**Roll Call**: Phil Moller, Russ Jones and Karyl Oules

**Staff**: Fire Chief Mark Donnell, Assistant Fire Chief Brandon Asher, Carol Kibler and Karla Mendoza.

**Others:** Ron Simmons, Anne Clark, Steve Clark, Tim Sullivan, Greg Simpson, Erica Ward and Sam Belsky.

**Zoom**: Bill Bassett

**Meeting Call to Order** at 5:00 p.m.

Assistant Chief Asher thanked the citizens for voting yes on Chelan Fire and Rescue proposition 1 and congratulated Russ Jones on his successful campaign as CFR fire commissioner.

Assistant Chief Asher stated we will be reviewing the proposed 2022 Budget.

Commissioner Oules would like to look at the windfall of extra funds not needed and seriously consider not taking all of the funds to be considerate of the tax payers.

Assistant Chief Asher; we can look at those concerns as we work through the budget process.

Assistant Chief Asher stated we will discuss the general funds, capital and improvements with a review of the 2022 draft budget from the document enclosed:

The meeting is to review the draft and establish the 2022 budget to be approved at the regular meeting November 17, 2021.

This is the final *DRAFT* for the 2022 Budget Proposal which is based upon our estimated revenues for 2022 and our best guess estimates for expenditures based upon our past and current operating periods (2021 financials, year to date.) Decisions made during this *DRAFT* Budget review will affect the current proposed budget resulting in changes to budget line items before the 2022 budget approval date of November 17, 2021. This proposal will address the measurable changes in the General Fund and Operations Budgets as well the current Capital, Reserve and Bond Fund Accounts.

Assumptions that we must use. First, we must recognize that the figures we are using will change based on the actual balance in each fund at year-end. Secondly, a budget is a plan based on the best available information at the time. A good plan will change as new information is obtained.

 **Assumptions for the 2022 Budget:**

* 2022 tax revenue is based upon 10/20/2021 Chelan County Assessor’s Preliminary Values for 2022 and will be **$3,506,519.00** ($3,457,561.00 from valuations and $48,958.00 from new construction.) Based off the latest information from the assessor a couple weeks ago.
* The 2022 total revenue is currently at **$3,992,169,751.00** and may increase depending upon reimbursements from State Mobe for the 2021 Fire Season**.** The Board will have to make a decision on the tax revenue amount that they choose to receive by the November 17th meeting.
* Estimated revenue from all other sources (grants, fire protection contracts, OT repayment, state mobilization reimbursements, etc.) will be **$10,000.00.**
* Any additional revenue (State Mobilization reimbursement on apparatus, sale of surplus equipment/apparatus, etc.) is not recognized in this budget proposal and will be allocated into appropriate accounts when received. Staff recommends that all unexpected revenue collected in 2020 will be transferred into the Capital Reserve Fund.
* Staff proposes that we continue to increase the General Reserve Account to cover contingency reserves as outlined in SOG 103 which is **$76,200.00** for 2022. The policy states a savings of 25% of the last 3 averaged years of revenue. This meets the requirement.
* With the passage of the levy, we have committed to allocate $250,000.00 annually to the Capital Reserve Investment Account (Apparatus/Capital Replacement) specifically for future apparatus replacement. Board has already approved that all proceeds from the Station 75 short plat sale be transferred into this account. We have a ten-year apparatus capital plan, spelling out years of service and replacement dates with estimated cost.
* 2022 Funding for Bond General Fund set at principal and interest with no additional payment is **$97,400.00.**

**\*Budget Expense Proposals: (2021** **Budgeted Amounts)**

**Legislative: 2022 - $19,255.21 ($15,755.21)**

* 2022 Board members to stay at three elected officials.
* No change to salary and benefits.
* 3% increase in conference/education.
* Estimated expense for 2021 Commissioner Election and Levy Lid Lift is **$9,000.00**.

**Administrative: 2022 - $588,659.12 ($445,493.42)**

* Administrative staff for 2022 will be 4 personnel (Chief, Assistant Chief, Administrative Office Manager, and Administrative Assistant.)
* Loss of SAFER Grant funding requires movement of Assistant Chief into Administrative to show expenses for that position.
* Salary increases for 2022 are budgeted at 3% to cover any raises that the Board of Fire Commissioners may choose to approve. This assumption is based upon CPI-U (West – Size Class B/C) which is 1.7% for second half of 2020 and 3.6% for the first half of 2021, overall increase of 2.8%.
* The Fire District’s medical health premiums will not increase for 2021.
* 3% increases in Administrative Professional Services, Hiring & Testing, Conferences & Education, Insurance, and Miscellaneous to cover inflationary costs.
* This includes operational and professional services.

**Suppression: 2022 – 831,522.63 ($867,158.47)**

* Career staffing will remain at 7 Firefighter/EMTs with 1 Captain and 1 Firefighter/EMT for each of the three shifts and the 7th Firefighter/EMT floating to cover Kelly Comp Time (work week reduction.)
* Salary increases for 2022 are budgeted at 3% to cover any raises that the Board of Fire Commissioners may choose to approve. This assumption is based upon CPI-U (West – Size Class B/C) which is 1.7% for second half of 2020 and 3.6% for the first half of 2021, overall increase of 2.8%.
* Union Contract is up to 4% increase.
* The Fire District’s medical health premiums will not increase for 2022.
* Increase in overtime costs necessary to maintain staffing levels during critical operational periods, required training) and to cover cost of Duty Officer rotation by line officers will be adjusted to reflect actual 2021 expenses.
* 2022 Acting Captain expenses will increase to reflect 2021 actual line-item expenses.
* 3% increase to all other line-item categories to cover inflationary costs.

**Seasonal Firefighter: 2022 – $89,690.36 ($59,958.58)**

* Estimated costs to maintain 3 Seasonal firefighters which will enable us to staff 3 Firefighter/EMTs during the peak season in 2022 (5-6 months.) This program paid for itself through State Mobilization reimbursements in 2020 and 2021. Staff recommends funding this program for the 2022 season.

**Public Education: 2022 - $12,500.00 ($10,000.00)**

* Maintains current line-item expenses in in public education account to support 2022 goal of improving community relations though effective community risk reduction programs.

**Prevention: 2022 - $5,000.00 ($3,000.00)**

* Increase Prevention Operational Supplies to reflect actual expenses.
* No other program changes

**Training: 2022 – $49,500.00 ($34,500.00)**

* Overall, 3% increase in all categories to reflect actual expenses and cost for recruit academy if 3 additional firefighters are hired in 2023.
* Increase in conference expenses as the 2 major Firefighter (WSFFA and WSFCTO) conferences will be held in Wenatchee in 2022.
* The hiring of 3 additional firefighters in 2023 will allow us to send them to the fire academy at year end of 2022. This will allow us to have 3 firefighters + one additional seasonal on shift in 2023. For a total of 3 seasonal and 3 full time hires.
* Commissioner Oules; this was not agreed to, putting this as a priority in hiring 3 full time firefighters. We were not wanting to put this on the front end if the levy passed, are we going against what we stated?
* Assistant Chief Asher; we knew we would hire full time firefighters at the end of 2022, this can be discussed further as we move through the budget process.

**Facilities: 2022 - $70,761.00 ($68,700.00)**

* Increases to all facility line-item categories to reflect increases in utilities and facility maintenance costs due to inflation.
* Future Capital projects are identified in the Capital Replacement Schedule and these expenses are reflected in Capital Expenses.
* We will need to replace station 71 roof, its 30 + years old. We are working on getting quotes at this time we have an estimate of $125,000.

**Fleet: 2022 - $214,522.00 ($207,855.88)**

* Fleet staffing to remain unchanged with one Fleet Manager.
* Salary increases for 2022 are budgeted at 3% to cover any raises that the Board of Fire Commissioners may choose to provide. This assumption is based upon CPI-U (West – Size Class B/C) which is 1.7% for second half of 2020 and 3.6% for the first half of 2021, overall increase of 2.8%.
* The Fire District’s medical health premiums will not increase for 2022.
* 3% or more increases to Fleet Fuel, Equipment, Operational Supplies, Fleet R & M (In House) are reflective of 2021 actual expenses and projected 2022 inflation.

**Marine: 2022 - $515.00 ($500.00)**

* Separated from Fleet to show actual expenditures (fuel.)
* We were reimbursed $3,660 as Marine 71 worked the Twenty-Five Mile fire.
* Q; why are we not putting $3,600 into the budget?
* A; those funds received for equipment from mobe fires are deposited into revenue and transferred to Capital Investment for apparatus and equipment.

**Communications: 2022 - $58,170.00 ($55,401.00)**

* Annual Rivercom dispatch expenses have an estimated 3%increase for 2022, no other changes in this line item anticipated.

**EMS and Aid: 2022 - $11,021.00 ($10,700.00)**

* This line item will continue to be impacted by Covid-19 PPE requirements in 2022 with most PPE obtained through the state at no cost. Staff anticipates that PPE expenses will increase dramatically through end of 2021 and into 2022.

**Volunteers: 2022 - $250,000.00 ($190,050.00)**

* Improves current point system reimbursement for volunteer firefighter emergency response, training, and special events.
* Increases funding for recruitment and retention of volunteer firefighters due to loss of the SAFER Grant funding.
* This program is restrictive under FLSA guidelines in that stipend member earnings cannot exceed more than 20% of fulltime Firefighter wages (2022 - $12,904.44.) Staff recommends maintaining one 24-hour stipend shift per day for a cost of **$91,250.00**.
* 3% Increases in related cost categories due to inflation.

The budget is only a proposal and it gives the board and public information to work with. As we get more information from this meeting we will go back through the proposal and make the changes.

Apparatus replacement we currently have 2 front line engines that are over 25 years old and are a priority to replace. Ladder 71 is in repair and will cost estimated at $250,000 we need a brush truck at $60,000.

Our bond payment we have 10 years and $695,000 we could knock that out with some of the funds we will receive.

Our needed carry over for 2023 is at $861,000 this covers first 4 months of operating expenses into the new year. End of 2022 estimated ending funds $1,183,763.00 we meet the required carry over with $322,447.00 of excess funds.

We do have a conservative projected spreadsheet that estimates revenue and expenditures for the next ten years. At a 3% increase for each year. With CPI at 5% this doesn’t calculate the unknown.

Building of new construction, stock market fails. Best guess with principles conservative estimates.

Overtime the uncommitted funds will deteriorate and mil rate. The board will make the final decision.

The board can decide to take only $1.01 and bank the excess, meaning the following year you take what was banked. This money will only be in bank for the one year. An email from Assessor Deanna Walters.

*Chelan County Assessor Deanna Walters Summary:*

*Now that we see the levy lid lift passed, the 2022 FD7 levy will be at a rate of 1.10.  Your Highest Lawful Levy (HLL) will also be reset with the 1.10 rate.  I then convert that rate to a dollar amount based on the total taxable assessed value of your district on Dec 31st.  If the FD Board elects to take less than the 1.10 (they can either give me a rate or a dollar amount in the first year),* ***the******delta between the new collection amount (budget) and the new HLL****, based on the 1.10 rate,* ***will be BANKED CAPACITY*** *for 2023.  In 2023, if FD7 does not opt to collect that banked capacity, it is gone.  BANKED CAPACITY does not stack, or accrue, year after year.  It is for one year, period.*

*If the district decides to collect just their HLL in 2023, they lose the banked capacity, and will not bank anything for 2024.  If they elect to collect less than their HLL, they will lose the prior years banked capacity, but will have banked capacity going into 2024.*

The Citizens Advisory Committee was started in February we had estimated assessed values that we projected. By the time the ballot was due in the auditor office we had been working with estimates. We received the preliminary values and found the estimates to be much higher.

Chief Donnell is concerned that the funds if not collected in full will go to the wayside. We have projected $1.7 in apparatus replacement; we’ve made good decisions and utilized DNR grants to help fund the apparatus. We should put the funds into the capital investment account for apparatus replacement and build a good strategic plan. The levy is a one time lift at $1.10 historically the $1.10 will decrease by 0.03 annually.

The board does not need to make a decision tonight this is why we are having this meeting to discuss the options to make the best decision possible. We have presented a proposed budget and its up to the board to make the difficult decisions.

We need to be thinking strategically; the growth in the community is reality throughout the community. We need to be thinking into the future.

Q: Can we put the excess money into a holding account.

A: Yes, we have the General Investment account to hold funds. And we can transfer funds throughout the accounts as needed.

We will invite Assessor Deanna Walters to attend the next budget meeting to explain the levy and tax collections.

Assistant Chief Asher emphasized long term planning has to be done. We will eventually need more fulltime firefighters with the growth happening in the community and the increase in call volume. The community has homes being build, a possible casino at the north end in our fire district. We put together a conservative budget and asked for 0.30 increase we could have asked for $1.50 we have aging buildings, apparatus and equipment. Thinking long term, we could remodel station 74 (airport) and start a resident program. We are behind the eight ball and we could be back out in 5-6 years asking for levy increase.

September 2022 we will have WSRB coming to reevaluate the fire district. When they came the last time, we had more fulltime firefighters and volunteers at the outlining station. This time around we don’t have the number of fulltime firefighters to help with the WSRB rating.

Steve Clark: the money voted on should be collected and stay with the fire department.

Tim Sullivan: Legacy Ridge above Chrystal View is being build and will have many homes. The funds approved should be taken. You will be able to improve the quality of the firefighters, improve quality of the facilities which in turn improve the quality of the community.

Ron Simmons: on behalf of citizens committee, we congratulate the board on making a brave effort. The public process you went through and talked through a lot of things. The board wanted the $0.30 the system is complicated. You can utilize the funds in different ways. The money can be invested and work for the fire district. In this community career firefighters are an expense its not an expense the community likes. The board wanted to make sure the fire district has 3 firefighters out the door. Don’t be hesitant at the career cost it’s the cost of doing business. The fire district has done a good job in managing the funds through the years. The public spoke the majority voted; utilize the funds wisely and make progress for the community and fire district.

Anne Clark: the board put the ballot forward, the committee did a great job in educating, and the people voted yes. Your credibility will go down the tubes if you say you don’t need the funds. Be responsible and do good. The department should not have to be penny poor.

Steve Clark:

Q: The $250,000 to put away for the apparatus fund, wonder if the amount should be more aggressive?

Q: Lack of hiring firefighters in 2023, after talking about it in length at the citizens advisory meetings, why would you wait?

Q: Property and assets are really nice things to have, given the circumstances it’s a valuable asset if you don’t need to sell it then why put it on the market?

Q: The thought of the 3% factor of projections in planning for the future; the multiply effect is tremendous, risky and relative to what you are working with.

Q: The mechanic, maybe it’s a good idea to train someone under him as eventually he will retire.

Discussed reactive to active apparatus replacement schedule.

The board will have the regular meeting November 17, 2021 and approve a resolution on the dollar amount they chose to take.

It was suggested all 3 commissioners go to KOZI the next morning and tell the community why they are taking the funds and what they will do with it.

It was discussed that the Chelan County Assessor discovered a taxation error; 21 properties in Chelan Falls have been paying taxes for years but no approved resolution can be found as recorded. We may end up paying back 3 years of taxation to the 21 property owners.

There was no more discussion the meeting ended at 6:30 p.m.

**Chelan County Fire Protection District 7**

**Board of Commissioner’s:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Chairman, Phil Moller

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Commissioner, Russ Jones

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Commissioner, Karyl Oules Carol Kibler, District Secretary

Enclosed information presented at meeting:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***DRAFT (LEVY PASS)*** | **2021** |   |   | **2022** |   | 0.01 | **2023** |   | 0.01 |
| *Assessment per $1000* | 0.7985 |   |   | 1.1000  |   |   | 1.0700  |   |   |
| *Assessed Valuation* | **$2,760,549,916.00**  |   |   | **$3,143,237,497.00**  |   |   | **$3,268,640,973**  |   |   |
| **REVENUES** |   |   |   |   |   |   |   |   |   |
| Carry Over |  $ 703,132.31  |  |  |  $ 475,650.75  |  |   |  $ 861,316.00  |  |   |
| Tax Revenue |  $ 2,160,047.00  |  |  |  $ 3,457,561.00  |  | **59.0%** |  $ 3,492,136.00  |  | **1.0%** |
| New Construction |  $ 44,924.00  |  |  |  $ 48,958.00  |  |   | $ 49,477.80  |  |   |
| Other Revenue |  $ 45,480.00  |  |  |  $ 10,000.00  |  |   |  $ 10,000.00  |  |   |
| Grant - SAFER Vol Coord |  $ 227,129.00  |  |  |   |  |   |   |  |   |
| Total Revenue |  $ 3,180,712.31  |  |  |  $ 3,992,169.75  |  | **25.5%** |  $ 4,412,929.80  |  | **10.5%** |
| **EXPENSES** |   |  |  |   |  |   |   |  |   |
| Legislative |  $ 15,755.21  | 1% | 0.00 |  $ 19,255.21  | 1% | 0.01 |  $ 15,939.71  | 1% | 0.01 |
| Administrative |  $ 445,493.42  | 16% | 0.13 |  $ 588,659.12  | 21% | 0.23 |  $ 606,318.89  | 20% | 0.22 |
| Career Firefighters  |  $ 867,158.47  | 32% | 0.26 |  $ 831,522.63  | 30% | 0.33 |  $ 850,912.21  | 28% | 0.30 |
| Volunteers |  $ 190,050.00  | 7% | 0.06 |  $ 250,000.00  | 9% | 0.10 |  $ 250,000.00  | 8% | 0.09 |
| **Seasonal FF** |  **$ 59,958.58**  | 2% | 0.02 |  **$ 89,690.36**  | 3% | 0.04 |  **$ 94,520.07**  | 3% | 0.03 |
| **SAFER Grant**/**Additional FFs** |  **$ 193,122.00**  | **7%** | **0.06** |  | 0% | 0.00 |  **$ 330,410.40**  | 11% | 0.12 |
| Training |  $ 34,550.00  | 1% | 0.01 |  $ 49,500.00  | 2% | 0.02 |  $ 51,036.00  | 2% | 0.02 |
| Marine |  $ 500.00  | 0% | 0.00 |  $ 515.00  | 0% | 0.00 |  $ 530.00  | 0% | 0.00 |
| Fleet |  $ 207,885.88  | 8% | 0.06 |  $ 214,522.00  | 8% | 0.08 |  $ 220,957.00  | 7% | 0.08 |
| Facilities |  $ 68,700.00  | 3% | 0.02 |  $ 70,761.00  | 3% | 0.03 |  $ 72,884.00  | 2% | 0.03 |
| Communication |  $ 55,400.00  | 2% | 0.02 |  $ 58,170.00  | 2% | 0.02 |  $ 61,078.00  | 2% | 0.02 |
| EMS  |  $ 10,700.00  | 0% | 0.00 |  $ 11,021.00  | 0% | 0.00 |  $ 11,351.00  | 0% | 0.00 |
| Prevention |  $ 3,000.00  | 0% | 0.00 |  $ 5,000.00  | 0% | 0.00 |  $ 5,150.00  | 0% | 0.00 |
| Public Education |  $ 10,000.00  | 0% | 0.00 |  $ 12,500.00  | 0% | 0.00 |  $ 12,860.00  | 0% | 0.00 |
|   |   |  |  |   |  |   |   |  |   |
| Reserves Transfer |  $ 76,200.00  | 3% | 0.02 |  $ 76,200.00  | 3% | 0.03 |   | 0% | 0.00 |
| Apparatus Replacement\* |  $ 100,000.00  | 4% | 0.03 |  **$ 250,000.00**  | 9% | 0.10 |  **$ 250,000.00**  | 8% | 0.09 |
| Capital Expenses |  $ 277,688.00  | 10% | 0.08 |  $ 183,690.00  | 7% | 0.07 |  $ 87,899.00  | 3% | 0.03 |
| Bond Payments |  $ 88,900.00  | 3% | 0.03 |  $ 97,400.00  | 3% | 0.04 |  $ 95,300.00  | 3% | 0.03 |
|   |   |  |  |   |  |   |   |  |   |
| Total Allocations |  $ 2,705,061.56  | 100% | 0.80 |  $ 2,808,406.32  | 100% | 1.10 |  $ 3,017,146.28  | 100% | 1.07 |
|   |   |  |  |   |  |   |   |  |   |
| Excess/Deficit  |  $ 475,650.75  |   |   |  $ 1,183,763.43  |   |   |  $ 1,395,783.52  |   |   |
|   |  |  |  |  |  |  |  |  |  |
| Carryover (4 months expenses) | $733,705.00 |  |  | $861,316.00 |  |  | $913,148.80 |  |  |
|  | $258,054.20 |  |  | $322,447.40 |  |  | $478,235.46 |  |  |
|  |  |  |  | **$64,393.20** |  |  | **$545,010.80** |  |  |