

**Whatcom County Fire District #21
Whatcom County Fire District #4
Station 61 – Blaine
9408 Odell Rd., Blaine, WA 98230
1:00 pm
November 11, 2017
Budget Work Session**

CALL TO ORDER

Chairman Bosman called the special Whatcom County Fire District #21 Board of Fire Commissioners meeting for November 11, 2017 to order at 1:06 p.m. at Station 61 – 9408 Odell Street, Blaine, WA 98230.

PLEDGE OF ALLEGIANCE

ROLL CALL

Attendees: Chairman Rich Bosman; Vice-Chairman Larry McPhail, Commissioners John Crawford and Bruce Ansell; Fire Chief William Pernet; Division Chief Henry Hollander.

District #4 Attendees: Chairman Harry Andrews; Commissioner Mary Beth Neal.

Commissioner Berkeley was excused for medical reasons.

PUBLIC COMMENT

- None

2018 BUDGET WORK SESSION

Chief Pernet noted that today's goal is to review the budget process and examine specific line items. A discussion may ensue regarding what the commissioners' priorities are as compared to what Chief Pernet has inputted into the draft 2018 budget.

Budget Process

Chief Pernet provided information about the *forecasted* revenues for 2018 which may change in the future as some properties may need to be reassessed due to the well digging issue.

A public hearing will be held on Thursday, November 16 to pass a resolution allowing the district to increase its budget up to one percent. Another public hearing will be held on Thursday, December 21 to approve the 2018 budget.

Chief Pernet reviewed the district's current self-funded health care plan and the proposed renewal rates (3 % increase) from Coastal Administrative Services. To maximize savings the district will be going from First Choice to Cigna network in 2018.

Revenues

Chief Pernet provided information regarding both districts' (4 & 21) 2017 assessed valuations, highest lawful levy assessment (HLLA) and new construction.

District 4's contract for service payment for 2018 \$1,804,270.00 payable quarterly.

Other revenues include grants, delinquent taxes, contract fees, state parks, ambulance transport fees, investment interest, rents, donations and insurance reimbursements.

Expenditures

The district obtained a ten year fire commissioner approved bond in 2010 for the purchase of three new engines and a ladder truck. The yearly payment is \$240,000 and the district plans to utilize mitigation fees to help with the payments and possibly pay off the bond earlier than expected.

Chief Pernett noted that the current projected revenues closely match the expected expenditures.

A 2% salary increase has been implemented for all district employees.

Administration

- There was an increase for professional services in 2017 but it is not expected to be utilized as much in 2018. The district utilized a consultant for contract labor negotiations.
- Cell phones charges include vehicle hot spots and iPhones for each officer.
- The Pogozone contract will reduce fiber optics costs.
- The district changed liability insurance which will save the district substantially in 2018.
- Election costs for three fire commissioners will cost the district at least \$12,500.

Operations

- Biggest division; most personnel
- Less volunteers – budget reduced for 2018. The district plans to implement a volunteer resident program at Semiahmoo Station 62.
- Increase in overtime – The district has hired three new firefighters which should help to alleviate overtime. Two members remain out on either an injury or illness.
- The district is paying the full cost of all required annual medical physicals to allow members to have an additional physical completed by their own physician that will be now be covered through insurance.
- Spare turnouts will be purchased every five years to enable firefighters to switch between gear while one set is being decontaminated. The National Fire Protection Association (NFPA) recommends that turnouts be replaced every ten years.
- GIS mapping – The new CAD system has some mapping capabilities, however the district needs to be prepared with alternatives if the system or the internet goes down. The district is currently investigating some retail map books to add to apparatus in the future.
- The district's third party billing system (Systems Design) and the Fire Agency Rating System (FARS) have increased their rates slightly.

- The district plans to purchase a fourth hose tester to allow all career stations to be able to complete hose testing at their own locations.
- Dispatch fees will remain the same.
- The district is investigating why the uniform service (*Cintas*) was over budget. *Cintas* provides firefighter and mechanic uniforms including laundering, pressing, repair, pickup and delivery. Chief Pernet noted that having this service is more economical for the district than purchasing uniforms outright.

Commissioner Ansell questioned why crews perform hose testing in lieu of hiring professionals to complete the task. Chief Pernet noted past administration had paid an exorbitant amount to have hose testing completed by an outside agency. Chief Pernet noted that at this time the district does not run enough calls to justify paying for a testing company. Even though the district has struggled in recent years to complete hose testing in a timely manner, Chief Pernet stated that with the purchase of the fourth hose tester, additional testing equipment and an updated recording system, members have everything they need to complete the task in a timely and efficient manner.

The group took a ten minute break at 2:30 p.m.

Fire Prevention

- More funds were added to the fire prevention budget in 2017. Most of the budget is used for supplies for community fire prevention materials and CPR cards. Chief Pernet requested feedback from the commissioners regarding their fire prevention concepts before this portion of the budget is finalized.
- Chief Pernet noted that the American Heart Association is greatly raising the costs of their health care provider cards which the district will most likely pass those costs on to the community. The health care provider card is normally requested for doctors, nurses and health care providers.
- The district will continue to pay the cost of regular CPR cards for the family classes.
- The reader board sign located at Britton Loop Station 12 was recently vandalized and will remain at the station until it can be appropriately secured.
- Chief Pernet noted that with Chief Hollander's (fire marshal) upcoming retirement, he would like to begin a discussion regarding hiring a replacement who has a background in both public education and fire investigation and who can begin to cultivate this division.

Training

- The district will be offering more classes to assist members with upcoming promotional opportunities.
- The propane budget will be lowered since the Britton Loop burn prop has been switched from propane to class "A" combustibles.
- Outside instructors are expected to teach several classes.
- The district hopes to send five to ten volunteers to the volunteer recruit academy on a yearly basis.

- With pending retirements, the district can expect to send more people to the State Training Academy in 2018. New firefighters entering the district are required to attend the academy via the current labor contract. (\$7,000 each)

Facilities

- Chief Pernet will investigate how the district's liability insurance was applied to each division. Chief Pernet budgeted \$25,000 in facility insurance in 2018.
- \$63,000 was budgeted for electricity in 2018.
- Phone, internet and cable is slightly over budget due to installation of station emergency phones.
- The stations are sprayed for preventative bug maintenance yearly.
- The district budgeted \$35,000 for facility repairs and maintenance.

Chief Pernet noted that he plans to review some GIS information and start looking at district station locations to figure out how to best serve the community while reducing costs.

Fleet Maintenance

- Chief Pernet noted that the district will consider phasing out some vehicles in 2018 since it costs money to maintain all the vehicles.
- The district will update some computer software and tools.
- Mechanics receive a yearly tool allowance.
- Both gasoline and diesel are budgeted on the higher side since prices vary throughout the year.
- For additional savings the maintenance personnel send vehicle oil out for testing instead of replacing oil every 3,000 miles.
- Vehicle insurance is billed every four months.
- The district owns a lot of lawn maintenance equipment that require repair and upkeep. Crews at career stations are tasked with keeping their own and specific volunteer station grounds manicured.
- The district exceeded the budget in part to replace the heads on Engine 13. It is hard to accurately predict the amount needed on repairs from year to year.
- Since the district may have been over budgeting on some line items there is a slight decrease in this division for 2018.

Capital Requests

Chief Pernet reviewed the 2018 capital requests. While Chief Pernet considers the requests he noted that not all items will be funded in 2018.

*most likely funded

- SCBA rebuilds and recalibrations *
- Flooring Laurel Station 69 *
- Ambulance purchase (discussions regarding the cost to refurbish a unit)
- Dorm Lockers Odell Station 61*
- Thermal Imaging Camera
- Flooring Odell Station 61*

- Computer server upgrade * (6 years old and running at 95% capacity)
- Class A uniform hats/gloves *
- Interior paint Odell Station 61
- Tender refurbish
- Water/ice rescue equipment
- PPE bunker gear (members will receive new gear every 5 years)
- Requests totaled \$576,560

Bonds

Chief Pernet reviewed the D21 and D4 debt payments for 2018.

D21 - \$247,000

- Commissioner approved
- Total remaining - \$239,588

D4 - \$250,267

- Voter approved
- Total remaining - \$680,946

Reserve Accounts

Chief Pernet reviewed the current D21 reserve accounts year to date as of October, 2017.

- Expense Fund - \$3,176,653 (*monthly expenses – need to have 3 months of expenses until the following April when approximately half the taxes come in*)
- Reserve Fund - \$573,911 (*savings account*)
- LTGO Fund - \$308,285 (*bonds are paid through this account*)
- Health Insurance - \$340,207 (*self-insured – state law requires balance of approximately \$300,000 to pay for overages*)
- Volunteer Fund - \$44,831 (*originally from D13 prior to merger – to benefit volunteers*)
- Mitigation Fund - \$69,970 (*each payment must be utilized within 5 years and justified in capital facilities plan*)
- Capital Projects - \$94,690
- Capital Apparatus - \$791,234 (*new vehicles, parts for new vehicles*)
- Capital Facilities - \$708,109 (*improvements to stations*)

Commissioner Ansell inquired about auditor recommendations for what a district should accrue in savings. Chief Pernet will inquire about any industry standards or state mandates for Washington State fire districts. Chief Pernet noted that he prefers to budget conservatively in case there is a need for a big ticket item, allowing the district to pay cash and not take out loans and interest payments.

Challenges

Chief Pernet reviewed the upcoming challenges.

- Economy is slowly rebounding
- Statutory limitations of 1%
- Expenses out pacing revenues including
 - Healthcare (3% increase)

Chief Pernet noted that for the past six years, every other year the district has been over budget on healthcare. The district only funds 85% of maximum liability. Chief Pernet pointed out that any reinsurance money is deposited as revenue falsely inflating the districts predicted revenue. This year over four hundred thousand has been deposited as revenues from health insurance reimbursements.

- L&I insurance (*multiple claims substantially raise fees*)

The district currently has the highest premium allowed by L&I due to its experience. The district has seen some success with the new “stay at work” program. By participating and allowing qualified injured members to come in to work on “light duty”, L&I will reimburse the district for a portion of their wages.

- Personnel costs
- Debt payments
- Operational / Capital needs

2017 Unknowns

- Final property tax revenues
- Wage and benefit costs
- Unfunded mandates

Budget Approval

The D21 Fire Commissioners will vote on Resolution 2017-07 Allowing the District To Increase its Budget By Up to One Percent at the November 16 Board meeting. Chairman Bosman noted that he has requested to be excused from the meeting however, he wanted it to be documented that he supports and approves of Resolution 2017- 07.

The Board will vote to approve the 2018 budget at the December 21 NWFR Board meeting following the public hearing and budget presentation.

Chief Pernet also noted that the Commissioners will vote on any necessary 2017 budget amendments in January.

ADJOURNMENT

MOTION: There being no further business Vice Chairman McPhail moved to adjourn the meeting at 3:51 p.m. The motion was seconded by Commissioner Ansell and approved 3-0.

Respectfully Submitted by:

Jennie Sand, Recording Secretary

ATTEST:

Rich Bosman, Chairman

Larry McPhail, Vice-Chairman

John Crawford, Commissioner

Bruce Ansell, Commissioner

Chief Pernet, Board Secretary