

TANGENT RURAL FIRE PROTECTION DISTRICT
Budget Committee Meeting
Minutes – April 22, 2020

BC Members Present (Citizens): Brian Becker (by Zoom Teleconferencing), Travis Boshart, Laurie Henriksen, Bob Bilyeu, Matt Grill
BC Members Present (Board): John Dunn, Paul Strombeck, Bruce Riley, Chris Meyer, Scott Richards (all by Zoom Teleconferencing)
Staff Present: Chief Wooldridge, AC Vonasek, BC Chapin, OA Duckworth

Chair Dunn called the meeting to order at 7:00 p.m.

Motion to Suspend Board Meeting Attendance Rules – Due to COVID-19 social-distancing recommendations, the entire Board chose to attend the meeting by Zoom Video Teleconferencing, and a motion was needed to allow this to occur.

Action: Due to COVID social-distancing recommendations, Meyer moved to suspend the Board’s meeting attendance policy to allow this Budget Committee meeting to occur by teleconferencing for those members who wished to do so. The motion was seconded by Strombeck and, upon vote, passed 5-0 (with all five Board members voting in the affirmative).

The full Budget Committee Meeting then began.

I. ELECTION OF BUDGET COMMITTEE OFFICERS:

Action: Travis Boshart (citizen member) volunteered to serve as Chair of the Budget Committee. By formal motion, then, Strombeck moved to nominate Boshart as Chair. The motion was seconded by Richards and, upon unanimous vote (10-0) Boshart was elected Chair of the Budget Committee.

Action: Laurie Henriksen (citizen member) then volunteered to be Secretary of the Budget Committee. No formal vote was required.

II. BUDGETING PROCESS EXPLANATION:

Chief Wooldridge shared the following:

- TRFPD’s budget year is July 1 through June 30. Staff determines the budget priorities with direction from the Board. Board cannot take any action on the budget (w/exception of staff salaries) until it is heard by the Budget Committee.

- The budget tonight is a “proposed” budget. After BC passes it tonight, it becomes an “approved” budget. Then, after the Board holds a public hearing and passes it in June, it becomes the official “adopted” budget that we file w/the State Dept. of Revenue.
- BC can ask questions and by formal action change the proposed budget (but not by more than 10%); however, the Board has final say at the public hearing in June.
- The Budget Committee consists of 10 members (5 citizens and 5 Board members). The minimum number for a quorum is 6, and it takes 6 “yes” votes to pass a motion or the budget.

III. DELIVERY OF FY 2020-21 BUDGET MESSAGE:

Budget Officer Wooldridge then read the budget message aloud in its entirety, emphasizing that the following were major considerations when developing the budget: 1) continuing financial management of the \$1,163,245 Seismic Retrofit Grant the District received in 2018; 2) paying off our PERS transition liability balance to considerably lower our PERS rates, saving the taxpayers approximately \$30,000/year; 3) increasing our unappropriated ending fund balance to afford sufficient cash carryover to begin the new fiscal year until tax revenues are received in November; 4) assessing our equipment and apparatus readiness to respond to in-state and out-of-state conflagrations; 5) maintaining sufficient funding to support and encourage our volunteers with appropriate education, classes, updated personal protection equipment and uniforms; and 6) designing a budget to accommodate over a hundred thousand dollars in lost revenue due to Enterprise Zone 8 exempt funds.

The entire budget message can be reviewed in the “approved budget” document.

IV. CALL FOR PUBLIC COMMENT:

Tonight’s meeting was advertised once in the Albany Democrat-Herald and for two weeks on the District’s website in keeping with Oregon public meeting laws. There was no public comment at the meeting.

V. BUDGET REVIEW AND DISCUSSION:

The Chief explained that the proposed budget is divided into two sections: 1) the official State budget documents (white sheets pp. 4-12); and 2) the District’s “working budget” (pink sheets pp. 13-20), which is much more detailed than the State forms. He further explained that the Fire District budgets money across four funds: 1) a General Fund, which is the actual “operating” budget; 2) an Equipment Reserve Fund—a savings account used to purchase major pieces of equipment and apparatus for the District; 3) a Building/Facilities Reserve Fund—a savings account used to build new facilities or make major repairs to existing buildings; and 4) a Seismic Grant Fund to manage the Seismic Retrofit Project.

At this point, Chief Wooldridge and OA Duckworth proceeded through each line item of the General Fund “working budget,” and then explained the revenue and appropriations in both reserve funds and the seismic grant fund.

Before beginning, however, staff pointed out that Citizen Budget Committee member Laurie Henriksen found an error on Pg. 6 of the proposed budget. The Interfund Transfers currently show \$10,000 to be transferred to the Equipment Reserve Fund and \$30,615 to be transferred to the Building Reserve Fund when, in reality, those numbers should be reversed for those two funds. Good catch, Laurie!

Listed below are only those budget line items which required explanation(s) due to a substantial dollar change over the previous year or for which there were questions by Budget Committee members.

GENERAL FUND -

INCOME:

1000 – Income Resources – The bulk of the District’s resources to develop a new budget comes from cash carryover from the current budget and newly levied property taxes for the new budget year.

1001 – Projected Beginning Cash on Hand – This amount is the sum of \$220,000 unappropriated ending balance; \$40,000 contingency; \$149,000 extra cash carryover from the previous budget; and the remaining from unexpected extra property tax revenue and unspent appropriations in the current budget’s line items. Thus, projected beginning balance for 2020-21 is \$550,000.

1002 – Fire District Current Tax – Expected property tax revenue for 2019-20 is \$875,000. Due to an economy in flux at the time of this meeting, no increase for this line item for 2020-21 was built into this budget.

1006 – Interest – The interest in our LGIP (Local Government Investment Pool) has decreased three times over the past several months. Due to the state of the economy at this time, continued decreases in rates are expected for the ensuing 6-12 months; therefore, this revenue source was budgeted at \$9,000 (a significant decrease from last year).

1010 Grants – Under the General Fund, we didn’t budget any funds for new grants. We do have one grant application outstanding from USDA; should we receive this, it will pay 15% of the items applied for in the grant (and as those items are already in our budget for next year, this 15% payment would be a savings for us of several thousand dollars). Unknown at this time if we will receive the grant.

1011 – State Conflagration – Revenue from conflagrations is always an unknown, and that is why it is budgeted at \$0.

EXPENSES:

2000 – Personnel Services –

2001 – Administrative Wages – Included is a 2.8.0% COLA for staff as approved by the Board at their April Board meeting. Also, staff member Chapin was promoted from Captain to Battalion Chief in 2019 with appropriate salary adjustments spread over three budget cycles, the last adjustment due during 2020-21.

2010 – Clothing/Uniforms – The budget for staff uniforms hasn't increased for 10 years. Therefore, due to the current costs for such items, this line item was increased from \$600 to \$1000 for each staff member.

2022 – Immunizations – This line item has moved and is now incorporated into the 3130 Volunteer Expenses line item. Due to personal insurance coverages of our volunteers, this is only a minimal expense for the District.

2024 – Staff Health Insurance – Fortunately, our health insurance premiums are only increasing 4.8% for 2020-21.

2040b – PERS Transition Liability Payoff – The \$200,000 budgeted for this line item is a one-time expense. As the PERS system has evolved over the past decades, rules for contributions to members, and subsequently employers' rates, have changed many times. Unfortunately, for almost all of the employers who participate (State, counties, cities, school districts, special districts, etc.), these changes have created huge unfunded liabilities for them. To help with stabilizing those liabilities (and the ever-increasing rates they caused), a SLGRP (State Pool) was formed years ago to spread the risk among the thousands of employers. The rate to participate in the pool then became part of the employer's PERS overall rate paid on payroll. At the time an employer joined the pool, if their unfunded liability was more than 200% of their payroll, this excess amount was called a "transition liability" and PERS treated this additional liability as a "loan" from PERS to be amortized over 18-20 years with an interest rate of currently 7%. This transition liability was added to an employer's rate paid on payroll. Tangent Fire currently has a transition liability of approximately \$200,000 (exact amount will not be known until McMillan (PERS' actuary) does an updated calculation for us). If we can pay off the entire \$200,000 transition liability, our PERS payroll rates will decrease significantly (and save taxpayers approximately \$30,000/year).

Because of increased property tax revenues and conservative budgeting over the past several years, the District is now in a position to relieve ourselves of this debt. The plan is to pay \$100,000 in August 2020 and the other \$100,000 in January 2021 (waiting to see whether property taxes received in November will meet our expectations and whether we will need any supplemental District funds to complete the Seismic Grant Retrofit project currently underway).

2040a – Regular 2020-21 PERS Payroll – If paying off the PERS transition liability in 2040b is supposed to save us money, why is there not a significant decrease over the current budget shown in this line item for next year? Because in June 2019, SB 1049 was passed by the Governor, which changes the rules for PERS contributions again (this was not known at the time the budget was completed for 2019-20). Beginning January 1, 2020, employers now have to pay PERS contributions on "retired PERS" employees. This was never a requirement before and does not increase a "retired" member's retirement benefit. Supposedly, this amount will be applied to an employer's unfunded liability. The end result for Tangent Fire is that we will now have to pay our

PERS rate on any “retired PERS” employee’s payroll (currently, this is our Office Administrator’s salary and a Duty Officer’s stipend pay, both of whom are retired PERS members who are in our employ). So, while this line item shows an increase for 2020-21 of \$1,000, if we don’t pay off the transition liability, the increase to this line item would have been about \$15,000 more for 2020-21 and \$30,000 more for each year thereafter.

2045 – Workers’ Compensation – A reduction of \$2,000 to this line item as our overall rates have decreased.

3000 – Materials & Services –

3002 – 911 Contract, CAD Maintenance, & IT Support – We receive these services through the Linn County Sheriff’s Office. There was a significant increase in the costs for these contracts for 2019-20 and we are expecting a large increase again (\$23,500 to \$28,000).

3010 – Bonds & Insurance – Our property/liability insurance carrier told us to project at 12% increase in this premium for 2021; thus, the \$3,000 increase in the budget.

3055 – Station/Office Maintenance – This item was reduced by \$1400 as we are getting new roll-up doors and roofs with the Seismic Retrofit project, so we shouldn’t have need for repairs on those items.

3071 – Annual PMS Checks/Apparatus Repair – Significant increase in this line item due to some major repairs of our rigs during the current budget year causing us to probably be overexpended by fiscal year’s end; as we continue to have significant repairs each year, we have increased this line item by \$5,000.

3080 – Fuel & Oil – While we generally never use all the money in this line item, it was decided to leave the dollar amount unchanged for this next year as we can never predict the fluctuating price of fuel nor can we always gauge the number of incident calls we will have during the year.

3085 – Professional Services – The main increase in this line item is due to a change in medical advisor services. We operate under this person’s medical license, and he does some training for us and case reviews. Our current advisor is retiring and we are currently searching for a new one; the cost for the new person’s services is unknown at this time, but we do know that it will be significantly more than we have been paying our current advisor as he did not request an increase for many years.

3095 – Promotional – This line item includes money for a semi-annual newsletter to be mailed to District patrons.

3130 – Volunteer Expenses – The item is being decreased by \$2,000 as LOSAP (Length of Service Awards Program) past forfeited funds have now all been paid out to volunteers who earned those funds.

4000 – Capital Outlay –

4011 – Personnel Protective Clothing – A \$3000 increase here as we need 4-5 sets of new turnouts.

4014 – Fire Hose – While there is no increase in this line item, we are low on wildland hose, so some of the money will be spent on this.

4015 – Miscellaneous Equipment – Many of the items in this category are part of the USDA grant mentioned in the 1010 line item above. We will purchase them even if we don't get the grant as we have them in the budget. If we do receive the grant, we will save 15% on these items.

4040 – Water Resources Development – No money budgeted for this line item as we are totally out of the water tank program. Repair and/or replacement was extremely costly, and those costs didn't support the benefit we received from them. They didn't help our ISO ratings, and we used them very infrequently—only a couple of times over the past many years. Legally, ownerships of the tanks have been turned over to the farmers on whose land those tanks exist, and they will now be responsible for any repairs or replacements.

5000 – Contingency & Transfers to Reserve Funds –

5000 – Building Reserve Fund - \$10,000 will be transferred into this fund from the General Fund.

5010 – Equipment Reserve Fund – \$30,615 will be transferred into this fund from the General Fund. This is considerably less than in prior years as we will be using some of the funds that would normally be transferred into this fund to help pay off the transition liability mentioned in the 2040 line item above. Hopefully, next year we will be able to return to a much high transfer amount.

6000 – Debt – The District signed a \$127,500, 5-year loan agreement in 2017-18 with Zion Bank to assist with the purchase of a Type III engine. The third payment of \$27,625 is due during 2020-21.

7000 – Unappropriated Ending Fund Balance – Budgeted \$250,000 (\$30,000 increase over current year). The District is continuing to build this balance to ensure enough funds to carry the District for the first five months of the fiscal year until property taxes are received in November.

BUILDING RESERVE FUND - \$10,000 to be transferred from the General Fund. Appropriations will be \$20,000 for replacement of interior station doors.

EQUIPMENT RESERVE FUND - This fund will receive a \$30,615 transfer from the General Fund to help with savings for planned expenditures. Also, we are selling the staff Journey vehicle and the B-72 brush rig, the combination of which should bring about \$15,000 in revenue. The main planned expenditure for the year is new extrication tools for \$35,000, but it is hoped we will receive some grant money to help with the purchase price.

SEISMIC GRANT FUND – Budgeted \$560,000 for 2020-21 as this is the total of unspent funds as of March 2020 from the original \$1,163,245 awarded.

VI. MOTION/VOTE TO APPROVE FY-2020-21 BUDGET:

Staff explained that the budget figure the Budget Committee would be approving tonight does not appear in the budget document itself because that document breaks the budget into the four funds—General, Equipment Reserve, Building Reserve, and Seismic Grant. The total budget figure (\$2,305,163) represents all four funds combined--appropriations and balances--and is found in the resolution which the full Board will pass at a public hearing in June adopting the final budget. This figure will be published in the Democrat-Herald as part of the Notice of Budget Hearing, and it is this figure that the Budget Committee will pass tonight and move forward to the full Board.

Upon studying the resolution presented in the power point presentation, Henriksen asked for further clarification showing the total budget figure. Staff shared that the resolution is the legal document that gives the District permission to spend money received and so only shows appropriations and ending fund balances (not revenues) for all four funds.

Motion: Boshart moved that the Budget Committee of the Tangent Rural Fire Protection District approve the proposed budget for the 2020-21 fiscal year in the amount of \$2,305,163, which includes \$1,820,500 for all appropriations for all funds and \$484,663 for unappropriated ending balance and monies reserved for future expenditures for all funds. Becker seconded the motion and, upon vote, it passed 10-0 (all members voted in the affirmative).

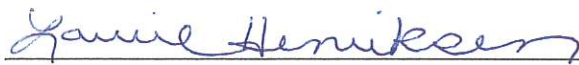
VII. MOTION TO APPROVE THE AD VALOREM PROPERTY TAX RATE FOR FY 2020-21:

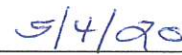
Motion: Boshart then moved that the Budget Committee of the Tangent Rural Fire Protection District approve property taxes for the 2020-21 fiscal year at the rate of \$2.5739 per \$1,000 of assessed value (permanent tax rate) for operating purposes in the General Fund. Becker seconded the motion and, upon vote, it passed 10-0 (all members voted in the affirmative).

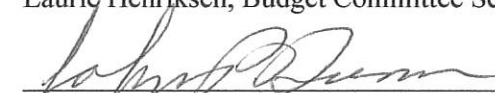
Chair Boshart adjourned the meeting at 8:32 p.m.

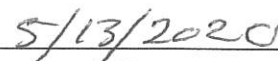
Minutes submitted by Karen Duckworth
Office Administrator

APPROVED BY:


Laurie Henriksen, Budget Committee Secretary


Date


John Dunn, Chair of the Board


Date