



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 11, 2023

Budget Message and Transmittal Letter for Fiscal Year 2023-24

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 2023-24. 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 the process. I'm particularly grateful for the incredible work Stephanie Hale has put into this year's Budget.

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 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



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Before introducing the 2023-24 Budget, I'd like to review the 2022-23 Budget.

Revenue was stable in fiscal year 2022-23. Each year, we consult with the County Assessor to gauge what the expected growth rate of our community may be. For fiscal year 2022-23, we used a 5.00% increase in assessed values in Polk County. The actual growth rate ended up being slightly higher at 5.64%. However, the Urban Renewal Districts (URD's) in Monmouth and Independence grew at a rate of 19.14% which accounted for a disproportionate total of the community's growth. As a result, the assessed value that we are able to tax on increased by 4.63% after the URD's were excluded. While in the long-term, we will eventually be able to collect our full permanent rate from these properties, we lost approximately \$197,000 to the increment retained by URD's in fiscal year 2022-23.

Our ambulance service revenue (the second largest source of revenue for the District) was stronger than expected. This was the third year that the District has contracted with our ambulance biller to participate in the Ground Emergency Medical Transport (GEMT) Program. While revenues have been strong, I am constantly warned that the program is dependent upon the Federal Government and State of Oregon continuing to support it and urged to use caution when depending upon this funding in the future.

The largest planned expenditure in fiscal year 2022-23 was on two additional personnel. In February of 2022, we applied for additional personnel from the Staffing for Adequate Fire and Emergency Response (SAFER) Grant. We deferred hiring the new employees until later in the year in order to see if we would be successful in funding the positions through the Grant. We were not successful in the SAFER Grant but were provided a similar opportunity through Oregon's Office of the State Fire Marshal (OSFM). We hired one of the two additional personnel included in the 2022-23 Budget and continued to hope for additional staffing through the OSFM Grant. We discovered at the beginning of May, 2023 that we were unsuccessful in that Grant as well. We have deferred moving forward with the second additional hire budgeted in 2022-23 until we learn the results of the District's pending operating levy.

We did receive several grants in 2022-23. The most impactful was a seasonal staffing grant from the OSFM. This provided \$35,000 for additional staffing during the fire season. We used the money to hire volunteers as paid Firefighter/EMT's. The funding allowed us to add an additional Firefighter/EMT to the shift for twelve hours a day, seven days a week, from June 26th through October 25th.

We were also successful in a grant for Automated External Defibrillators (AED's). We submitted a grant to the Spirit Mountain Community Foundation on behalf of Monmouth Police, Independence Police, Central School District, and ourselves, for thirty-seven AED's that are now deployed in our community.

The ambulance that was budgeted for in 2022-23 was delayed once again.



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As Budgeted, the Laudahl Fund supported the construction of a memorial garden at Station 90. There are stones commemorating some of our members who have passed away. The garden was completed twenty years after the line of duty death of Captain Tom Kistler, one of those commemorated in the space.

There were no large unanticipated expenses in fiscal year 2022-23.

In last year's budget message, I explained that it was becoming "inescapable that our staffing levels are not fulfilling the demands on response." I went on to emphasize that in the month of April, 2022 we responded to an "incredible" 285 calls for service. We went on to run over 285 calls for service in every month for the rest of 2022.

As the Budget Committee and public receive this Budget, there is a levy on the ballot. The levy would allow the current \$0.19 cents per \$1,000 levy to expire after fiscal year 2023-24 and replace it with a 5-year, \$0.78 cents per \$1,000 levy beginning in fiscal year 2024-25. A majority of the increased revenue would be directed to increase staffing to absorb the increase in call volume.

The 2023-24 Budget, however, will not be altered based on whether or not the levy passes. We will continue to collect at a levy rate of \$0.19 cents per \$1,000 for the coming fiscal year and the 2023-24 Budget reflects that spending. If the levy fails, some of the purchases and additional staffing may be deferred, but it will not require a separate budget.

THE 2023-24 BUDGET

GENERAL FUND

Revenue

We enter fiscal year 2023-24 in a slightly better position than we entered 2022-23. We are anticipating another year of stronger than average increases in property value assessments due to continued growth in the community. Like in 2022-23, we expect an overall increase of around 5%. However, similar to 2022-23 we expect a disproportionate amount of this growth to be in the urban renewal districts where we anticipate an uncollectable increment of \$233,000. We also increased our budgeted ambulance service revenue by 5%.

GENERAL FUND

Personnel Services

Our administrative staff will remain unchanged, with two Division Chiefs, a Deputy Chief, Fire Chief, Office Administrator, and part time Office Assistant. Our personnel budget also reflects retaining four shift personnel twenty-four hours per day (a total of twelve employees) along with two other line-staff personnel for a total of fourteen.

Although the employee benefits for 2023-24 appear unexciting, it is notable that for the first time in my time as a Fire Chief, premiums for medical plans actually decreased very slightly



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for the coming year. We still expect a slight increase in expenses but for reasons we can be excited about – that our employees are getting married and growing their families.

GENERAL FUND

Materials & Services

A few years ago, I spoke to the Budget Committee about the need for the District to keep up with emerging technologies. Changes in the way we interact with technology through operations is reflected in this year's Budget. Account 6022 – Operation Software Systems, was created this year. The items in this account were all being paid from various parts of the Budget but by combining them into an account specific to the software we need to respond to calls, we are better able to capture what the cost is and evaluate the impact any future changes in software systems would have on the Budget.

The largest increase in spending is in the Ambulance Billing Service account. The primary reason for the increase is that having participated in the GEMT program for a number of years now, we are able to better predict what the agency fees will be for participation. This number has been underestimated in previous years. The fee represents a portion of the total funds received back from the GEMT program, so the more money the District pays in claim fees, the more the District gets back in revenue.

Another notable increase is in Other Professional Services. Payroll has been removed from this Account. In late 2022, our payroll service notified us that they could no longer service our account. Our Office Administrator got to work on learning how to run payroll internally and it is now a process that is performed in-house. We did, however, add a new item to this account. Whether the levy passes or fails, one thing is inevitable, there will be change. We have budgeted to hire an outside consultant to assist in strategic planning as we explore what those changes may be and how they may impact our people and our community.

Last year, I highlighted the drastic increase in insurance costs. While the market remains very challenging, we consider ourselves fortunate to experience only an 8% increase over last year – a number far below what many local governments are experiencing. Unfortunately, next year it is likely that our insurance provider will not be able to provide longevity credits due to investment downturns and retained earnings dropping below their target range.

This will be the fourth year that the District has participated in the Length of Service Awards Plan (LOSAP) for volunteers. This year, like each other year, we are increasing the amount the District contributes. The District is also setting aside funds to assist in the costs incurred for volunteer appreciation events such as the annual banquet and holiday party.

GENERAL FUND

Capital Outlay

We have a few projects under Capital Outlay. In the event we hire additional staff, we will need to provide wardrobes where they can keep their bedding, uniforms, etc. We also need to

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replace the water heater at Station 40 and will replace it with an on-demand water heater due to its infrequent use. We will use that opportunity to also install a generator that will allow the community of Buena Vista to use the fire station as a place of refuge during a disaster.

Over the next few years, the District will need to replace eighteen computers that will not be able to support the new Microsoft operating system once it becomes available in October of 2025. We will begin the process of replacing some of these computers during the 2023-24 fiscal year and will continue with the computer replacements over the coming years.

EQUIPMENT RESERVE FUND

This is the third year that we have budgeted to purchase the same ambulance. In 2021-22, we started the process with the Budget Committee and Board having approved the spending. It was clear from the onset that supply chain issues would prevent it from being completed within that fiscal year so it was no surprise that we had to budget for it once again in 2022-23. We are hopeful that we will finally receive the unit in the late summer of 2023.

We have also budgeted to replace the current “Duty Rig” that our Duty Officers use for response. The vehicle is not ideal for the tasks performed by the District’s Duty Officers and the Fire Marshal currently uses a pickup with multiple mechanical issues. Under this plan, the Fire Marshal will begin using the current duty rig as their main vehicle and the District will find a vehicle more suitable for the Duty Officer role.

This Fund continues to be financed with around \$75,000 per year from the General Fund with the goal of being able to cover the costs of equipment and vehicles that do not have a fire pump through routine transfers from the General Fund.

GRANT FUND

There are a couple grants the District has already applied for that we do not know if we will receive. The District has once again applied for a SAFER Grant to hire additional firefighters. The District is also seeking funding for additional seasonal firefighting assistance through the same OSFM grant that we received last year. Neither of the grants require a matching portion and we do not have an expectation that we will receive them, which is the reason there are no expenditures for them within the Budget.

We have applied for an Oregon Department of Forestry Volunteer/Rural Fire Assistance Grant to purchase new next generation fire shelters. The District’s matching portion is in the General Fund. The District has also a history of applying for and receiving the SDAO Safety and Security Grant. We do not know what the parameters for the Grant will be this year, but we have budgeted for a District match out of the General Fund in the event we receive the Grant.

There are several grants that the District has been successful in receiving and will be spending in the 2023-24 fiscal year.

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We have received an internship grant from SDAO. We will hire an intern for administrative assistance with a \$3,000 matching grant. The District's \$3,000 is already budgeted for in the General Fund.

For EMS, we have received a \$6,500 grant through the Oregon Healthcare Preparedness Program (HPP) Region 2. This grant will fund the training of twenty Emergency Medical Responders (EMR's). We will be able to use these funds to train our firefighters as well as firefighters from nearby jurisdictions.

Two other grants we have received from the OSFM are the Community Wildfire Risk Reduction Grant and the Fire Adapted Home Pilot Project. Polk County Fire District No.1 has received a total of \$32,385 from these grants to put toward prevention, education, and replanning during fiscal year 2023-24.

LAUDAHL FUND

Several years ago, the District used money from the Laudahl Fund to upgrade the bay doors at Station 90. Not only did the new bay doors help with aesthetics, but we were spending thousands of dollars each year repairing bay doors that were twenty-five years old with extremely frequent usage. One of the components of the project that was not completed at the time was to integrate a heater shut-off so that when the bay doors are up, the heater turns off. Last year, from June through October we paid a total of \$399 on natural gas, mostly for heating. During the colder months, November to May, we paid \$7,834. This project will help reduce some of our wasted heating costs when the bay doors are up and the heaters are on.

BOND DEBT SERVICE FUND

The District continues to pay off the \$1,980,000 General Obligation (GO) Bond that was issued in fiscal year 2014-15 with a maturity date in fiscal year 2029-30. This past year, the District did not levy enough in taxes to make the principal and interest payments. As a result, in May the Board transferred \$7,000 from the General Fund to the Bond Debt Services Fund. The amount levied for the GO Bond for fiscal year 2023-34 reflects an increase in order to transfer \$7,000 back to the General Fund for the money that was borrowed in order to make the payments.

SUMMARY

The District has budgeted an unappropriated ending fund balance of \$1,000,708. 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.

The Government Finance Officers Association, Oregon League of Cities, and Special District Association of Oregon recommend a contingency of between \$200,000 and \$350,000 for a Budget our size. However, this year like most, our budget is designed to absorb a majority of

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unanticipated expenses by deferring other purchases rather than budgeting tightly with the intent to call upon the contingency if needed. With an unappropriated ending fund balance over a million dollars, the District is fortunate to be able to continue operations from July to November without incurring any debt.

The first Budget Committee Meeting this year is on Election Day. The Budget presented is sound for fiscal year 2023-24, regardless of the election result. The community faces a difficult decision. The decision is not whether or not they want the level of service described in the levy, a vast majority of people support increased services. The decision is whether or not they feel the cost to increase the services is acceptable. We will see challenges in fiscal year 2023-24, regardless of the election result. Should the levy fail, the Board will face difficult decisions and there will be fear and uncertainty by our personnel and some in our community. Should it pass, there will also be disagreements as we pursue a planned, methodic, and strategic approach to growth. Some will inevitably be concerned that the District is not acting fast enough while others will be upset that too much is happening too quickly. It is with that knowledge, with that expectation, that the Budget Committee is being presented with a Budget without the knowledge of the election results. Because as I already stated, we can do everything within this Budget regardless of the result of the levy. We will be able to plan for next year knowing the result and the will of the people. We will be afforded the time to plan how our District will change in order to best serve our community given the resources they have entrusted to us.

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.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Ben Stange", written in a cursive style.

Ben Stange, Fire Chief
Polk County Fire District No.1