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Scio Township Fire Department Expansion

July 23, 2024



Fire Assessment Forecast

- Public Act 33 of 1951 - “Police and Fire Protection”
 - A Special Assessment, not a Property Tax
 - Township is NOT required to place this question on a ballot.
 - The Township Board has the ability to unilaterally create the special assessment district and assess the properties within the district in accordance with the Act.
 - Asking the public is a courtesy, not a requirement
 - The voters approved the current 1.35 mills assessment several years ago.
 - Previous ballot question (3.75 mills for operations and 0.75 mills for capital outlay) in November 2023 failed to garner a majority of the votes cast.



Fire Assessment Forecast

- **“Cash-needs Basis”** – The model calculates the Public Act 33 public safety assessment based on anticipated cash needs. Depreciation and accrual accounting is excluded from the model. This method requires the Township to maintain lower cash reserves (and lower special assessment rate) than it would if rates were set to fund depreciation expense.
- **“Minimum Fund Balance”** – Unlike W&S, the target in this model is set to achieve 9 months of operational expenses, the length of time from the beginning of the fiscal year until the next tax/assessment collection period. 9 months agrees with the Township’s fund balance policy.
- **Why 12 or 16 Years?** – Unlike the W&S model, this model does not anticipate increasing the number of mills being assessed annually. Rather, the growth in the revenue will come from the ongoing increases to the taxable values within the Township. Also, the Township’s current intention is to place the ballot question in front of the Township’s voters. In order to get the most input from the voters, the ballot question will be placed on the ballot in a Presidential election year.



Fire Assessment Forecast

➤ The Length of the Model is a Multi-Year Commitment

Unlike W&S, this is not meant to be a “living” tool that should be reviewed and updated every year as part of the budget process. By putting it on the ballot for the voters, the Township is committing to a consistent levy for either 12 or 16 years.

The 2 biggest cost drivers are fire fighters’ personnel costs (fairly consistent and predictable) and debt service on the \$11.4M bond for the construction of the 2nd fire station (completely fixed for the life of the bond).

In order to fund the construction of the new fire station, a bond will be issued. That bond would likely be repaid over 10 or 15 years.



Fire Assessment Forecast Summary

- The Township's current PA33 assessment is for 1.35 mills
 - A home with a taxable value of \$250k currently pays \$338 per year for fire protection services

- Scio Township will issue long-term debt (a bond) in order to pay for the construction of a second fire station.
 - At this time, construction cost is estimated to be \$11.4M

- Scio Township will continue to build the ranks of the fire department. 3 additional fire fighters have already been approved in the FY25 budget. Future additions are assumed to be 2 firefighters per year until the department has 24 firefighters (previous calculations planned on getting to 33 fire fighters)

- The decrease in the number of anticipated fire fighters from 33 to 24 is due to the Township's plan no longer including providing EMS services.

- Capital Outlay – Instead of including a capital plan, each version of the model calculates how much money will be available to fund capital purchases such as trucks and equipment.



Option #1 – No Add'l Capital

- 12 years (10 year bond) or 16 years (15 year bond) – Same for all 3 models
- Calculation of the assessment does NOT include any capital asset purchases other than construction of Station #2.
- Future capital purchases would be an additional “add-on” to the assessment – determined by the Township Board on an “as needed” basis
- 12 year – 2.6047 mills, an increase of 1.2547 mills over current assessment
 - Add'l \$314 per taxpayer, per year
 - Total interest paid - \$3.4M
- 16 year – 2.5185 mills, an increase of 1.1685 mills over current assessment
 - Add'l \$292 per taxpayer, per year
 - Total interest paid - \$5.1M



Option #2 – 3 mills total

- An increase of 1.65 mills (\$413 per year)
- Interest expense is same as Option #1
- 12 years
 - \$11.4M of capital outlay over the 12 years
- 16 years
 - \$14.2M through 12 years; \$20.4M over 16 years

Note: Chief Houde says the FD does not need this much new capital outlay.



Option #3 – 2.7 mills total

- An increase of 1.35 mills (add'l \$338 per year) – basically doubling the assessment
- Interest expense is same as Option #1 and #2
- 12 years
 - \$2.7M of capital outlay over the 12 years
- 16 years
 - \$5.5M through 12 years; \$7.7M over 16 years



Option Summary

	Option #1 12yr/16 yr	Option #2 12yr/16 yr	Option #3 12yr/16 yr
Total assessment, in mills	2.6047/ 2.5185	3.0000	2.7000
Increase to assessment, in mills	1.2547/ 1.1685	1.6500	1.3500
Maintain 9 months minimum FB?	12yr - No, but rebounds in Year 12 16 yr - Yes	Yes	Yes
Increase in cost- Year 1	\$314/ \$292 plus extra for capital as needed	\$413	\$338
Interest paid on debt	\$3.4M/ \$5.1M	Same	Same
\$ Available for Capital Purchases	\$0/ \$0 Add'l Assessment TBD	\$11.4M/ \$20.4M	\$2.7M/ \$7.7M

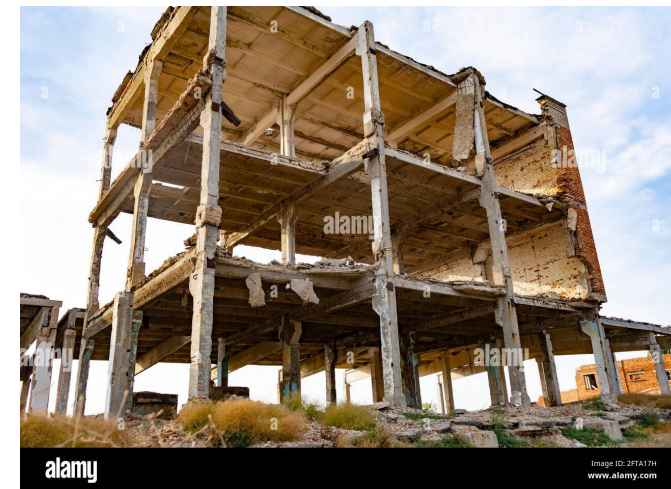


Additional Comparison – 2 or 2.25 mills?

Not a Viable Option

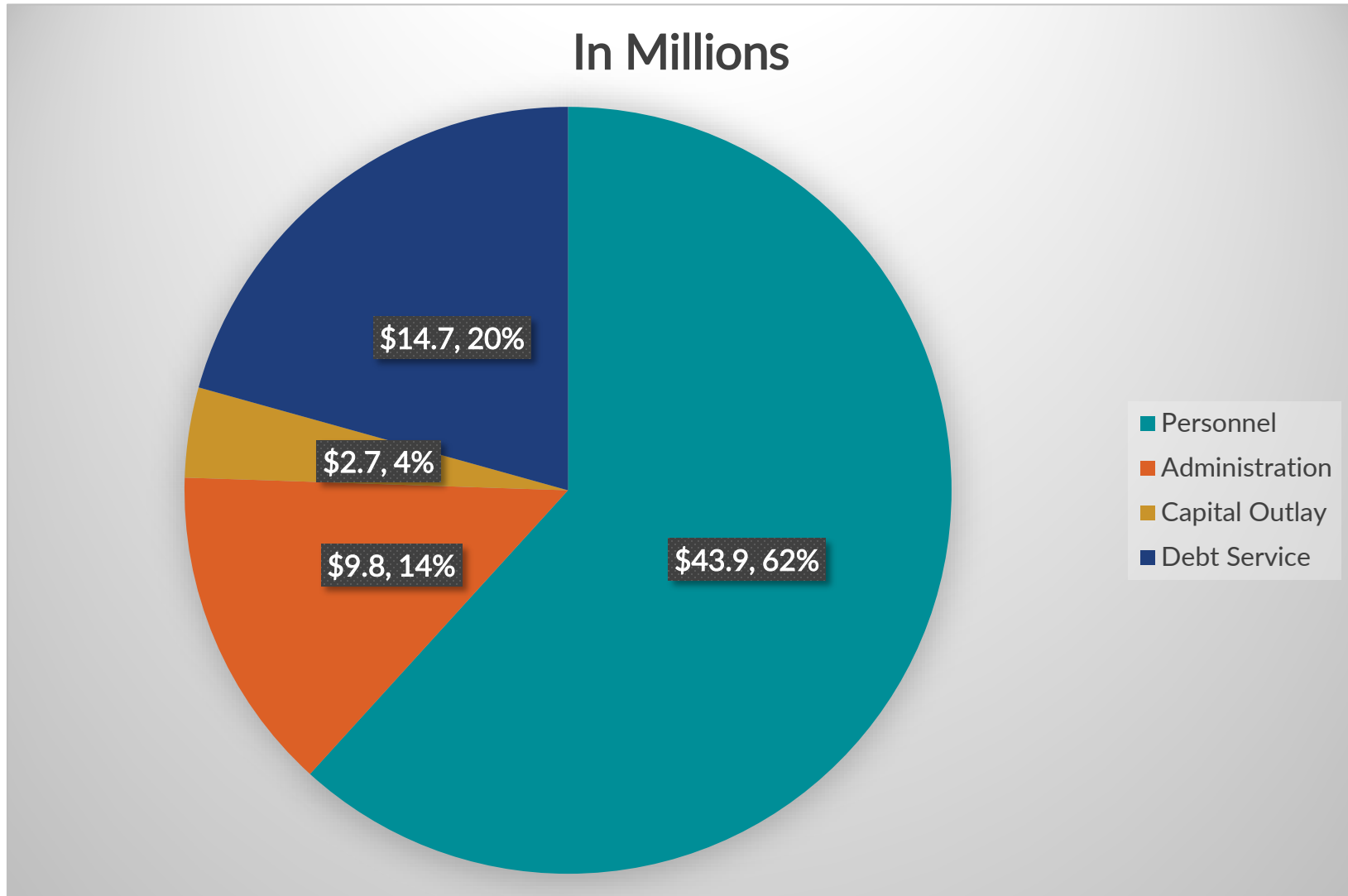
	Option #3 12yr/16 yr	2.0 mills 12yr/16 yr	2.25 mills 12yr/16 yr
Total assessment, in mills	2.7000	2.0000	2.2500
Increase to assessment, in mills	1.3500	0.6500	0.9000
Maintain 9 months minimum FB?	Yes	No	No
Increase in cost– Year 1 (Average TV of \$250,000)	\$338	\$250	\$281
Interest paid on debt	Same	Same	Same
\$ Available for Capital Purchases (Negative \$ is amount short of minimum fund balance policy)	\$2.7M/ \$7.7M	(\$17.4M)/ (\$22.0M)	(\$10.2M)/ (\$11.4M)

Unfortunately, 2.0 or 2.25 mills will not be an option for building, outfitting, and operating a second fire station.





Option #3 over 12 years - Where Does This Money Go?





Next Steps

Decide which option is most appealing

Develop language for ballot question

Continue educating the public on the needs of the fire department



Thank you for the opportunity to serve Scio Township.

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