

We've recently seen projected tax bills that include an ad valorem property \$0.10 tax per \$100 assessed value in the Southeast Palo Pinto County area, what can you tell us about this?

Thanks for the opportunity to explain this, but first, a little background: Palo Pinto County Emergency Services District No. 2, the grassroots governmental entity that provides emergency medical and ambulance transport services to its citizens, was brought into existence by a vote of the residents of the District on November 4, 2014. The District was formed to provide Emergency Medical Services for the District's territory, which is in the southeast corner of Palo Pinto County and includes the communities of Santo, Brazos and Lone Camp. The District overlaps Palo Pinto County ESD No. 1, which provides fire services, first responder EMS, and other emergency services for the area as well as fire and EMS services in the remainder of the county, with the exception of the City of Mineral Wells. When first formed, ESD #2 did not set a property tax rate, also known as an ad valorem tax, and instead went to the voters for approval to collect sales and use tax within the district. The voters approved the sales and use tax and those revenues have funded EMS operations in the district to date. The district's population and businesses have grown appreciably since 2014 and EMS calls have increased. EMS calls went from 178 in 2014 to 281 last year (2020) — a 60% increase — and are expected to continue to rise in the future. The ESD pays for all EMS associated costs for the Santo Volunteer Fire and EMS Department for ambulance operations as well as the Lone Camp First Responder Organization (FRO). As calls increase, it becomes more difficult to sustain operations solely with volunteers. The ESD Board voted last year to start collecting the ad valorem property tax at .10 per \$100 of assessed value for FY 2021 to maintain and expand EMS coverage in the district and also bring in paid employees to improve services and response times for its citizens.

What has the district done to ensure EMS services continues in Southeast Palo Pinto County?

A couple of years back the district established a stipend program to defray some volunteer expenses and "incentivize" volunteer response to calls. Last year, the district began paid shift coverage to staff an ambulance around-the-clock three days a week (Thursday, Friday, Saturday), which were historically when the most calls for EMS services were received. The District recently added an additional day, Sunday to this rotation. Volunteer hours and any stipends are limited by law, and the District and the Santo Volunteer Fire and EMS Department find themselves at a crossroads as to how to maintain and increase coverage. There will be a need to recruit many volunteers, or a paid staff will be required. To date, our volunteer personnel have not increased, and have actually dropped due to their other commitments of work, family, and other factors. The District will use the property tax revenue to convert to full-time coverage for 24 hours per day, 7 days per week, 365 days per year for the District's citizens and visitors.

What else has the ESD spent its money on to date?

You will need to remember sales tax wasn't being collected until 2017 and since then the ESD has funded all ambulance and first responder operations in its area. The ESD funded a major building expansion of the Santo Fire Station to properly house EMS personnel, vehicles, equipment, and supplies. It also purchased a Heavy Rescue vehicle to provide additional capability for motor vehicle accidents and a regional capability for Hazardous Material response. The District also purchased first responder vehicles for Santo and Lone Camp, bought a new Braun Type 1 ambulance on order to replace an aging ambulance, and purchased a 2+-acre parcel of land on the Interstate 20 access road 1 block from US 281 for the construction of another EMS Station. With increased costs of vehicles, medications, equipment, and the provision of full-time EMS personnel and coverage, the District's sales and use tax no longer covers the

District's obligation to provide the highest level of emergency medical and ambulance services to its citizens.

Why purchase land there?

A large number of EMS calls (43% in 2020) occur on Interstate 20 and Highway 281. Locating an ambulance station there will reduce response times and better serve the community.

What is the significance of the 0.10 per \$100 of assessed value for ESD#2? ESD#1's ad valorem tax rate is 0.03 per \$100.

Emergency Service District's maximum ad valorem tax rates are constitutionally capped at \$0.10 per \$100 valuation. ESD#1 was formed (in the early 90's) from a Rural Fire District is capped at \$0.03. The ESD never converted to the constitutional cap when it was established and so remains at \$0.03. ESD#1 will need an election and voter approval to raise their cap, but it also has a larger tax base than ESD#2.

Why didn't ESD#2 have to hold an election to establish the tax?

When ESD#2 was brought into existence by the voters, the original board decided not to start the ad valorem tax immediately and instead sought approval to collect sales taxes for its revenue. While this has worked for the last seven years, it is not sustainable in the future. Since the ESD never imposed an ad valorem tax, it is treated as a "new" tax and not a tax increase subject to voter approval.

Why do residents in the ESD#2 area have to pay two ESD taxes?

When the voters approved establishment of ESD#2 District it was for Emergency Medical Services only. ESD#1 elected to hold on to its responsibility for fire protection and suppression services in the area. ESD#1 contracts and provides funding for those services for departments in its territory.

Who serves on the ESD boards?

The governing body is its Board of Emergency Services Commissioners, who are volunteers selected and appointed by the County Commissioners Court for two-year terms. In Palo Pinto County, they serve without compensation. The members of the Board are residents of the District, and pay all the same taxes you do, including any taxes of ESD#2.

Who has authority over the ESD Boards?

Emergency Services Districts are separate political subdivisions of the State of Texas, like Palo Pinto County, cities, and school districts. ESDs are governed by Texas law, and are responsible for complying with requirements of various state agencies, including the Texas Comptroller, the Texas Department of State Health Services, and other governmental entities. All decisions of the District are made by the Board of Emergency Services Commissioners are made at public meetings and must comply with Texas Open Meetings Act requirements.

ESD#2 Planning

ESD#2 has and will continue to plan for future growth in the SE area of Palo Pinto County. Palo Pinto County has grown in all areas, and continues to gain momentum. The District is particularly attractive to new residents and visitors due to its proximity to the Fort Worth area, enabling individuals to commute to work while enjoying our country lifestyle.

An interview with Palo Pinto County ESD No. 2 Board member

Based on the number of new homes and property sales that have been growing for the last 2 years, and continued subdivision of larger properties in the District into smaller parcels for multiple homes, ESD#2 anticipates continued growth in this area and must plan for the additional need of emergency services growing at current or accelerated rates. The board continues to plan for the future to ensure that all citizens of Palo Pinto County Emergency Services District No. 2 will have continued and improved emergency medical and ambulance services when they are required. All expenses of the District are increasing due to regulatory, equipment, personnel, and other costs, as well as the growing population of the area.

This is why the District's Board has made the difficult but necessary decision to levy an ad valorem tax in the future to assure not only the continued level of emergency medical and ambulance services you expect, but to improve and enhance these services by obtaining paid, full-time coverage and improving the equipment and capability of the District to provide these services well into the future.