

Lane Fire Authority

Budget Message
Fiscal Year 2023-24

May 16, 2023

To: Board of Directors
Budget Committee, and
Citizens of the District

I am pleased to present the budget message for the fiscal year beginning July 1, 2023, continuing through June 30, 2024. The purpose of this message is to increase understanding between all interested parties regarding the budget proposal.

This budget is a plan in an effort to improve our cash flow, especially the funds that we carry over into the next year. We have had to take out a Tax Anticipation Note (TAN) the last five years to carry us through the early months of the fiscal year. We will continue to utilize the option of a TAN and work toward less reliance in the future. In late June of 2019, I instituted an internal finance committee made up of key staff members and volunteers within the organization. The goals of the committee were to monitor the financial resources of the district, prioritize spending, and work toward a plan for the viability of our district in the future to meet the increasing demand for our services. The finance committee has worked diligently meeting on a monthly basis to meet these intended goals. Those finance committee efforts in budget management throughout the year have helped us to work toward good fiscal stewardship and management of the Districts services and programs. We continue to add funds back into our budget for programs and maintenance activities that suffered dramatic cuts in the last few years.

We will begin with a short discussion regarding some historical limitations and considerations that contribute to budget development.

As a result of Constitutional Measure 50, of 1997, each taxing district has been assigned a permanent tax rate, or dollar-per-thousand of assessed valuation. This rate is applied to the value of each piece of taxable property to calculate a property tax levy for that tax lot. An operational levy for the taxing district is determined when the established permanent rate for the taxing district is applied to the assessed property value of the entire district. The permanent rate established at the November 2016 merger election for Lane Fire Authority is \$0.0020388 per \$1,000 of assessed valuation. Constitutional Measure 50 also established a 3% limit regarding increases in assessed value to existing properties. In other words, the assessed value of the District cannot increase through reassessment methods by the County Assessor's Office by more than 3%. New construction, however, may add to the total value of the District at a percentage higher than 3%.

Estimating the Levy for Fiscal Year 2023-2024

The estimated value of the District for fiscal year 2023-2024 is based on the actual assessed value for calculating a tax levy in fiscal year of 2022-2023, as given by Lane County Department

of Assessment and Taxation, plus a 3% increase of the assessed value, plus an additional increase for growth and new construction. Growth and new construction is estimated to be 3%.

FY '22-'23 Assessed Value	\$2,784,509,721
Urban Renewal Subtraction	\$62,852,735
Value for Tax Computation	\$2,721,656,986
Estimated Growth	\$81,649,709
FY'23-'24 Value Estimate	\$2,803,306,695
Permanent Rate	<u>X .0020388</u>
Local option levy rate	<u>X .00035</u>
Total Authorized Levy	\$6,696,538
Compression Loss	\$976
Plus Add'l Taxes & Penalties	\$18,937
Net Tax Levy	\$6,714,499
Estimated Collectible Amount	\$6,378,774

Since the Districts can only expend actual funds received, we must estimate a percentage of the total levy that is not expected to be collected in the year of the levy. Historical information has demonstrated that subtracting a figure of 5% from the authorized levy amount will be an adequate estimate for 2023-2024. Details of our total anticipated resources are found on form LB-20.

General Fund Resources

Net working capital	\$2,000,000
Interest	\$25,000
Current years taxes	\$6,378,774
Miscellaneous	\$24,000
Surplus equipment sale	\$100
Ambulance transport	\$2,100,000
FireMed campaign	\$175,000
OSFM Staffing Grant	\$0
Conflagration act	\$100
External training	\$20,000
Service billing	\$25,000
SCFD contract	\$791,987
GEMT program	\$400,000
TAN proceeds	\$1,000,000
Total Resources	\$12,939,961

Net working capital is carried over from the current budget year. We only anticipate grant income this fiscal year through the AFG program for the Ambulance that was awarded. We have some remaining funds we received last fiscal year through our representatives Paul Holvey and Floyd Prozanski from the American Rescue Plan Act for emergency services related expenses. Those will be identified at our budget committee meeting and will have to be dedicated to equipment purchases. The Conflagration Act income is only received if we send resources to a conflagration fire. The amount shown is just a placeholder. External training is for classes we provide to outside agencies. Service billing is for services we provide to other agencies and individuals, exclusive of ambulance transport The SCFD contract has an automatic 2 ½% increase in the IGA and represents the funds that Santa Clara Fire District will pay to LFA for

the contract for services that begins July 1. The GEMT program is federally funded and is to offset the low pay rate for Fee for Service Medicaid patients and Coordinated Care Organizations. The Tax Anticipation Note will be the same as our last budget proposal at \$1,000,000. We estimate this note will be adequate for the coming budget to get us to tax collections.

Budget Structure

The essence of budgeting is to bring into balance anticipated resources and expected expenditures. Our budget is a financial plan that strives to achieve operational goals for the year, and an attempt to accumulate funds to address future requirements. Budget resources are a combination of all anticipated income. Budget liabilities (expenditures) are identified as line items in the following areas of the budget document: **Personnel Services** - this area considers all expenditures associated with having people, both paid and volunteer; **Materials and Services** – support of day-to-day operations; **Capital Outlay** – includes expenditures that contribute to the total assets of the District; **Contingency** – this is a resource that is set aside to address any unforeseen events; **Transfer Funds** – are budgeted contributions from one fund to another, in our case this is exhibited through transfers from the General Fund to a group of Special Funds designed to accumulate money for high cost projects. We currently have no established Special Funds so therefore no transfers will occur.

The budget document is divided into several sections using Local Budget (LB) forms approved by Oregon Department of Revenue. Our document will use the following forms: LB-20 to identify all resources for the General Fund, LB-31 to identify liabilities for the General Fund, and LB-30 to summarize all funds, debt service, and transfer funds.

These forms are divided into three essential parts. The central column identifies the line item being addressed, the left hand set of columns are dedicated to historical information, while the right hand column set identifies the proposed budget as presented by the Budget Officer, the approved budget as confirmed after the Budget Committee meets, and the adopted budget as established through resolution by the Governing Body after the budget hearing.

The historic components of the form present the adopted budget for the current fiscal year and actual budget conditions derived through annual audits for the previous two fiscal years.

Overview of Expenditures

In this portion of the budget message, we will discuss the overall layout of the district's budgets and review the major funds.

Personnel Services

This area of the budget covers expenses related to having people, full-time and temporary employees. With the exception of the Fire Chief, Assistant Chief, Business Manager, and Administrative Assistant, our full time employees are organized under International Association of Firefighters Local 851 and are compensated under the conditions of the labor agreement.

The proposed wage increase for the contract is 5% and this same amount was applied to non-union non-represented staff as a COLA. This budget will be the 2nd year of the 3 year contract.

PERS rates have continued to increase and this is reflected in the retirement line item.

We still remain having two training officers, but no longer have a separate EMS training officer position. We took a strong look at adding this position this year but ultimately removed it from the proposed budget due to future financial impact. We are proposing an increase of \$7,000 in the Lieutenants category to elevate the M101 Engineer/Paramedic position to that of Lieutenant. This position would then assume some of the EMS Training duties to share the load of the Training Division. This would remain a 40 hour position, on a varied schedule Monday through Friday. This is in effort to streamline and make better use of current positions making a more efficient deployment model.

We submitted an AFG Safer staffing grant request recently. If awarded it would be an additional position on E115 at Engineer level. This would assist in continuing to round out the consistent 3-person engine company in the North Battalion/Santa Clara response area. We have not proposed any revenues from this potential grant in this budget cycle. We will most likely not hear if we are successful in award until late this year. If we are awarded, we would be looking at a hiring schedule for our next fiscal cycle beginning July 1st 2024.

~~We also submitted a staffing grant request months back through the Oregon State Fire Marshals Office (OSFM) for a Public Education position. This grant program was the result of legislative monies brought by SB762. The grant parameters were limited to pub-ed and fire fighters. We are hopeful to capture on this opportunity to reestablish a full time Pub-Ed person working under the Fire Marshal. This is a share money grant over a 3 year period culminating into absorption into the general fund budget just as safer grant position. You will see revenue predictions and expenditures for this request in the proposed budget.~~

We will continue the part-time single-role medic program for M101 and it has been maintained in the current budget.

We will maintain one part time employee in this budget to continue to assist with the maintenance division.

Medical and dental insurance premiums have remained flat this year with no increase.

Materials and Services

The first program listed is the Administration & Business program. This includes all of the basic “cost of doing business” expenses, including office expenses, utilities, fuel, dispatching, and uniforms. Most of these expenses are not specific to any one service that we provide but are spread across the whole spectrum of programs and services.

The second program is the Recruitment & Retention program. These are the expenses that are incurred for us to attract and keep personnel, both career and volunteer. We still lack the resources to fund the educational reimbursement program.

The third program is our student resident program at Station 101 and 115. We have allocated funds to pay tuition and a contribution towards fees and books for up to six student residents.

The Health and Safety program is to continue the preventative medical exams and physical fitness program that began under the Assistance for Firefighters Grant that we received a few years ago. We have seen several successes with this program. We maintained funds for the EAP

Employee Assistance Program. We are reimbursed \$300 for each annual physical for career staff employees through SDIS Special Districts Insurance Services. There is no reimbursement for Volunteer members and we realize it as an out-of-pocket expense.

Next is the Fire & Rescue Operations program. These expenses are for the core mission of the fire service: fire suppression and rescue. We predict these costs to remain relatively constant.

Following that is the Fire & Rescue Training program. We have supplies and equipment for classes we hold within our agency, as well as funds to send personnel to outside training, and to pay outside instructors to come here to teach.

After that is the Emergency Medical Services program. Approximately 85% of our calls are medical in nature and this requires supplies, equipment, and training. We also have to pay for initial and continuing education for our EMTs, and for the services of a physician advisor. The line item for EMT recertification is cyclic, as most recertification expenses happen on a two-year cycle. We have increased some of these line items due to the rising cost of medical supplies, medications and narcotics.

Next is the maintenance program. Our staff maintains our property and buildings, our vehicles, and our equipment. We have increased these line items in anticipation of needed maintenance and repairs on our aging facilities and apparatus.

Following that is the Fire Prevention & Public Education program. This program involves plans review, business inspections, school programs, open houses, and classes for the public. Most of the expenses are for educational materials that we distribute to the public.

Lastly is the program for External Training, which as mentioned under income, is for supplies and instructors for classes we provide to personnel other than our own.

Small Equipment and Capital Outlay

Purchases of equipment that is non-disposable requiring depreciation, are funded under “small equipment”. We have line items for vehicles & equipment, building equipment, EMS equipment, EMS training equipment, fire suppression equipment, fire training equipment, rescue equipment, safety equipment, communications equipment, shop equipment, office equipment, emergency management equipment, and external training equipment.

We have allocated revenues in this category this year specific to the purchase of real property in the South Battalion (SB) area. This would be the first step in working toward a consistent staffing model in the SB providing the real-estate to develop infrastructure such as well and septic and eventually accommodations for 24 hour staffing.

Earlier this year we submitted an AFG Grant application to replace all the self-contained breathing apparatus (SCBA) across the district. This grant if awarded will be approximately \$1,000,000 in new SCBA packs, masks and bottles. This grant would be a 20% match of District funds.

Debt Service

Debt Service constitutes any outstanding loan payments and interest. Currently we have (2), the newly established Banner Equipment loan last fiscal to purchase a new medic unit and other associated equipment, both EMS and Fire. The second is the Government Capital loan which

upgraded and replaced our server system and multiple work stations 4 years back. This will be the final payment year and culmination of the Government Capital loan

Special Payments

The repayment of the Tax Anticipation Note with interest is demonstrated here.

Transfer Funds

There will not be any fund transfers in this fiscal cycle.

Contingency

The contingency fund is used to cover any unforeseen events within the budget.

Unappropriated Ending Fund Balance

The purpose of a UEFB is to provide funds for the District to operate for the time period beginning July 1st of each year until mid-November when the tax revenues start coming to us from the Lane County Tax Collector. We are working to increase this line item each year to improve our cash flow situation.

Special Funds

The District has yet to establish special funds with the 2023-24 budget.

SCFD retains their own reserve fund within their budget.

Conclusion

In conclusion, the budgets and subsequent support documents for fiscal year 2023-2024 were prepared in accordance with existing budget law and within limitations established by the Constitution of the State of Oregon.

I would like to express my appreciation to our Budget Committee for their interest and diligent performance of duties associated with the position. I believe that the budget documents demonstrate a strong commitment to fulfilling the fire and life safety needs of our citizens.

Respectfully submitted,

Dale Borland
Budget Officer
Lane Fire Authority