

Demorest and Habersham County Fire Services

Merger Discussion Points

The Service Delivery Strategy Law O.C.G.A. § 36-70-24 requires the cost of any service with a county that provides for the benefit of the unincorporated area of the county shall be borne by the unincorporated area residents, individuals and property owners who receive the service. Therefore, to maintain the jurisdiction specific funding, the City and County would need to set up a special service tax district for Demorest and the Unincorporated County and use an IGA to set the funding requirements need to fund the Demorest Fire District.

Benefits to Demorest

1. Reduce Fire Service Budget by more than one half (1/2), \$552,128 to \$266,545.
2. More than double the deployment of staff from the Demorest Fire Department (2 FF to 5 FF/EMT/Paramedics).
3. Most likely to improve Demorest Water/Sewer bond rating if transfers to the General Fund are reduces with this change.

Benefits to Habersham County

1. Additional Fire Apparatus and Fire Equipment to cover the Demorest Fire District.
2. Relocation from Robertson Loop to Demorest Fire Station provide a better facility and location.

Issues which need further discussion:

1. Open recruitment to fill fire positions
2. Purchase of new fire truck for Demorest Fire District
3. Special Service Tax District to allow transfer of insurance premium tax and property tax to cover anticipated expenses.

Revenue & Expenses Overview	FY 2021 Budget Habersham	FY 2021 Budget Demorest	Difference
Population 2010	43,048	1,824	4.2%
Fire Service Costs	\$2,084,562	\$552,128	26.5%
Insurance Premium Tax (IPT)	\$2,256,009	\$146,167	6.5%
digest revenue per mill	\$878,585	\$35,057	4.0%
Fire cost converted to Millage Rate	2.37	15.75	
Demorest Fire District Tax	2.37	\$83,085	
IPT conversion to Millage Rate	2.57	4.17	

Demorest Fire Expenses			Annual Cost
Proposed Demorest Fire Budget 2022			
Staffing (6 FTE Firefighters/EMTs)	Wages & FICA	\$13.33	\$233,618
Benefits FT *3 Annual Cost	Health Benefits	\$8,250	\$24,750
	Pension 7% of PR	\$2,726	<u>\$8,177</u>
Salary and Benefit Expense			\$266,545

Merger of the City of Demorest Fire Services with the Unincorporated County Fire Services

Demorest Fire Service District Tax: The City of Demorest and Habersham County BOC propose a Special Fire Service District, to allow Habersham County Emergency Services to provide Fire Service to the City of Demorest. The Service Delivery Strategy Act requires that we ensure residents and businesses in the City of Demorest provide adequate revenue through a special tax allocation district, to cover the added cost of providing Fire Service to property owners in the City of Demorest.

Background: The Service Delivery Strategy Law O.C.G.A. § 36-70-24 requires the cost of any service with a county that provides for the benefit of the unincorporated area of the county shall be borne by the unincorporated area residents, individuals and property owners who receive the service. In addition, the Strategy must ensure that when the County and one or more cities jointly fund a countywide service, the County's share of such funding shall be borne by the unincorporated residents, individuals and property owners who receive the service.

The intent of this provision is to eliminate double taxation of municipal property owners. When a county provides a service primarily for the benefit of the unincorporated area, the law provides that funding for such service must come from:

1. Special service districts created by the county in which property taxes, insurance premium taxes, assessments or user fees are levied or imposed; or
2. Any other mechanism agreed upon by the affected parties which eliminates double taxation.

Blended Department: The Habersham County Emergency Services Department (HCES) includes both Fire Service and Emergency Medical Service within one blended department.

Cross Trained Staff: Firefighters and Emergency Medical personnel are trained to serve in both capacities and work interchangeably during their workday. Paramedics and EMT's can fight fires and Firefighters can support emergency medical calls. For reference, Emergency Medical Service expenses are paid using ambulance fees and a special EMS property tax.

Special Tax District for Fire Services: Habersham County and the City of Demorest propose to merge Fire Services for the unincorporated County and the City and activate the special property tax district to ensure that Fire Services provided to the City of Demorest are funded using revenue derived from the City of Demorest taxpayers. This Special Tax District will provide a funding source for the Demorest Property Taxpayers to fund Fire Services provided by the County within the City of Demorest.

Fire Tax District: Fire services for Habersham County are paid for from the County's General Fund with Insurance Premium Tax revenue. Establishing a millage rate equivalent involves a calculation to convert a proportionate share of the cost for providing Fire Service to a millage rate. One method to determine the amount of property tax revenue required to support Fire Service for the City of Demorest is to determine the property tax millage rate equivalent charge paid by unincorporated residents and businesses through property tax. A second method involves a direct payment of the Demorest Fire Insurance Premium Tax to Habersham County.

County Fire Millage Equivalent: To calculate the County millage equivalent of the insurance premium tax (IPT): divide the IPT of \$2,256,009 by the value of one unincorporated tax digest of \$878,562 = 2.37 mills. Using this 2.47 millage rate multiplied by the value of one (1) mill at the Demorest millage rate means the Demorest Special Tax District will generate \$83,085 annually.

Insurance Premium Tax: The City of Demorest collects \$146,167 in insurance premium tax annually. If that amount were transferred to the County for the operation of Fire Services in the City of Demorest,

no additional millage rate would be necessary. The millage equivalent of the City of Demorest insurance premium tax is: \$146,167 divided by \$35,057 or 4.17 mills.

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Conclusion: The implementation of a county Fire Tax District within the City of Demorest is a method to provide funding for Fire Service in the City of Demorest and ensure the elimination of double taxation for the City of Demorest or Habersham County. This Fire Service District Tax could be funded with a combination of insurance premium tax transfer to the county and a Fire Service property tax for the City of Demorest. These calculations are based on the County's 2021 budget and Demorest's FY2021 budget and 2020 tax assessments.

Leverage the resources of the County and City Government to provide improved services to the entire community.