

## Ocala ordinance would raise non-residential fire fees 42%

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Residential rates would increase by 1.3 percent under the propose changes. Impact fees changes are also being considered.

Even as the city of Ocala awaits a judge's decision on whether their fire service user fees are legal, administrators are asking the City Council for a steep increase in those same fees for non-residential properties.

Tuesday marked the first reading of a proposed ordinance which would raise fees more than 42% on commercial, industrial, warehouse, institutional and government properties. Residential rates would increase by 1.3%, according to the proposed ordinance.

A study conducted by Tindale Oliver for the city recommended even larger increases, including a jump of 68.9% for residential customers and more than a 137% increase for non-residential properties.

Separately, city staff also want to change how fire impact fees get calculated, increasing the one-time fee for new projects for many non-residential ventures. Under that proposed ordinance, residential fire impact fees would drop. Fire impact fees are meant to cover the cost of equipment and infrastructure needed to provide services to the new development.

In contrast, fire service user fees help cover the cost of salaries and expenses for fire suppression and basic life support services. The fees do not cover advanced life support services, which can involve the transportation of patients.

For the 2017/18 fiscal year, the city spent more than \$15.6 million in fire suppression and BLS services. The fee raised about \$8 million in the same fiscal year, according to the study.

On Tuesday, city officials did not immediately have the expected amount the new fee structure would bring in, but the proposed increase hopes to cover more of the fire suppression and BLS costs. Right now, what is not covered by the fees is paid for out of the city's general fund.

The city is currently defending the fee in court. A class-action lawsuit, originally filed in circuit court in 2014, recently went before 5th Circuit Judge Lisa Herndon, who heard arguments in the case in April and is expected to release a decision later this week.

The suit, brought by Discount Sleep of Ocala LLC and Dale W. Birch, argues the fee is an illegal tax. The city argues the fee is permissible because it provides additional benefits to those who pay and is optional because residents can opt to live outside of the city or not develop their property. Vacant land is not subject to the user fee.

The fee, which applies to about 50,000 properties with city utilities, went into effect in 2007. The last increase came in 2008. The fee for residential customers is \$171.60 and, under the proposed increase, would be \$173.90, according to staff recommendations.

Non-residential fees depend on the size of the property. For properties below 2,000 square feet, the fee will drop by 35% from \$171.60 to \$111.53. All other non-residential properties will see increases. On the lower end, a property between 2,001 to 3,000 square feet would see the fee increase from \$195.96 to \$278.83. For the largest segment, properties of more than 300,001 square feet, the fee would jump from \$23,515.08 to \$33,459.30, according to city figures.

When it comes to the one-time impact fee, the proposed fee for a 2,000-square-foot home would drop from \$386 to either \$308 or \$333, depending on which rate the council chooses. For non-residential projects, the city now charges \$176 per 1,000 square foot no matter the final use. The proposed ordinance would charge fees based on the final use. For example, a light industrial project would

pay either \$86 or \$92 per 1,000 square feet in impact fees, but a fast food restaurant would have to pay between \$1,628 to \$1,750 per 1,000 square feet, according to a proposed fee schedule.

The second and final reading of the ordinance is scheduled for June 18 at which time council is set to vote on the measure.

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