



POLK COUNTY FIRE DISTRICT NO.1

1800 Monmouth St., Independence, OR 97351

Phone: 503-838-1510 Fax: 503-838-1235

Ben Stange, Fire Chief

Central Fire Station
Station #90
1800 Monmouth St
Independence

Airlie
Station #80
14775 Airlie Rd
Monmouth

Pedee
Station #70
12485 Kings Valley
Monmouth

Buena Vista
Station #40
11350 Church St
Independence

May 22, 2018

Budget Message and Transmittal Letter for Fiscal Year 2018-19

To Polk County Fire District No.1 Board of Directors, Budget Committee, Patrons, and Members,

It is an honor to present for your consideration the Polk County Fire District No.1 Budget for Fiscal Year 2018-19. This Budget, like previous Budgets, has been constructed through the collaboration of many members of the District. I would like to thank all those who played a part in this process. As always, our Office Administrator Susan Shepard has been indispensable in the budgeting process.

Before I address the financial status of the District and highlight some of the changes in this year's Budget I would like to take a moment and explain the Fire District's budgeting to those who may be picking up this document for the first time. In order to understand the area we protect, the services we offer, the way we staff, and the way we are governed, I would encourage you to read the page titled, 'District Demographics and Profile.'

Our Budget is comprised of six Funds.

1. General Fund: The General Fund includes resources from taxes and other sources, mostly ambulance service revenue. The expenses within the General Fund are the Personnel Services (wages and benefits) and Materials and Services. The General Fund also includes Capital Outlay and Debt Service.
2. Equipment Reserve Fund: The purpose of the Equipment Reserve Fund is to hold resources from year to year in order to save for purchases of apparatus and expensive equipment. The District uses an Equipment Replacement Plan to anticipate expenses from this Fund.
3. Grant Fund: From time to time the District receives grants. This Fund is set up to track grant resources and expenditures of the grants we receive.
4. Mark and Mildred Laudahl Fund: The Laudahls were loyal residents of our District and left a generous donation to the Fire District. This Fund accounts for the earned interest from the donation and expenditures incurred in their honor.
- 5 & 6. Bond Capital Projects Fund and Bond Debt Services Fund: In 2014 the Fire District passed a two-million dollar Bond. These Funds track the resources, expenditures, and repayment scheduled from the bonds.

Our Budget is a public document – it is, after all the public's money. The District presents the Budget to our Budget Committee for review, deliberation, and approval. These are public meetings where public comment is always welcome. After approval from the Budget Committee, a Budget Hearing will be held. Following the Budget Hearing, the Budget will be presented to the Board of Directors for adoption by resolution. A complete schedule of the budgeting process is included in your Budget materials.

"Serving Because We Care"



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Before introducing the 2018-19 Budget, I'd like to review the 2017-18 Budget passed by the Committee and approved by the Board. The 2017-18 Budget provided several opportunities to improve our uniforms and personal protective equipment. The Budget also heavily emphasized supporting our personnel by keeping them healthy both physically and mentally. Part of this was budgeting to expand and improve the fitness room with resources from the Laudahl Fund. The project was completed and is a great benefit to all our members, both paid and volunteer. The expansion of the fitness facilities also sparked a new exercise incentive. We now have special athletic t-shirts that are not given, but earned through participating in an athletic competition. We had 17 members compete in events supporting physical health and comradery. Last year, recognizing the importance of supporting the mental health of our members, the Budget also allowed for enrolling all of our Volunteers into the Employee Assistance Program. As soon as the new Fiscal Year started we immediately signed them up – and the timing was unfortunately fortuitous. It was a rough summer for many of our folks as a result of a string of tragic calls. I know several of our members have utilized the program, which is anonymous. There are also a couple items that were budgeted to purchase from the Equipment Reserve Fund that we did not purchase including a new grass rig and an unmarked passenger car. On the revenue side of the Equipment Reserve Fund, the District ended up selling \$7,000 worth of no longer needed surplus items. Although in the grand scheme of the Budget, \$7,000 does not account for much, it is a testament to the commitment the District has to ensuring the public's money is always fully leveraged.

As we approach the end of Fiscal Year 2017-18, we expect to collect an estimated 4.7% more in taxes than in the previous year. The revenue from other sources is also higher than in the previous Fiscal Year. There are two reasons for this. First, after three consecutive years of essentially no change in ambulance service revenue, by the end of the current Fiscal Year we expect a 15% increase over last year. While this is certainly helpful to the Budget, it is also notable when projecting forward that the year following double-digit increases in ambulance revenue typically sees a reduction in revenue. The second notable source of revenue this year is reimbursement for state mobilization. The District will receive a total of \$192,000 for mobilizations in Fiscal Year 2017-18. A majority of this revenue goes to reimburse personnel whom the District has already paid for their services. The District will receive a total of \$65,000 in reimbursement unrelated to personnel costs for the use of our equipment and apparatus.

By the conclusion of Fiscal Year 2017-18 our personnel expenses will have increased by 14%. There are several reasons for this. The first and most significant reason representing nearly 40% of this increase is the personnel cost related to state mobilizations. The State reimbursed 100% of this expense (a portion of the \$192,000 referred to earlier). The second reason for the increase in personnel services is that in the previous Fiscal Year we were not fully staffed for the entire year. The third reason was the PERS rate increases which were already budgeted for. This biennium Tier 1 and 2 employees' rates increased by 14% and OPSRP employees increased by 22%. The final reason for the increase was due to a 30% increase in overtime expenses unrelated to mobilizations. This was caused by multiple members having to take several weeks off work on sick time. This issue is being addressed to help reduce this exposure in the future.

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The spending on materials and services in Fiscal Year 2017-18 increased by 10%. However, this increase includes the wages paid to Volunteers who deployed on mobilizations as well as wildland personal protective equipment which was purchased because of the reimbursement that the District received from the deployment. Once the expenses from state mobilization are carved out (having been recouped by the State as a part of the \$192,000), our materials and services spending increased by 3.5%. This falls within a reasonable rate of growth.

Looking on to the 2018-19 Budget, as this Budget is being prepared, the result of Measure 27-128 (the renewal of a five-year local option levy for emergency service operations) is unknown. Regardless of the result, the District will continue to collect on its current \$.19 cents per \$1,000 of assessed value operating levy during Fiscal Year 2018-19. If the Measure passes, the Fire District will continue to collect the same rate for five additional years beginning in Fiscal Year 2019-20.

The District remains financially stable with no outstanding debt. The stability can be demonstrated in the fact that if the renewal of the operation levy fails, while there may be reductions in staffing during some times of the week, there are no layoffs expected.

In the event the levy fails, the two main impacts will be the inability to hire-back staffing during certain hours when employees are sick or on vacation. The other main impact would be the inability to fund the Equipment Replacement Plan as projected. There will be other reductions throughout the Budget in the coming years to ensure materials and services spending does not increase.

In last years' Budget Message, two of the threats noted were the need for an additional Firefighter/Paramedic as well as a Fire Marshal. In the event the levy passes, the District will hire one additional full-time Firefighter/Paramedic and move the two "daytime" Firefighter/Paramedics to 24-hour shifts. This will result in staffing of four shift personnel 24 hours a day, 7 days a week (84 more hours than we currently provide). In addition, the District will hire a part-time Fire Marshal to lead inspections, new construction review, public education, and fire investigation. The full-time Fire Marshal who was responsible for these areas was laid off in 2012 due to lack of funding. Lastly, the passage of the levy would result in being able to meet the minimum needs of the Equipment Replacement Plan through the life of the levy.

The two known threats in the coming Fiscal Year are the result of Measure 27-128, the result being unknown at the time the Budget is prepared, as well as Union negotiations, which the District is currently involved in. There are no other known financial threats in the coming year. There are, however, both known and potential threats in the next several years. PERS is an issue that most Oregonians are familiar with. In the 2017-18 Fiscal Year we experienced a large PERS increase. These rates change biannually so there will be no new increases in Fiscal Year 2018-19. We do know, however, that in the next biennium we will see similar increases as we did in 2017-18. There has been legislation to provide a way for employers to 'pay down' their future PERS rates with a 25% match from the State. This is only for employers with over 200% PERS liability to payroll. Polk County Fire's liability is only



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166% of payroll so the District does not qualify for this program. Last year we experienced a decrease in health insurance premiums and this year our rates will increase by less than 2%. While this is a great relief, it is not reflective of the rest of the marketplace. With some others still experiencing double-digit increases, we must continue to keep a close eye on our insurance coverage. The District's worker's compensation rates will be increasing. It is expected that workers compensation rates will continue to increase in the coming years both specific to our District as well as in our industry as a whole.

Both a threat and a potential opportunity are the conversations happening with surrounding Fire Districts and Departments regarding consolidating services. Consolidating services can be a great benefit. However, they also introduce threats such as private ambulance services coming to the area.

At the root of training in the fire service is a basic belief that *'service excellence is being very good at the basics.'* We use the same principles when budgeting. For several years now, the District has focused less on grand projects and more on ensuring that we continually service and update our apparatus, personal protective equipment, and facilities. In order to ensure that we have the equipment we need, it is in service, and it gets the maintenance it needs when it needs it, we are increasingly relying on technology. Last year in the Budget we expanded our Emergency Reporting System subscription. We have also sent employees to training on the system. The program allows us to inventory, track, schedule repair, and schedule replacement of all types of equipment including apparatus, personal protective equipment, uniforms, and tools. We have applied for a 50/50 matching grant to hire a summer intern to help input data to get the system working well.

As a general note, looking back at the previous decades, the amount of money spent on technology has increased greatly. In addition to tracking our resources, we use technology to do everything from ensuring we are fulfilling our Standard of Cover, to doing fire inspections and medical charting, to notifying our Volunteers of emergency calls and scheduling employees' work schedules. All combined, our servers, internet, cell service, computers, software, MDT's, and all other technology expenses represent nearly 10% of our spending on materials and capital outlay. I believe technology helps us fulfill our mission more consistently and predictably. In the coming decade there will be a drastic expansion of tools the District will have access to. These tools represent opportunities and expenses that were unexpected twenty years ago.

The only major expenses proposed in the 2018-19 Budget are out of the Equipment Reserve Fund and the Laudahl Fund. In the coming 2018-19 Fiscal Year, the District plans to make three purchases from the Equipment Reserve Fund. The first is for an ambulance remount. The ambulance's current chassis has over 175,000 miles on it. The other two purchases are two vehicles that were deferred last year. The first, a light brush/mini-pumper was deferred due to both a reconsideration of how the unit could be used outside of wildland response as well as difficulties with a potential vendor. The other deferred purchase was for a non-emergency vehicle. The District spent time off and on throughout the year looking for a fuel



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efficient, reasonably priced, lightly used passenger car. We never located one and this year slightly increased the budgeted amount.

There are two major purchases from the Laudahl Fund. The first is to begin the two-phase replacement of bay doors at our Central Station 90. Station 90 is over 25 years old and so are a majority of the bay doors. The tracks, springs, and doors are slowly giving out and repairs are constant and expensive. In the previous Fiscal Year alone the District spent nearly \$6,000 in maintenance and repairs to the bay doors at Station 90. With the money in the proposed Budget, the District will be able to purchase bay doors with new tracks and springs for a majority of Station 90 with the remaining 30-40% of the project next year. The District will be able to purchase new doors to update the look and make the Station feel more open and a part of the community to those passing by.

The second major project is the construction of a new modular home on Station 90's property. When the station was built, there were six Student Residents and zero career staff sleeping upstairs. Today there are nine Student Residents and three to four career staff in the same quarters. To resolve some of the issues with overcrowding the Board looked at purchasing the home next door to Station 90. The Board decided against the purchase but recommended engineering the area where the shipping containers currently are to hold a modular home. The home would house Student Residents when not on-duty. After exploring several options for homes, we believe we have found one that will meet the current needs of the District and the Residents who will be housed in it. The money for this project will come from the Mark and Mildred Laudahl Fund. In their lives the Laudahls raised over forty foster children. We believe that supporting more young adults pursuing a career in emergency services would honor their memory.

Our Budget is like many other Budgets. After items like wages, benefits, utilities, insurance, fuel, maintenance, and a host of other expenses, there isn't a lot left over. We are focusing on maintaining a consistent Budget that accounts for annual upkeep from preventative building and apparatus maintenance to information technology, uniforms, and personal protective equipment. We believe that in stable economic times it is important to consistently invest in upkeep to avoid dramatic and urgent budgetary needs. As was noted before, *'service excellence is being very good at the basics.'*

I would like to thank District patrons for taking interest in the Fire District and our Budget. I would like to thank our staff for all the help and input in the budgeting process, and I would like to thank the Budget Committee and Board of Directors for your time and your thoughtful consideration of this Budget.

Respectively Submitted,

Ben Stange
Fire Chief