



## **POLK COUNTY FIRE DISTRICT NO.1**

1800 Monmouth St., Independence, OR 97351

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

Ben Stange, Fire Chief

May 25, 2021

### **Budget Message and Transmittal Letter for Fiscal Year 2021-22**

Polk County Fire District No.1 Board of Directors, Budget Committee, Members of the Public, District Staff, and Volunteers,

It is an honor to present for your consideration the Polk County Fire District No.1 Budget for Fiscal Year 2021-22. 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, our method of staffing, 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, mainly ambulance service revenue. The expenses within the General Fund are Personnel Services (wages and benefits), Materials and Services, Capital Outlay, and Debt Service.
2. Equipment Reserve Fund: The purpose of the Equipment Reserve Fund is to set aside 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 needs from this Fund.
3. Grant Fund: From time to time the District receives grants and this Fund is set up to track grant resources and expenditures.
4. Mark and Mildred Laudahl Fund: The Laudahls were loyal residents of our community 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 Service Fund: In 2014 the Fire District passed a two-million dollar Bond. The Bond Debt Service Fund tracks the repayment schedule. All expenses of the Bond Capital Projects Fund have been complete.

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 and public comment is always welcome. After approval from the Budget Committee a Budget Hearing is held, then the Budget is presented to the Board of Directors for adoption by resolution. A complete schedule of the budgeting process is included in your Budget materials.

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



## ***POLK COUNTY FIRE DISTRICT NO.1***

**1800 Monmouth St., Independence, OR 97351**

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

**Ben Stange, Fire Chief**

Before introducing the 2021-22 Budget, I'd like to review the 2020-21 Budget.

When 2020-21 Budget was being created, we were still within the first few months of the COVID-19 pandemic and there were many unknowns when it came to what the year would look like. When the Budget was created, it was noted that if transports didn't pick back up to their pre-pandemic levels, we could see a drop in EMS transport revenue of approximately \$200,000. Call volume picked back up during the summer but we saw another major drop in transports when infection rates climbed this past winter. Overall transport revenue will end the year still below the 2018-19 Fiscal Year, the last year unaffected by COVID-19. Thankfully, the Ground Emergency Medical Transportation (GEMT) program which, reimburses some ambulance providers for a portion of the uncollected revenue from Medicaid, was retroactive to 2017. As a result, we received several years worth of retroactive GEMT payments which has helped alleviate some of the impacts of decreased ambulance transport revenue.

We were also incredibly concerned with the impacts a looming financial crisis would have on revenue from property taxes. As we are all now keenly aware, the rate of growth and increase in value has seemed at times inversely reactive to other factors in the economy.

The District was aggressive in pursuing federal assistance in response to COVID-19. Within Fiscal Year 2020-21 the District was reimbursed \$256,000 in materials and personnel costs.

These factors, GEMT, stability in property values, and federal assistance, all combined to maintain a reliable source of revenue throughout the Fiscal Year.

As for expenses, there was one major personnel change budgeted for in the 2020-21 Budget. After 18 years of service to the District, Office Administrator Susan Shepard decided that she would retire at the conclusion of the Fiscal Year. In anticipation of her departure, we conducted a successful hiring process and are very pleased that Stephanie Hale accepted a job offer for the position. The 2020-21 Budget was developed in a way that would offer overlap between Susan's departure and the onboarding of her replacement.

There were no purchases made out of the Equipment Reserve Fund in Fiscal Year 2020-21. We continued to make improvements on the Airlie and Pedee stations. By the conclusion of the Fiscal Year, both of these stations are scheduled to have been painted, had roof maintenance, and had both new energy efficient lights and heaters installed. The rural stations are also getting new signs and Station 90 is in the process of installing an electronic reader board.

As far as equipment, once again we have managed to ensure that every vehicle, every ladder, and every foot of hose has been tested and certified to meet NFPA standards.

As far as Fiscal Year 2021-22, we are reminded of the fact that like 2020, we never know what the new year might bring, but we do our best with the information that we have at the time. With property values stable, we expect our tax resources to increase by slightly over

***"Serving Because We Care"***



## ***POLK COUNTY FIRE DISTRICT NO.1***

**1800 Monmouth St., Independence, OR 97351**

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

**Ben Stange, Fire Chief**

4%. We are also hopeful that our ambulance transport revenue remains stable. However, now that the prior years of GEMT have been paid, we will not be receiving multiple years of GEMT payments as we had in 2020-21.

There are several items to note in the expenses for 2021-22. The first is that we are not budgeting to add any staff. We do however, have an increase in expenses related to part time personnel. We have had an increasingly difficult time fulfilling the staffing needs of the District through overtime and increasingly need to rely on part time personnel. We also anticipate a potential need for part-time personnel related to a limited duration medical leave by one of our employees. Within the professional services line item we are also budgeting for a consulting contract with our former Office Administrator to assist with the 2020-21 audit along with other specific projects through October.

Throughout the comprehensive and liability insurance market, reinsurance has gotten extremely expensive. In some instances, deductibles have risen 600% due to factors including cybersecurity as well as large natural disasters with enormous losses over large geographic areas. Since 1980, the average number of one billion dollar disasters per year has been seven. In 2020, we saw a record 22 of these events. We have gotten somewhat “lucky” with a rate increase of “only” 15%. Insurance costs are growing at a fast rate with an increasing number of exclusions, one of the latest being a nearly industry-wide communicable disease exclusion. We can expect to see this as an emerging issue in the coming years.

One welcome piece of news on the expenditures side is the fact that for the second year in a row, the cost for our dispatch services will see a decrease. This is due to the cell phone tax passed in 2019.

Our anticipated expenditures from Capital Outlay include generators for rural stations in order to improve resiliency. This need was highlighted by the 2021 ice storm. We also need to replace the 30 year old windows on the bottom story of Station 90, some of which are showing rot. As we transition back to in-person meetings, we intend to continue utilizing technology so we have budgeted for the purchase of a new training room screen so that we can continue to stream Board meetings and trainings events.

This year we anticipate several expenses from the Equipment Reserve Fund. The first is a new ambulance. The patient compartment on our International chassis was originally purchased in 2008 and has already been rechassied once. The box is old and heavy and the unit has been out of service frequently with mechanical issues. We have had a very good experience with our Ford ambulances which have been extremely reliable and offer a more comfortable, quiet ride for both the patient and the medic. In addition to the ambulance, one of the battery powered gurneys is due to be replaced. We own three of these, and even with annual maintenance, at 13 years old it has reached the end of its reliable life.

There are two additional items in the Equipment Reserve Fund that I’m hopeful we will receive through grants. This past winter we applied for grants for three cardiac monitors and



***POLK COUNTY FIRE DISTRICT NO.1***

**1800 Monmouth St., Independence, OR 97351**

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

**Ben Stange, Fire Chief**

three mechanical CPR devices. We hope to know soon if we receive these grants but in the event we do not, we would like to purchase them from this Fund. Two of the District's heart monitors are no longer supported by the company and parts are difficult to get. The District would like to purchase three monitors with newer technology so that all three ambulances can carry the most up to date monitors and the others can be moved to vehicles that are not primarily used for patient care. Mechanical CPR devices offer better CPR with less manpower – something particularly important to organizations short on staff like ours.

We expect to continue to support this Fund with annual deposits of \$75,000. Two years ago, when the District pursued an operating levy, the Board decided to fund it in a way that we would be able to meet our non-fire apparatus related needs through the life of the levy. This would include purchases of ambulances, staff vehicles, radios, heart monitors, gurneys, air packs, etc. The Board has consistently committed to putting one-time revenue into this Fund when possible. In May, the Board made another transfer into the Fund and as a result, with annual deposits of \$75,000, we will likely be able to fulfill the non-fire apparatus related needs of the Fund through 2029-30. Obviously, fire apparatus is still an essential need for the District and we will continue to build a plan on addressing these very expensive needs.

Last year the Budget Committee approved using money from the Laudahl Fund for the purchase of an electronic sign at Station 90. The District has a contract with a company who is currently working on it. We have already paid for a portion of the sign from the 2020-21 Budget but are budgeting for the remaining needs in order to complete the project.

The District has budgeted an unappropriated ending fund balance of \$1,086,000. This is the money needed to operate from July through November when a majority of our taxing revenue is received. During this time, we continue to have all our regular expenses but the largest portion of our revenue for the year, taxes, have not yet been received.

We will retain a contingency of \$50,000 however, this is a smaller contingency than what is recommended. The Government Finance Officers Association, Oregon League of Cities, and Special District Association of Oregon all recommend a contingency of 5% - 8% the Fund. Our budgeted contingency is just under 1.25%.

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,

A handwritten signature in black ink that reads "Ben Stange". The signature is written in a cursive, flowing style.

Ben Stange, Fire Chief

Polk County Fire District No.1