale

■ What about the Rural Fire Association?

This funding is for the city's portion of funding for the fire department. This will not change our agreement with the RFA to provide fire services to the townships.

■ What if this assessment is not collected?

The city is facing a shortfall of approximately \$1 million to fund current operations and services. Without additional revenue, the city will be forced to make extensive cuts to all city operations, including fire, police, dpw, and general administration. This will result in a lower service level for all city operations and long-term negative impacts for all residents.

Potential cuts include layoffs of up to three full time firefighters and five police officers. We would evaluate closure of one fire station. There would be no funding for park improvements or local street repairs. We would be forced to eliminate funding for any capital purchases including fire vehicle and equipment, police vehicles and equipment, voting equipment, computers, or parks equipment.

All of these cuts would have to take place for the city to break even and do not address the need to fund pensions for retirees. The capital equipment purchase can be delayed but those items will require replacement in time so that is a short-term measure. Overall, the combination of cuts would significantly change the services residents receive and would harm the city long-term.