

## Emergency Services District No. 5 Fact Sheet:

*The Caldwell County Commissioners ordered an election on the creation of ESD No. 5 for Tuesday, November 7, 2023, in response to a petition circulated by county residents regarding the establishment of a county-wide EMS. The City of Lockhart drafted the following FAQ (frequently asked questions) to provide information on the proposed ESD No. 5 in relation to city emergency services.*

- **What is an ESD?**
  - An Emergency Services District (ESD) is a political subdivision of the State of Texas established pursuant to Chapter 775 of the Texas Health and Safety Code, similar to a School District, Library District, or Hospital District.
- **What does an ESD do?**
  - Depending on the ESD's creation agreement, an ESD can provide fire protection, emergency medical services, or both.
- **Why form an ESD?**
  - The creation of an ESD provides for funding of local fire, EMS, and other emergency services by generating revenue for those purposes and by spreading financial responsibility beyond one or more governmental entities.
- **How are ESDs funded?**
  - ESDs are allowed to levy ad valorem (property) tax of up to \$0.10 per \$100 of property valuation according to the Texas Constitution. The ESD's creation documents establish the district's initial tax rate of \$0.10 or less.
  - ESDs may also collect sales tax, provided an election is held and voters approve. In Texas, 8.25% is the maximum allowed sales tax rate, of which the state collects 6.25%, leaving 2% available to eligible local jurisdictions, including ESDs. An ESD may collect anywhere from .125% to 2% of the local sales tax rate depending on availability and subject to voter approval.
  - ESDs are also allowed to bill for services provided, such as emergency medical services or fire protection, if it so chooses.
- **What is ESD No. 5?**
  - The proposed ESD No. 5, if approved by voters, will operate emergency medical services for Lockhart and the rest of Caldwell County by providing EMS response in Lockhart and the unincorporated parts of the county.
- **Why is the creation of ESD No. 5 proposed?**
  - Beginning in 2015, the City of Lockhart contracted with the Seton Family of Hospitals for EMS services. That contract expires October 1, 2023, at Seton's option, meaning another means of obtaining EMS services is required.
  - In response, a group of Caldwell County residents circulated a petition to create a new EMS to provide EMS emergency service district for the entire county. After the petition collected the required number of signatures from registered voters/property owners and consent from affected municipalities, including Lockhart, it was presented to Caldwell County Commissioners. The County held a public hearing on the petition, which subsequently led to Commissioners ordering an election on the creation of ESD No. 5, which is scheduled for Tuesday, November 7, 2023.

- **Why create ESD No. 5?**
  - The establishment of ESD No. 5 will provide funding of local emergency services and can enable the ESD to purchase ambulances and hire emergency medical personnel.
- **How will the proposed ESD No. 5 be funded?**
  - If voters approve the creation of ESD No. 5, the new EMS district would levy up to 10 cents per \$100 property valuation tax (the State Constitution maximum) to make a steady stream of revenue available to provide emergency services.
    - For example, if your property is valued at \$100,000, you will pay \$100 annually to the ESD.
      - Formula:  $property\ value \times 0.10/100 = ESD\ No.\ 5\ tax$
- **What does the creation of the proposed ESD No. 5 mean to existing police and fire departments?**
  - ESD No. 5 will provide only emergency medical ambulance services and associated emergency medical services. Operations for existing ESDs, police and fire departments, including Lockhart Police and Fire Departments, will otherwise remain the same.
- **How will the creation of ESD No. 5 affect Lockhart's current EMS?**
  - Because the City's ambulance services contract with Seton ends on September 30, 2023, Lockhart EMS will transition into a department within the City of Lockhart. If voters approve the creation of ESD No. 5, Lockhart EMS will become part of ESD No. 5, thereby expanding its jurisdiction to cover the entire county.
- **Is the proposed ESD No. 5 an extension or department of the City of Lockhart?**
  - No, it will be an independent government entity, as provided by statute.
- **Who will be in charge of the proposed ESD No. 5?**
  - In Texas, a board of five commissioners governs each ESD. By statute, the County Commissioners Court will appoint the commissioners to two-year terms.
- **How will ESD No. 5 maintain accountability and transparency?**
  - As a governmental entity, the proposed ESD No. 5 is subject to the Texas Open Meetings Act, the Texas Public Information Act, and other laws intended to ensure accountability and transparency. Pursuant to the Texas Health and Safety Code, ESD Board members are required to meet at least once a month and to submit an annual report to the Texas Division of Emergency Management.
  - Financial accountability/transparency:
    - ESDs are typically required by law to file an audit with their County Commissioners Court by June 1 of each year. If the audit is not filed by Sept. 1, the President and Treasurer of the ESD board are automatically removed from their offices.
    - If an ESD meets certain requirements, it may be allowed to file certified financial statements instead of an audit. This exception exists for smaller ESDs that would have difficulty affording an exhaustive audit process.
    - Because ESDs are political subdivisions, they must also comply with all *Truth-in-Taxation* requirements—which requires local taxing units to make taxpayers aware of tax rate proposals and to afford them the opportunity to limit tax increases, as stated in the Texas Constitution.
- **If voters approve the creation of ESD No. 5, how long will it take for it to be established and operational?**
  - If creation of the ESD receives voter approval, the appointment of the ESD's Board of Directors, the setting of its tax rate, the hiring of emergency personnel, and the purchasing of equipment is expected to cause ESD No. 5 to be operational by January 2025.
- **Can the ESD's tax rate be frozen?**

- No. Although Texas homeowners over 65 are entitled to freeze the amount of school taxes they pay, that option applies only to school districts.
- **Can the ESD No. 5 Board of Directors grant local option property tax exemptions for homesteads, over 65 and disabled homeowners?**
  - Yes, an ESD Board may collect taxes according to its locally enacted policies.

*If you have any questions regarding ESD No. 5, please contact the **City of Lockhart's Public Information Officer**, Victoria Maranan, at [vmaranan@lockhart-tx.org](mailto:vmaranan@lockhart-tx.org) or calling **(512)398-3461**.*