

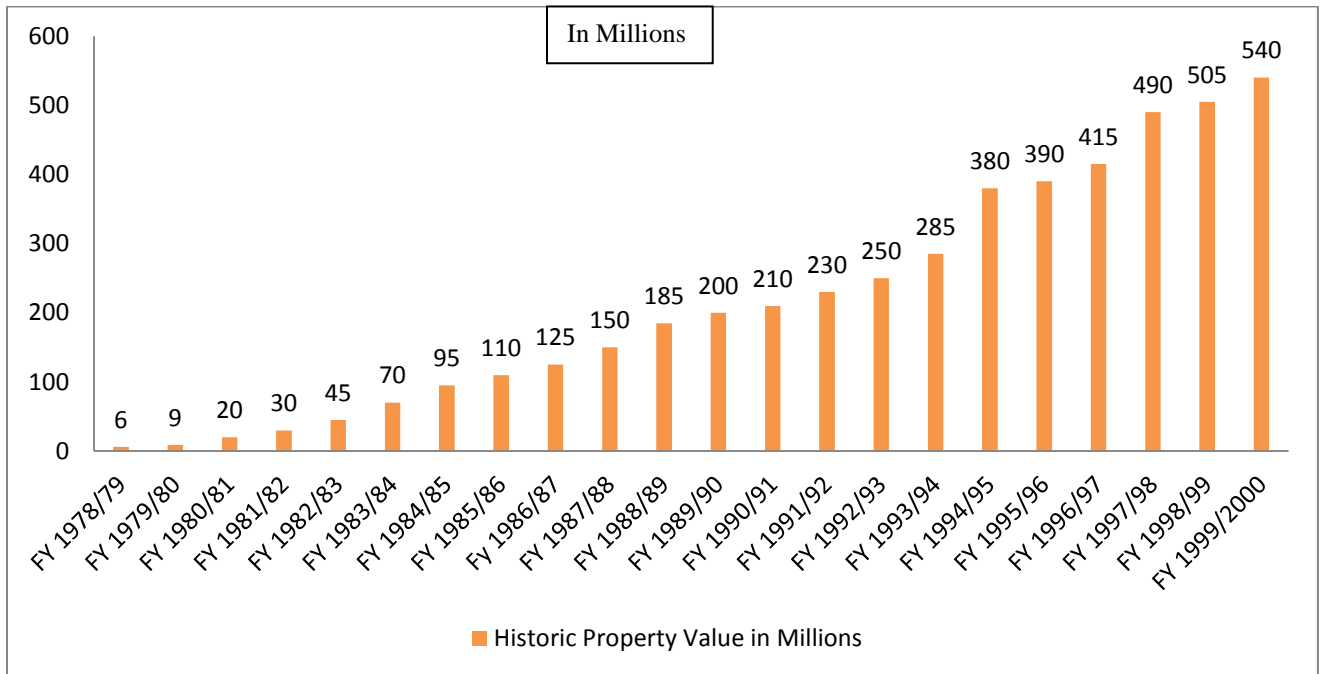
NORTH BAY FIRE CONTROL DISTRICT MASTER PLAN UPDATE 2013 – 2023

History

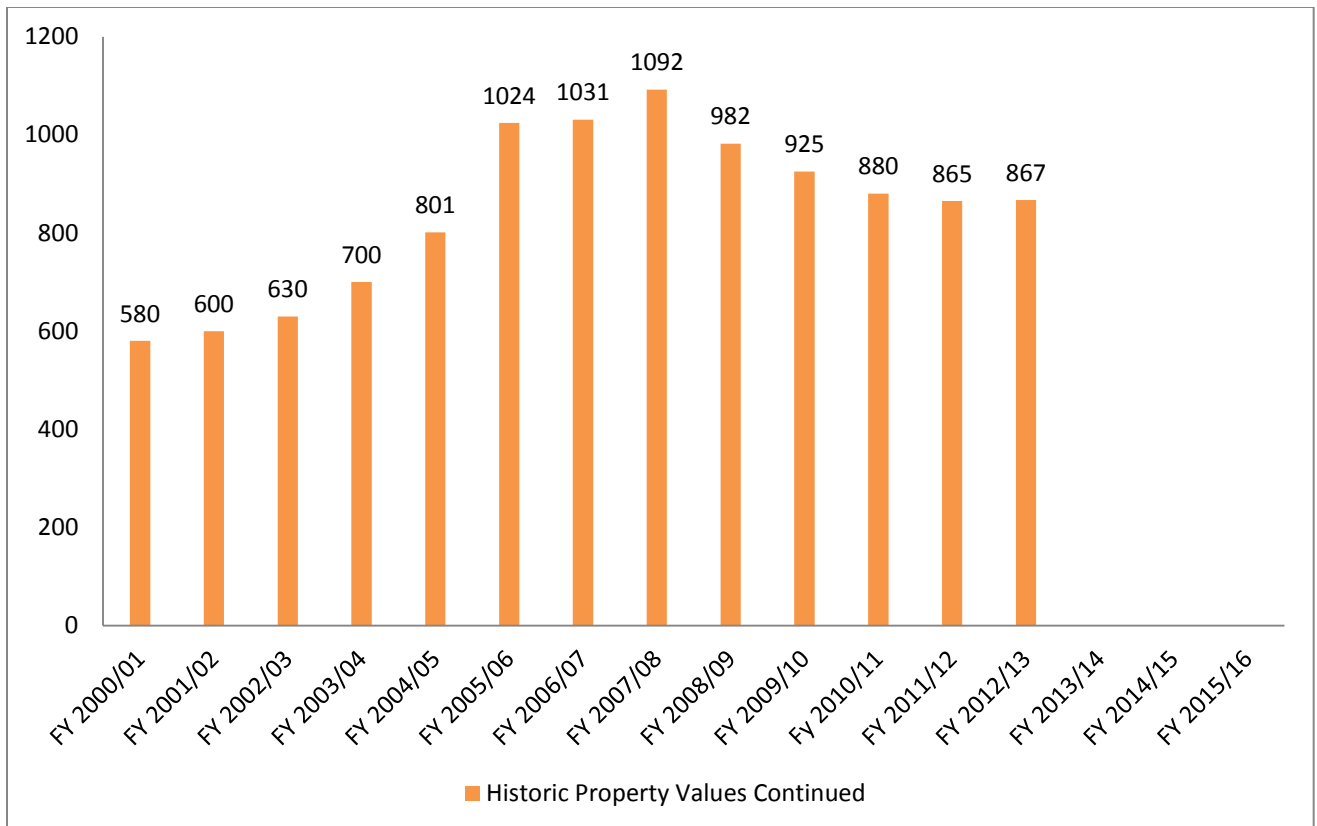
In June 1983, the North Bay Fire Control District (NBFCD) Board of Fire Commissioners (BFC) approved a Ten-Year Master Plan for the Fire District. This plan has been approved by the BFC and serves as the planning document used by the BFC in developing its annual budget. This is the bi-annual update of the Master Plan as required by NBFCD Operating Policy 40-01 and updates the revision of March 2011. The Fire District has grown in value since its formation in 1979, when its assessed property value was \$6,248,348 to its current assessed property value of \$867,223,451 as of October 1, 2012 as shown in *Figure 1*. The millage rates have fluctuated from a low of 0.49 in 1979, to a high of 1.86 from the years 1991 through 1995. It was anticipated that the millage rate of 1.875 in 2004 would have to be increased over the next 5 years to finance the enhancement of the Fire District's services to include the Advanced Life Support (ALS) Program. The required increase in the millage rate to finance ALS would raise it above the millage cap. Therefore, in 2004, a public education program on the benefits of ALS was implemented to gain support for a voter's referendum to approve increasing the NBFCD's millage cap from 2.0 mills to 3.75 mills to match the suggested cap in Florida Statute §191.009, "The Florida Uniform Independent Special Fire Control Districts Act." The referendum was placed on the November 2004 ballot and approved by the voters of the Fire District by a vote of **4982 yes** votes and **2173 no** votes.

Since the 2004 referendum vote, the millage rate went to 2.07 mills in tax year 2005-2006. In 2007, Florida Governor Charlie Crist and the Florida Legislature initiated a property tax reform initiative. As a result, the Board of Fire Commissioners voted to reduce the millage from a 1.80 to a 1.6819. Keeping in line with the Governor's proposal, in conjunction with the Florida Senate and House of Representatives, the tax and millage reduction resulted in a 7 percent cut in our funds requiring the Fire District to reduce the amount of the 2008 budget. Reduction of the district funding was offset by using reserve funds in the 2008, 2009 and 2010 budget years. An additional property tax reduction amendment was placed on the January 29, 2008 ballot and passed. The passing of this amendment has had an additional effect on tax income for the Fire District with the additional \$25,000.00 homestead exemption per the amendment, reducing our total property value for tax purposes by \$160,000,000 thus reducing our Ad Valorem Tax for the 2008, 2009, 2010 budget years along with the decline in the housing market.

Property values continue to decline to a low of \$867,223,451 for the FY 2012-2013 tax years. Since FY 2007/08 when the property values were \$1,092,932,446; property values have dropped \$225,708,995. At a 2.0 mill rate, that equates to \$451,418 in revenue lost for the District. If this trend continues, adjustments may need to be made to the budget and planned upgrades to the fire station. In November of 2010, an additional tax exemption for military members serving outside of the country was approved by the voters during the election.

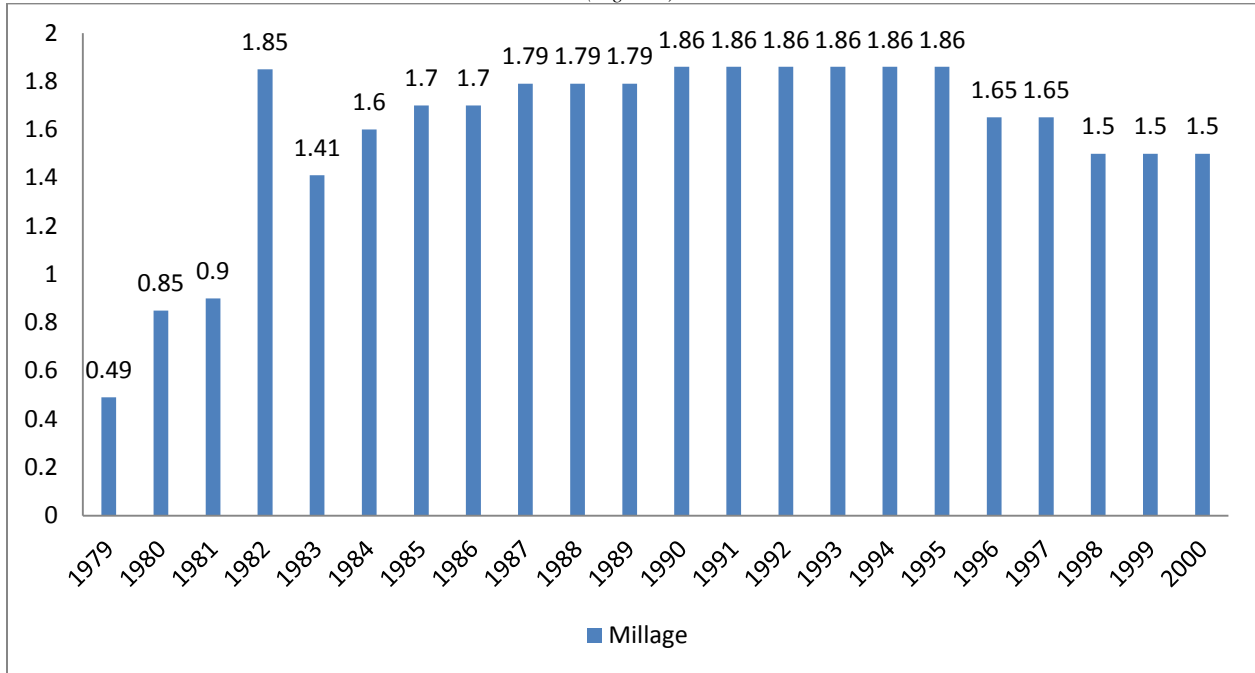


(Figure 1)

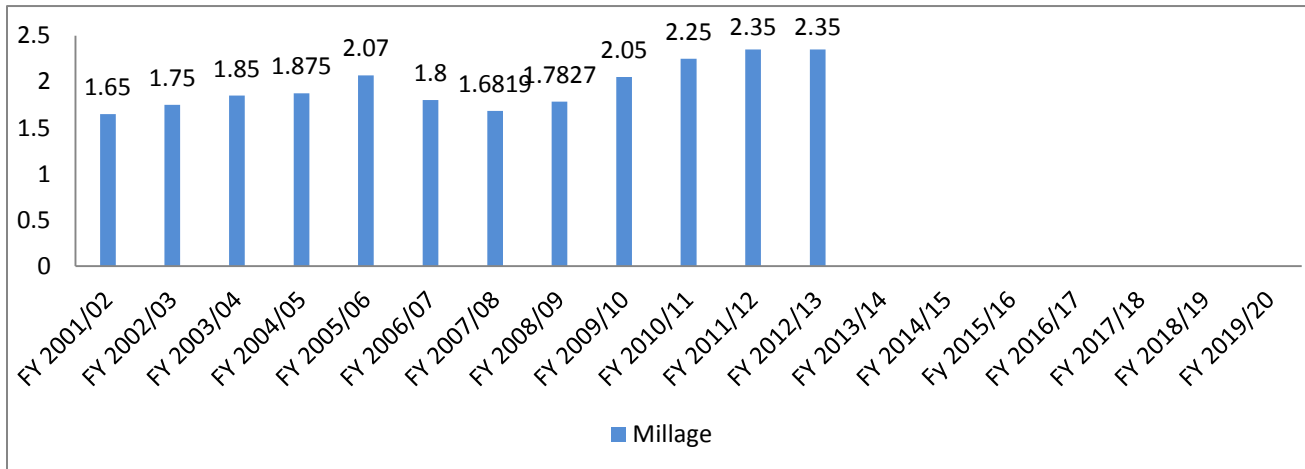


Historic Millage Rates

(Figure 2)



(Figure 2A)



The NBFCD currently has Mutual Aid agreements with the following Fire Departments and/or Fire Districts: Baker VFD; Crestview FD; Destin FCD; Dorcas VFD; East Niceville FCD; Eglin Air Force Base/DOD FD; Florosa VFD; Fort Walton Beach FD; Holt VFD; Hurlburt Field/DOD FD; Niceville FD; North Okaloosa FCD; Mary Esther FD; Ocean City-Wright FD; Okaloosa Island FD; South Walton F&RD; Walton County FD; Valparaiso VFD; U.S. Navy Explosive Ordnance School Medical; and Okaloosa County EMS. This is in addition to the Florida Statewide Mutual Aid Agreement through Okaloosa County Emergency Management. We also have an engine committed to the South County Strike Team & Task Force, the Urban Wildland Interface Task Force and the County Alert 3 Aircraft Incident Task Force. All of these agreements should remain in effect through 2023 and beyond.

GROWTH

Development in the Fire District has continued at a steady rate through 2012. Since September 11, 2001, changes to the mission of Eglin Air Force Base have had some effect upon the amount of construction within the Fire District. However, with the elimination of the Department of Defense (DOD) Explosive Ordnance (EOD) School in Indian Head Gap, Maryland, the U.S. Navy EOD School on Range Road has become the only DOD School for this purpose and currently is being expanded to fulfill the requirements of its new additional role of training for terrorism responses. The EOD School's operations have tripled in size and this has had a significant impact both positive and negative upon the NBFCD. The positive has brought additional instructor personnel into the area that are becoming residents of the Fire District and supporting its economic growth in the construction industry as well as the local merchants. The negative has been an increased activity at the EOD School generating increased alarm responses to the complex where we provide first alarm response for Eglin Air Force Base Fire Department as per our Mutual Aid agreement with the Department of Defense. The expansion of the Navy E.O.D. School and the addition of several planned sites in that area may increase our response to those areas in the future. The Fire District had sent a letter to Eglin AFB requesting property on Range Road for a new Fire Station but due to the economic downturn; a new station may not be feasible at this time because Eglin has future plans for that area. The influx of replacement squadrons in support of the new F-35 Joint Strike Fighter should not change the operations of Eglin Air Force Base or our Fire District.

There are presently no plans by the Okaloosa County School Board to relinquish the vacant property they own within the NBFCD at the corner of Highway 20 and Lancaster. The opening of the Mid-Bay Bridge in June 1993 has had a positive effect on both the residential and commercial development in the district. However, on the negative side, the traffic on State Road 293 and Highway 20 has increased tremendously. Phase One (1) construction of a four-lane highway connector road by-passing State Road 293 to connect the Mid-Bay Bridge to State Road 20 and Range Road is finished. Phase Two (2) has started and will take the connector road on to Highway 85 with an estimated completion date of the spring 2014. The construction of a parallel span of the Mid-Bay Bridge has been delayed and is proposed to begin in 2018 with an estimated completion date of 2020.

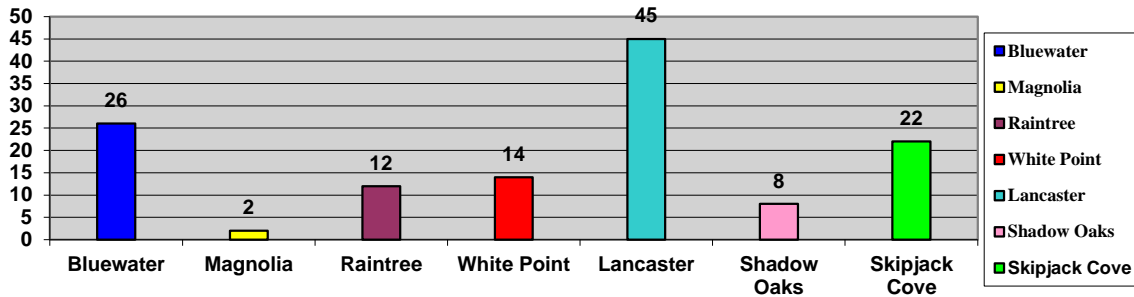
Also, the Shops at Bluewater Bay and the Bluewater Fitness Center complex has proved to be a positive effect on the financial health of the NBFCD and continue to grow with several new projects in the planning stages. The "Bee Hive Homes" on Ida Coon Circle is finished and is now in operation. Though the "Bluewater Bay" Development Regional Impact Statement (DRI) limits the maximum growth in both commercial and residential structures in some areas of the district, it does not encompass the entire Fire District. Therefore, the additional growth in areas outside of the DRI is difficult to project; for example, areas like Lancaster Estates, Shadow Oaks, Seminole, Indigo Village, Raintree Estates, Chardonnay Estates, Skipjack Cove, Lake Pippin and the White Point Road Corridor. With the Mid-Bay Bridge connector road the potential for substantial growth along Highway 20 is anticipated. Also with the construction of the shopping plaza in Niceville for the new Wal-Mart, the new Dollar General store, the addition of Pineapple Plaza on Highway 20 and the addition of several major stores and restaurants, the increase in traffic and call volume for the district can be expected to include ALS response.

RESIDENTIAL CONSTRUCTION

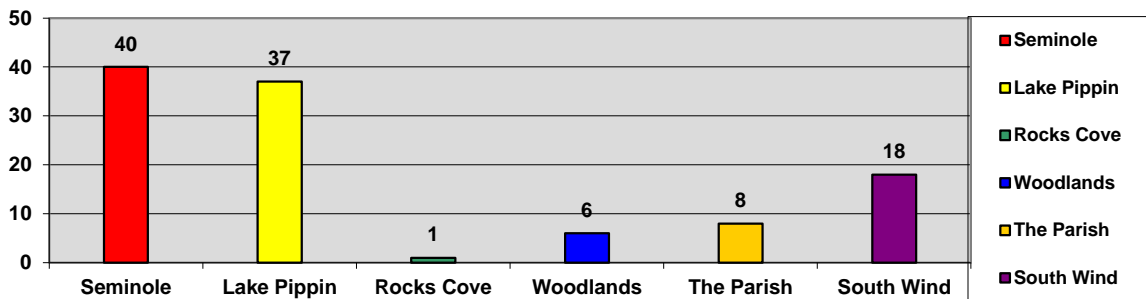
The growth within the NBFCD has significantly exceeded the forecast found in the 1999 Master Plan Update. As of December 2011, there are approximately 5,700 parcels within the NBFCD and approximately 2,000,000 square feet of commercial property and only light industrial property. There are approximately 239 single family residential lots in the District that could be developed.

The majority of new residential construction should take place within the next 4 to 7 years. After that, the building of single-family homes in the district should be drastically reduced unless the Highway 20 roadway expansions and the Mid-Bay bridge connector road create additional property that could be developed. Of the total undeveloped properties, approximately 10 percent are investment property and may not be developed for some time. The estimated number of available residential lots to build upon is shown by subdivision in *Figures 3 and 4*. However, the appraised value of all properties may continue to decrease slightly barring any great downturn in the economy or significant draw down of operations at Eglin Air Force Base or changes that negatively affect the growth of the U.S. Navy's EOD School. The tax cuts in 2008-2011 and adjustments in property values, homestead exemptions and foreclosures may also have an impact on the amount of tax money collected by the district in coming years. Sequestration cuts by the government in 2013 may also affect the district.

(Figure 3)



(Figure 4)



The present cost of existing homes in the NBFCD range from \$49,000.00 to \$2,243,000.00 with the current mean sale price of newly constructed homes being approximately \$184,059.00. If and when these 239 lots are developed, this would add approximately \$43,990,101 of property value to NBFCD in residential development. By calculating 90 percent of this figure as assessed value for planning purposes, we have taken into consideration investment property, tax delinquency and other adjustments to consider a value of \$39,591,090 in FY2012 dollars, for this planning document. However, the current decline in the Real Estate Market has some homes selling for 20 percent to 30 percent less than the property appraisers assessed values and makes it difficult to calculate future adjustments to the NBFCD's taxable property values which have declined the past 4 years. With the passing of the new property tax reform initiative (Amendment 1) and the downturn slide in the housing market, along with the economic downturn, the amount of tax income for the district has been reduced resulting in a higher millage rate along with a budget and personnel reduction. Amendment one (1) also allowed for an additional \$25,000.00 in homestead exemptions for property owners. This has reduced the Districts taxable value an additional \$90,200,000 in FY2008-2009 and \$60,000,000 in FY2009-2010 and \$45,000,000 in FY 2010-2011 for the 3628 exempt properties identified by the Property Appraisers Office.

COMMERCIAL DEVELOPMENT

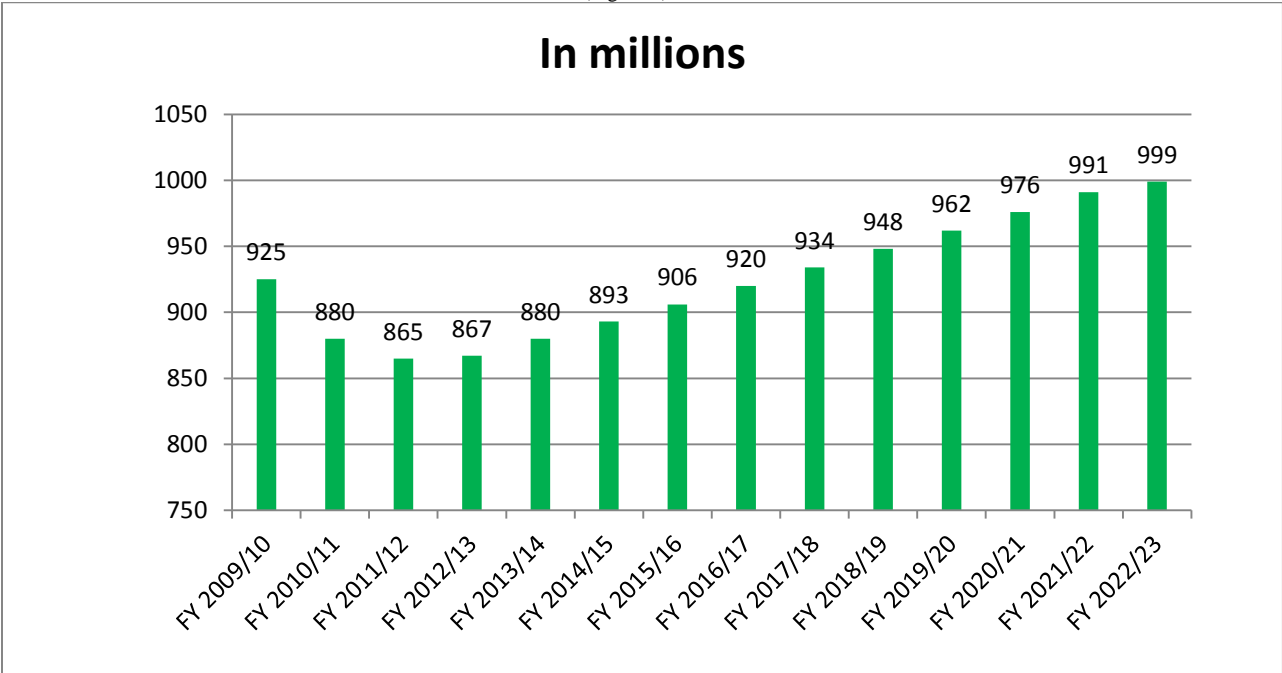
The projected short term forecast for commercial development sees the addition of approximately 250,000 square feet of development valued at approximately \$150.00 per square foot in 2012 dollars. This would represent an increase of \$37,500,000 in the NBFCD’s taxable value. As of December 2011, there are approximately 2,000,000 square feet of commercial property within the NBFCD. In addition to at least 20 parcels of land in the District that could be commercially developed, with the largest being approximately 15 acres in size. This additional undeveloped commercial property should be developed within the next 10 years at approximately 25,000 square feet per year. This, plus the current projects already underway makes a projected total increase in commercial property value of approximately \$150,000,000 in 2012 dollars, though making such projections of development can only be based on current trends and may actually vary a great deal. This is all subject to change depending on the new Mid-Bay Bridge connector road and the Highway 20 expansion and the present state of the economy. Property along these areas may be available for development and would have to be calculated into this plan.

GROWTH SUMMARY

Combining the current property values of \$867,223,451 with the projected growth of \$150,000,000 in commercial and \$35,284,111 in residential property values, the assessed property value should stabilize at a net worth of approximately \$1,052,507,562 in FY2022 dollars. However, this figure is assuming that the economic situation in the state improves in both property value and new commercial construction and should not be considered for planning purposes at this time.

Projected Property Values

(Figure 5)



PROJECTED PROPERTY VALUE INCOME FROM GROWTH

Through the last few years, NBFCD has had a decline in property value due to the economic downturn and the constitutional amendments. The economic future of the Fire District is uncertain at this time. With this in mind, we had projected a 2 percent decline in projected property values until FY2011/2012, a slight increase in FY2012/2013 and then a 1.5 percent increase for the remainder of the plan as shown in *Figure 5*. However, if the growth of residential and commercial property continues, then income in new residential construction should continue through 2015 and new commercial construction through 2019. We anticipate at that time, all available undeveloped property will have been depleted unless the highway expansion and the new connector roads result in an increase in available property in the district. Due to a lag time of up to 12 months from the time a Certificate of Occupancy is issued on new construction until the first taxes are distributed would delay any increase in residential tax income until FY2016-2017 tax collection year and commercial construction taxes beyond the term of this plan. Also, with the rapid development in growth in the surrounding areas, the addition of high rise structures in our district is a possibility and would increase our total property value.

SERVICES ENHANCEMENT

The planned advancement in the Fire Districts delivery of services to include Advance Life Support (ALS) medical response (“Paramedics”) to respond to its customer’s medical needs is now a reality with the successful passing of a referendum to raise the current millage cap beyond 2.0 mills. This cap was adopted at the time the Fire District was formed in 1983. The increase in the millage cap has allowed for the funding of the NBFCD’s ALS program as well as continues to allow the Fire District to fund its current operations at a time that further economic growth becomes limited by the amount of available property for new construction within the Fire District. The increase in the millage cap to 3.75 should bring the NBFCD in line with Florida Statute §191.00. As stated above, the projection of the NBFCD’s property value growth is reflected below. These figures do not include any new construction data.

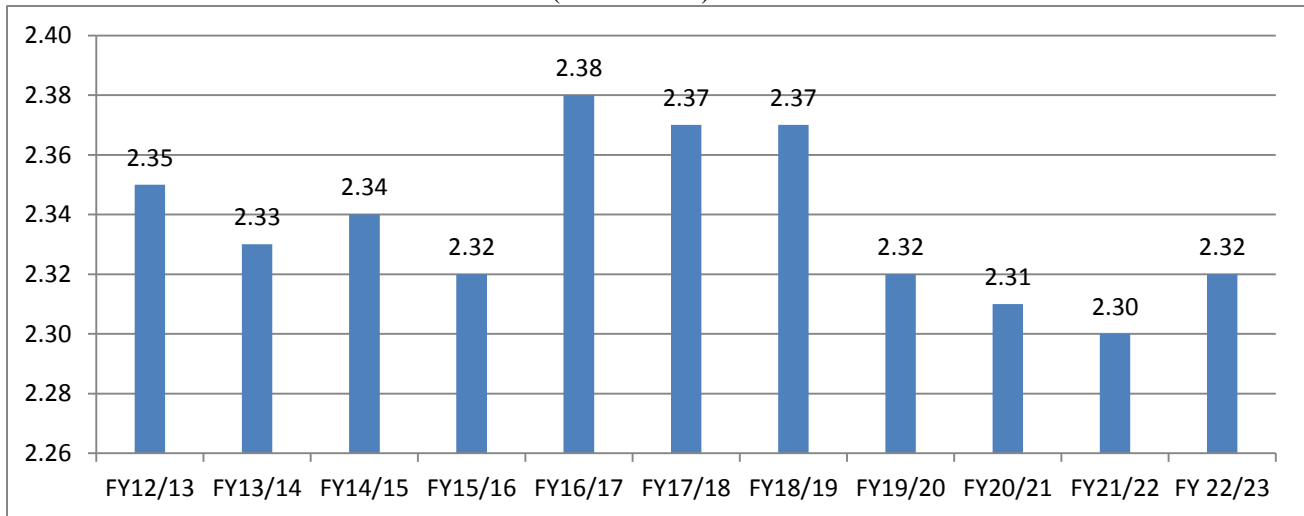
Estimated Potential Growth

(Illustration A)

		1.5% Inc.	1.5% Inc.		1.5% Inc.	
Year	Millage	Personnel	Operating Expenses	Capital Outlay	Estimated Property Values	Estimated Budget
2012/13	2.35	1,452,288	292,753	210,000	867,223,451	1,955,041
2013/14	2.33	1,474,072	297,144	200,000	880,231,803	1,971,216
2014/15	2.34	1,496,183	301,601	210,000	893,435,280	2,007,784
2015/16	2.32	1,518,526	306,125	200,000	906,836,809	2,024,651
2016/17	2.38	1,541,406	310,717	250,000	920,439,361	2,102,123
2017/18	2.37	1,564,527	315,378	250,000	934,245,951	2,129,905
2018/19	2.37	1,587,995	320,109	250,000	948,259,641	2,158,104
2019/20	2.32	1,611,814	324,910	210,000	962,483,535	2,146,724
2020/21	2.31	1,635,992	329,784	200,000	976,920,788	2,165,776
2021/22	2.30	1,660,532	334,731	200,000	991,574,600	2,195,263
2022/23	2.32	1,685,439	339,752	200,000	999,448,218	2,225,191

Proposed Millage

(Illustration B)



2013 CAREER PERSONNEL

The paid staffing of the NBFCD is one (1) Fire Chief, one (1) Fire Marshal/Inspector, one (1) Medical/Training Division Chief, three (3) Captains, three (3) Lieutenants, six (6) Firefighters and one (1) Administrative Assistant. There are no plans of backfilling losses or vacant positions at this time. We currently have seven (7) Paramedics that are supporting the three shifts.

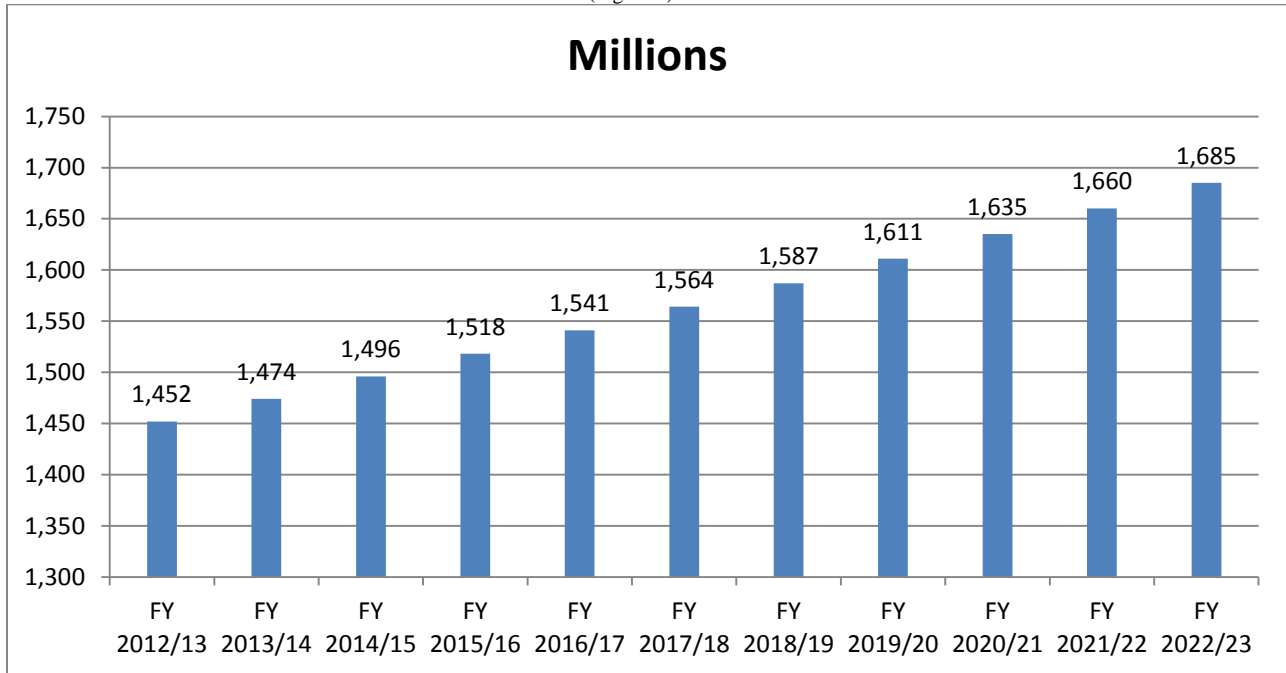
PERSONNEL COSTS

Personnel costs are shown in *Figure 6*. Costs are shown in 2013 year dollars and assume no change in FICA and Social Security rate percentages, an annual inflation rate of 1.5 percent and retirement cost of approximately 17.9 percent. However, insurance rates for Health, Medical, Dental, Vision, and Life along with Workers' Compensation have risen in the last few years, some as much as 5–30 percent in a single year. These items must be monitored closely to ensure the NBFCD's ability to keep up with their impact on the Fire District.

There are currently fifteen (15) members of the staff enrolled in the State 175 Retirement Plan. Under the State 175 Retirement Plan, each participating member must contribute 5 percent of their annual salary. The NBFCD has committed to fund the State 175 Retirement Plan based on the annual actuarial report of the plan, which is currently at 17.9 percent. All new employees are required to join and contribute to the NBFCD 175 Retirement Plan. A Board of elected plan participants and citizens appointed by the Board of Fire Commissioners administers the 175 Retirement Plan. For planning purposes, we will show a 1.5% percent increase per year for overall personnel costs as depicted in *Figure 6*. We also anticipate the retirement of at least two people by FY 2015/2016.

Personnel Costs

(Figure 6)

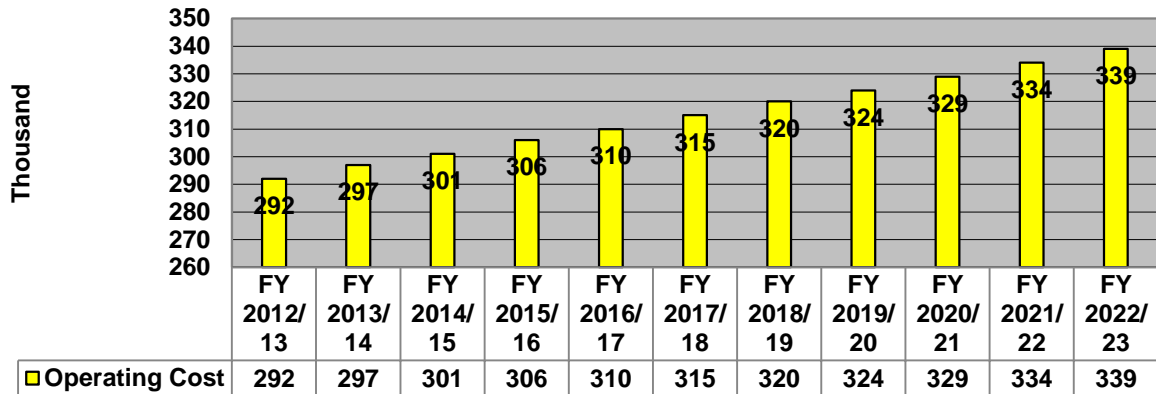


OPERATING COSTS

The projected operating costs of the NBFCD are shown in *Figure 7* below. These columns include the following costs: training, operating supplies (consumables), fuels and lubricants, utilities, auditing, accounting, uniforms, office supplies, maintenance of equipment, vehicles and building. These figures are based upon historical data, the projected number of employees and the number of pieces of emergency apparatus and equipment. These figures will change if any of the input variables are changed. For example, if the purchase of a Fire Apparatus is delayed, then all data from that point forward must be adjusted for this delay. The figures below are shown at an anticipated 1.5 percent increase per year. These figures do not include the upgrade to the fire station at this time due to the economy. If property values start to increase, then the refurbishment or replacement of the building will be considered.

(Figure 7)

Operating Cost



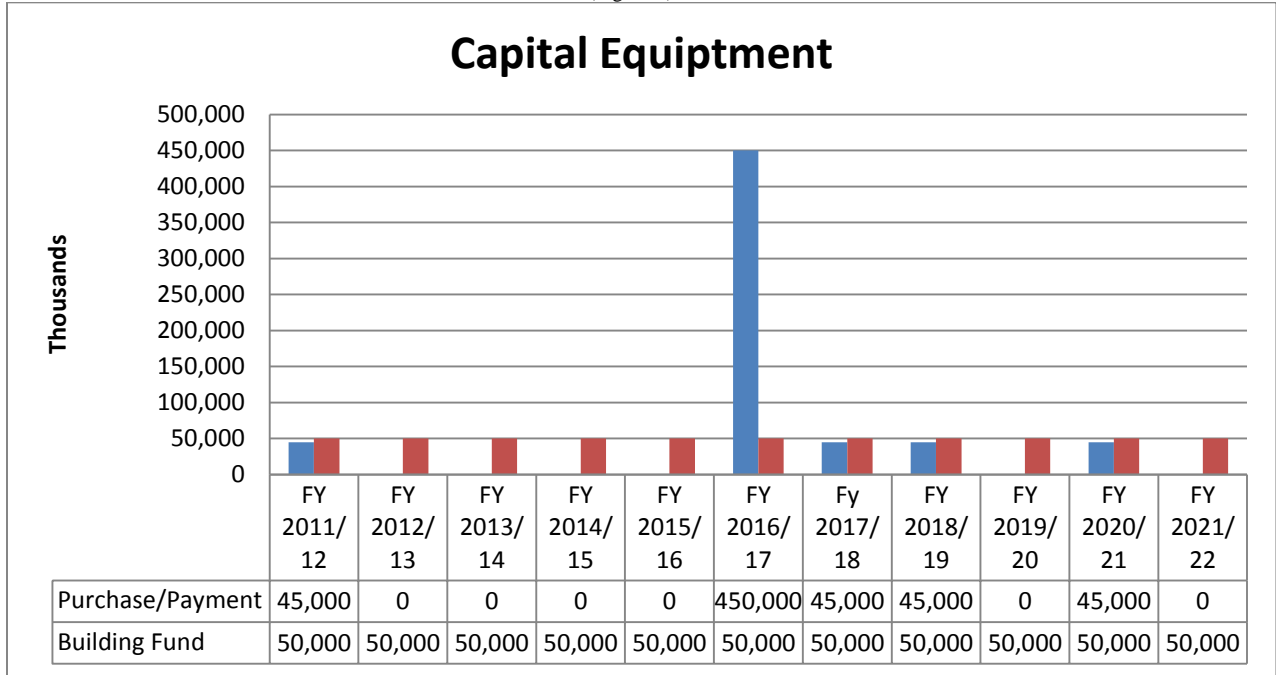
CAPITAL OUTLAY

The plans for capital purchases for the Fire District are shown in *Figure 8*. The latest piece of fire apparatus (Tower-8) was ordered in 2006 and delivered in 2007. The service life and replacement schedule of the plan for capital purchases for the NBFCD along with the service life of our current fleet of vehicles is shown below.

- Pumper 8 – 1999 Emergency One, Cyclone II CAFS Engine; in service until 2023**
- Engine 8 – 1995 Emergency One Cyclone I Engine; in service until 2017**
- Tower 8 – 2007 Pierce 100 foot platform, in service until 2027**
- Chief 8 – 2005 Chevy Tahoe; in service until 2018.**
- Inspection 8 (FM8) 2007 Chevy 2500; in service until 2019**
- Battalion 8 – (Bat8) 2008 Chevy 2500 pickup; in service until 2022**

Capital Equipment Leases, Purchases & Building Fund

(Figure 8)



Building Improvement and Maintenance

Due to the condition of the current Fire Station building, several major repairs and renovations have been accomplished. Also, if it is decided, funding for a new Fire Station building needs to be planned whether it is built on the existing property or at an alternate location. The possibility of building a new Fire Station on our existing property is also an option that would need logistical planning for continued operations during the construction phase. The following estimates are for additional major repairs that need to be budgeted, accomplished and/or planned for the existing Fire Station building if it is decided not to build a new fire station and the economy improves.

- | | |
|---|--------------|
| 1. Vehicle exhaust system (carbon monoxide removal) | \$ 35,000.00 |
| 2. Kitchen (refurbish) | \$ 9,000.00 |
| 3. Replace Bay lighting | \$ 12,000.00 |
| 4. Replace outside lighting | \$ 5,000.00 |
| 5. Addition for offices | \$328,370.00 |
| 6. Inside refurbish | \$350,937.00 |
| 7. Front parking lot | \$ 18,000.00 |

Capital Equipment Savings Fund
(Illustration C)

<i>Fiscal Year</i>	<i>Capital Equipment Reserves</i>	<i>Purchase / Payments Budget Line Item</i>	<i>I.D. Replacement Vehicle</i>		<i>Total Apparatus Replacement Savings Fund</i>
<i>FY 2011/12</i>	<i>80,000</i>				<i>\$126,431.10</i>
<i>FY 2012/13</i>	<i>\$100,000</i>				<i>\$226,431.10</i>
<i>FY 2013/14</i>	<i>\$100,000</i>				<i>\$326,431.10</i>
<i>FY 2014/15</i>	<i>\$80,000</i>				<i>\$406,431.10</i>
<i>FY 2015/16</i>	<i>\$100,000</i>				<i>\$506,431.10</i>
<i>FY 2016/17</i>	<i>\$100,000</i>	<i>(\$450,000)</i>	<i>Engine 8</i>	<i>Savings</i>	<i>\$156,431.10</i>
<i>FY 2017/18</i>	<i>\$105,000</i>	<i>\$45,000</i>	<i>C-8</i>	<i>Line Item</i>	<i>\$261,431.10</i>
<i>FY 2018/19</i>	<i>\$80,000</i>	<i>\$45,000</i>	<i>FM-8</i>	<i>Line Item</i>	<i>\$341,431.10</i>
<i>FY 2019/20</i>	<i>\$80,000</i>				<i>\$421,431.10</i>
<i>FY 2020/21</i>	<i>\$125,000</i>	<i>\$45,000</i>		<i>Line Item</i>	<i>\$546,431.10</i>
<i>FY 2021/22</i>	<i>\$80,000</i>				<i>\$626,431.10</i>

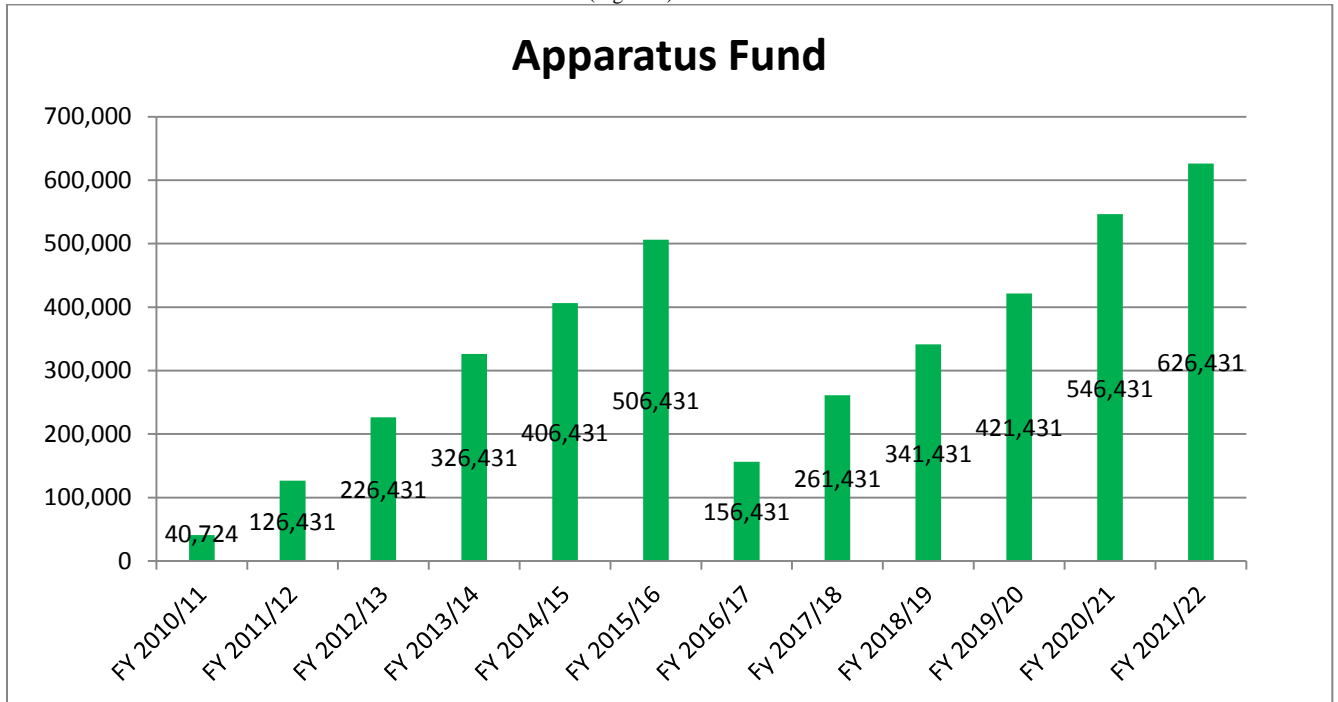
<p>RED: Budgeted Line Item BLUE: Use from Reserves/Truck Fund</p>

CAPITAL INVESTMENT

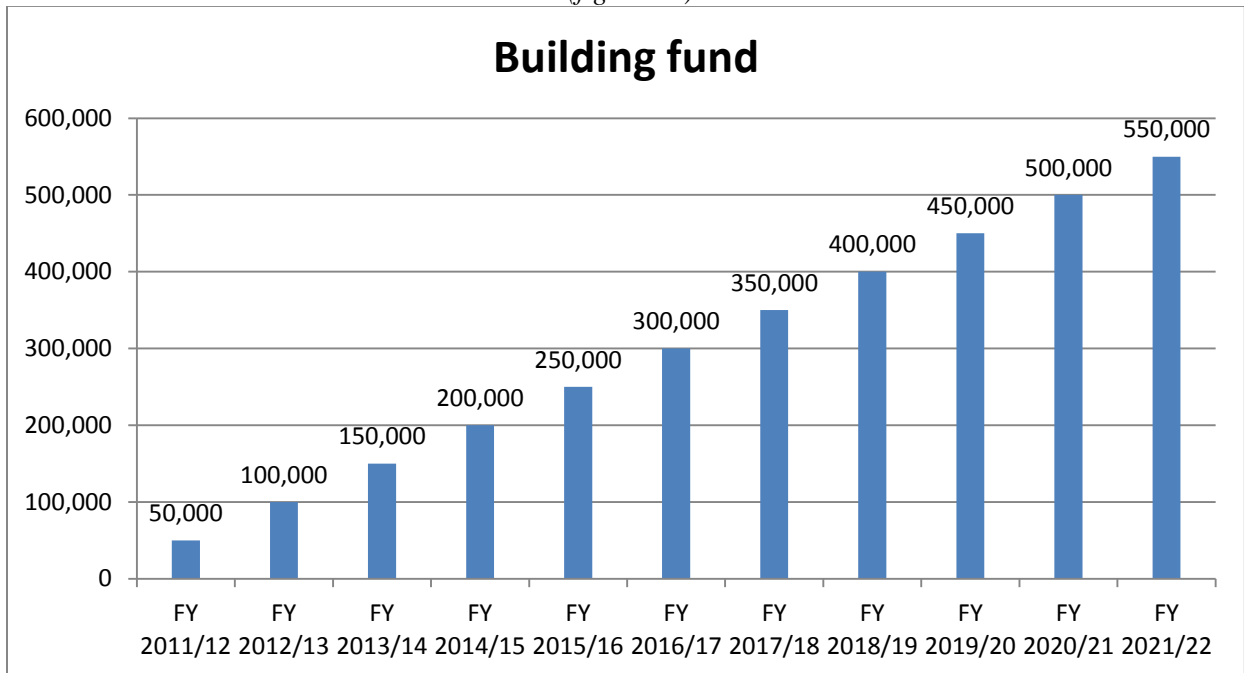
It is the intent of the NBFCD to maintain the Capital Equipment Escrow account for the purpose of reducing the financial impact of the scheduled replacement of worn out and antiquated apparatus owned by the Fire District. The need to do this is driven by the requirements of the Insurance Industry as well as the NBFCD’s commitment to provide the highest level of service to our community. By using this plan, the NBFCD is able to reduce the amount of funds that are borrowed for this purpose, thereby reducing the amount of interest that it would generally pay in the purchase of such big dollar items. This plan does not include the replacement of our airpaks or the Lifepak 12’s. These items may have to be included in the FY 2016/17 budget years unless we can obtain a FEMA grant for their replacement. In addition, we will create a building fund as a savings for the replacement of the existing Fire Station at a rate of \$50,000.00 per year. The funding for this account should remain as indicated in *Figure 9a*.

Apparatus Fund

(Figure 9)



(figure 9a)



The above Capital Investment Funds are in addition to the proceeds from the sale of apparatus disposed of by the Fire District and includes the building fund. For example, Engine 8 should sell for between \$20,000.00 and \$35,000.00 at the time of its replacement or used as a trade-in. At the end of ten (10) years, the building fund should be \$500,000.00 and the apparatus fund at \$626,431.10.

NOTE: If the apparatus and building funds are used to offset the budget, then there will not be any money in reserve in case of a natural disaster or any other unforeseen situation that would occur requiring the use of the excess funding above the current budget. The required reserve of \$450,000 must remain untouched to insure continued operations from October to January when tax money starts coming in.

DEBT SERVICES

- (A) Our current debt liability is the amount of Annual & Sick Leave that the Staff has accrued.
- (B) The annual payments to the Okaloosa County Property Appraiser and Tax Collector.
- (C) Uncollectible Taxes should remain at approximately seven to ten (7–10) percent of the annual budget for the life of the plan.

COST / REVENUE RECAP

Projected annual Ad Valorem tax money for this master plan starts with \$2,037,975 in FY2012/13 and will be approximately \$2,318,719 in FY2022/23. In computing this data the following assumptions were made:

1. Personnel costs will increase approximately 1.5% percent per year during the life of this plan
2. The cost of replacement for Engine 8 will be approximately \$450,000.00 in 2017
3. Chief 8 (2005 Chevy Tahoe) will be replaced in 2018
4. Inspection 8 (2007 Chevy Truck 2500) will be replaced in 2019
5. Battalion 8 (2008 Chevy 2500) will be replaced in 2022
6. Replacement of Pumper 8 will be approximately \$450,000.00 in 2023
7. Replacement of the NBFCD Emergency Generator was in 2007 and should last until 2022
8. The replacement of all personnel protective equipment will take place at least two (2) times during the life of the plan
10. The replacement of our self-contained breathing apparatus (SCBA's) will need to be added in the next five (5) years at a cost of approximately \$125,000.00
11. The replacement of the Lifepac 12's should be approximately \$125,000.00 by 2015
11. Operating expenses will increase approximately 1.5 % percent annually during the life of the plan
12. This process does not include the loss of any structure or apparatus due to disasters, natural or manmade.

CONCLUSION

This plan is intended to provide a general guide to be used by the Board of Fire Commissioners in determining future actions and purchases for the Fire District. A review and update of the plan should be scheduled for the spring of 2015. This plan exceeds the five (5) year planning requirements for the NBFCD outlined in Florida Statute § 191.00, "The Florida Independent Special Fire Control District Act of 1997." See possible staffing options in Appendix A.

Figure 10 – Depicts the estimated annual budget for the NBFCD.

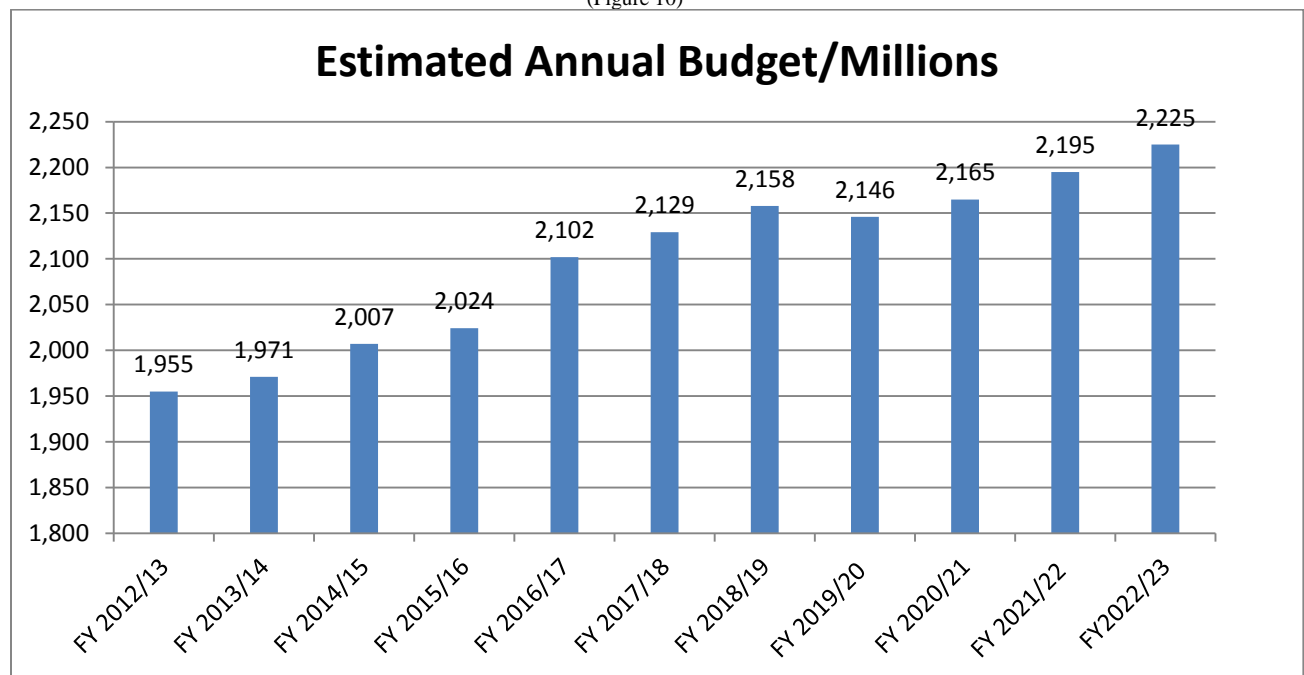
Figure 11 – Predicts the estimated annual millage rate for the NBFCD.

Figure 12 – Shows a tabulation of all expenses by category for the NBFCD.

**** This document has been developed only as a guide for management purposes ****

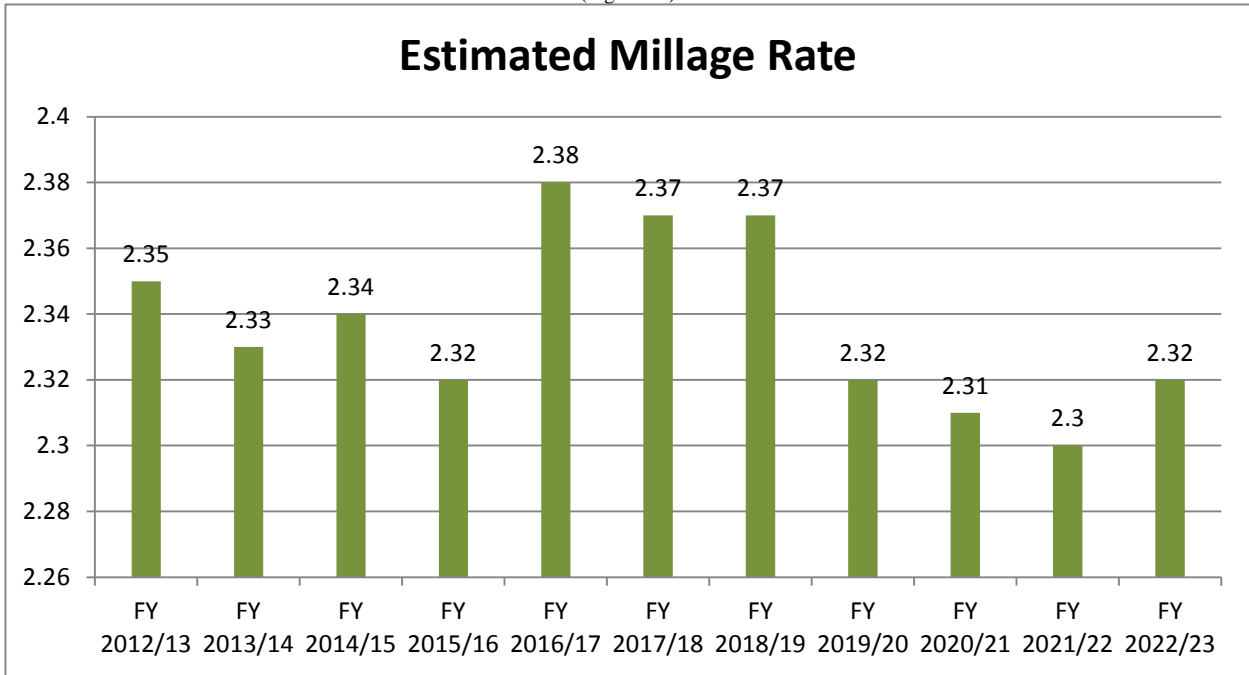
Estimated Annual Budget

(Figure 10)



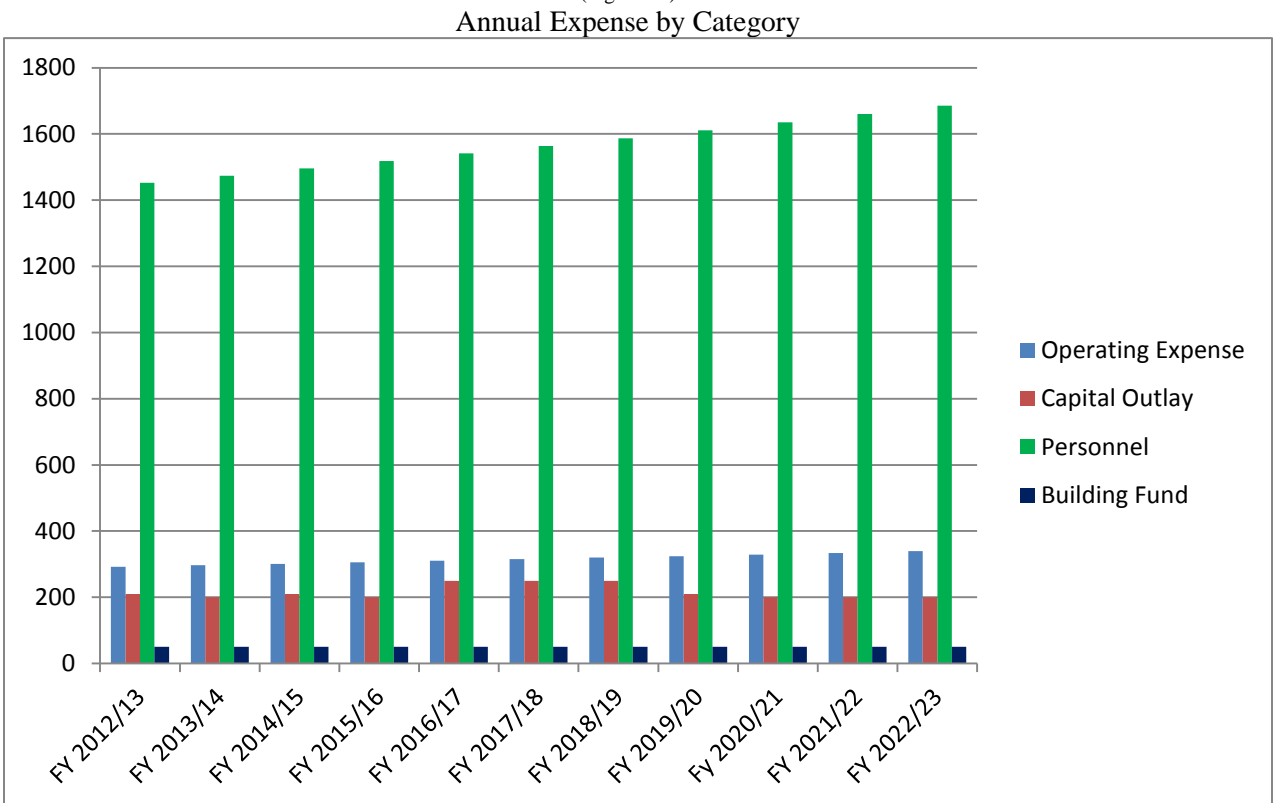
Estimated Millage Rate

(Figure 11)



Annual Expenses by Category

(Figure 12)



Appendix A

Staffing Options

Option 1

Fire Inspector / Public Education Specialist

The Addition of another Fire Safety Inspector / Public Education Specialist to handle the increased workload created by the addition of commercial businesses and the increase of public education events is anticipated.

Personnel staffing may also need to be increased to cover the district due to an increase in call volume.