

**Whatcom County Fire District #21
Station 61 – Blaine
9408 Odell Rd., Blaine, WA 98230
2:30 pm
October 18, 2018
Budget Work Session**

CALL TO ORDER

Chairman Bosman called the special Whatcom County Fire District #21 Board of Fire Commissioners meeting for October 18, 2018 to order at 2:30 p.m. at Station 61 – 9408 Odell Street, Blaine, WA 98230.

ROLL CALL

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

District #4 Attendee: Commissioner Anna Melillo.

2019 BUDGET WORK SESSION

Chief Pernet noted that today's goal is to review the budget development process, revenues, expenditure and challenges for 2019.

Timeline

A public hearing will be held on Thursday, November 15 to pass a resolution allowing the district to increase its budget up to one percent. An upcoming budget study session is scheduled to follow the next regularly scheduled board meeting on Thursday, November 15. Another public hearing will be held on Thursday, December 20 to approve the 2019 budget.

In years past, the district has also passed a substantial need resolution which is not needed if the inflation rate is above one percent. A substantial need resolution will not be needed.

September / October

- Initial figures from the County
- Staff budget meetings
- Capital requests

November / December

- Additional figures from the County
- Healthcare cost predictions
- Draft budget completed
- District 4 contract calculations

December / January

- Final healthcare figures

- Budget adoption
- Final figures from the County
- Budget amendments

Revenues

Chief Pernet provided information regarding the district's property taxes.

Other revenues include grants, delinquent taxes, contract fees, state parks, ambulance transport fees, investment interest, rents, donations, insurance reimbursements, Ground Emergency Medical Transportation (GEMT) and mitigation fees.

Mitigation funds can be utilized for new growth only and must be included in the district capital facilities plan. Mitigation money is also time sensitive (5 years) and must be returned with interest if not utilized within the allotted timeframe.

GEMT funds will be initially deposited into the expense account. Chief Pernet cautioned the Board against utilizing the GEMT funds for annually occurring expenses since there is no way of knowing how long the program may last.

Tax Reform

Chief Pernet noted that the district can request only a one percent increase in the budget from taxable property if the levy rate is not at its maximum of \$1.50. The levy rate is \$1.4122597.

2018 Assessed Valuation Estimates

Chief Pernet reviewed the 2018 Assessed Valuation estimates including preliminary values, highest levy lid allowed (HLLA) and new construction for both District 21 and District 4.

Chief Pernet cautioned that for various reasons, not all taxable property will be collected.

District 21

Chief Pernet estimates that the one percent increase will be approximately \$60,090.23. New construction is estimated to be \$80,768.98. Chief Pernet estimates a \$140,523.35 increase to the budget.

District 4

Chief Pernet estimates that the one percent increase will be approximately \$60,090.23. New construction is estimated to be \$11,037.21. Chief Pernet estimates a \$25,859.39 increase to the budget.

District 4 also collects money through an EMS levy.

2019 Tax Estimates

Chief Pernet reviewed the 2019 tax estimates and increases for both District 21 and District 4.

Commissioner Approved Bond

In 2010, the commissioners approved a ten year bond to purchase three new engines and a ladder truck. The County collects the payments as part of our levy rate. This year's payment is \$240,000. The bond will be paid off by the end of 2019. A portion of the mitigation funds has been used to pay the ladder portion of the bond.

District 4 Payment

Chief reviewed the calculations for the District 4 quarterly payments. District 4's contract for service payment for 2019 payment has yet to be determined.

Expenditures

Chief Pernet continues to work on fine tuning line items for several divisions. He requested information from the Board regarding their priorities.

Capital Requests

Chief Pernet reviewed the 2019 capital requests which includes:

- Engine 12 Generator
- Rescue 42 Struts
- Thermal Imaging Cameras
- Extrication Equipment
- Station 69 Septic Replacement
- Station Network Upgrades
- Station 62 Flooring Offices
- Windows 7 Computer Replacements
- SCBA Purchase
- New Fire Engine
- Consultant – possibly June
- Bunker Gear
- Replace Command Staff Vehicle
- Fire Chief Search

While Chief Pernet considers each request, he pointed out that not all items will be funded in 2019.

Reserve Accounts

Chief Pernet reviewed the districts' fund balances and is confident that the district currently has enough reserves, to weather a storm and still provide the level of service that the community has become accustomed to.

Bonds

Chief Pernet reviewed the D21 and D4 debt payments for 2019.

D21 - \$239,588

- Commissioner approved

D4 - \$213,540

- Voter approved

- Total remaining - \$217,140

Health Care

Chief Pernet reviewed the six year comparison of the districts' self-funded healthcare costs. The districts has had a lot of claims in 2018 and it is probable that the district will reach the maximum liability of \$1.4 million. The district's insurance committee recently met to hear presentations from various health insurance companies. The committee plans to meet in the near future to make a recommendation regarding a health care plan prior to October 30, 2018. The labor group has stated that they are willing to work with the district if the decision is made to switch plans.

Chief Pernet noted that the current self-funded healthcare plan takes a lot of oversight by the administration.

Labor and Industrial and Insurance

Chief Pernet noted that due to multiple claims and experience over the past five years, the district pays the highest premium allowed by state law.

More than average injuries are not uncommon in the fire service and the safety committee continues to attempt to alleviate some of the risk.

The light duty and L&I back to work program has been very successful. The district has been able to recoup approximately \$10,000 - \$15,000 in fees.

The State Fire Chiefs are lobbying for reform with L&I.

The district saw a \$20,000 savings following a recent switch in liability and building insurance. The district awaits quotes for 2019.

Challenges

Chief Pernet noted that challenges include the one percent statutory limitations, healthcare, Labor and Industries (L&I), personnel, debt payments, and operational and capital needs.

Chief Pernet ended his presentation by pointing out that the operational and capital needs will need to be continually monitored.

2019 Unknowns

Chief Pernet stated that the district does not know what the final property tax will be, healthcare rates, emergencies or unfunded mandates. A new mandate paying those taking FMLA, will also need to be budgeted.

Conclusion

Chief Pernet concluded by stating that the economy seems to be healthy, new construction continues to increase, GEMT and mitigation revenues are ongoing, cash reserves are healthy, and the expense fund has capacity.

Based on the Board's input, Chief Pernet will continue to work on the 2019 draft budget.

ADJOURNMENT

MOTION: There being no further business Vice Chairman Ansell moved to adjourn the meeting at 3:51 p.m. The motion was seconded by Commissioner McPhail and approved 5-0.

Respectfully Submitted by:

Jennie Sand, Recording Secretary

ATTEST:

Rich Bosman, Chairman

Bruce Ansell, Vice-Chairman

Larry McPhail, Commissioner

Dean Berkeley, Commissioner

John Crawford, Commissioner

Chief Pernet, Board Secretary