

**TANGENT RURAL FIRE PROTECTION DISTRICT**

**Budget Committee Meeting**

**Minutes – May 3, 2021**

**For Fiscal Year Budget 2021-22**

**BC Members Present (Citizens):** Laurie Henriksen, Matt Grill

**BC Members Absent (Citizens):** Travis Boshart, Bob Bilyeu, Brian Becker

**BC Members Present (Board):** John Dunn, Paul Strombeck, Bruce Riley, Chris Meyer, Scott Richards

**Staff Present:** Chief Wooldridge, BC Chapin, OA Duckworth

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Chair Dunn called the meeting to order at 7:00 p.m. A total of 7 Budget Committee members were present, so quorum requirements for the meeting were met.

**I. ELECTION OF BUDGET COMMITTEE OFFICERS:**

**Action:** Richards moved to nominate John Dunn as Chair. The motion was seconded by Strombeck and, upon vote (7-0—Boshart Bilyeu, and Becker were absent), Dunn was elected Chair of the Budget Committee.

**Action:** Laurie Henriksen (citizen member) then volunteered to be Secretary of the Budget Committee. While no formal vote was needed, Chris Meyer did nominate Henriksen as Secretary. The motion was seconded by Strombeck and, upon vote (7-0—Boshart, Bilyeu, and Becker were absent), Henriksen was elected Secretary of the Budget Committee.

**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 the majority of Committee members in attendance to vote “yes” to pass a motion or the budget.

### III. DELIVERY OF FY 2021-22 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) purchasing a new, larger station generator with upgraded wiring to accommodate uninterrupted service to the District during emergency situations when power is unavailable; 2) retiring early a 5-yr. loan taken in 2018 to assist with the purchase of apparatus; 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) purchasing necessary equipment/gear to more safely respond to District grass fires as well as 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 allow for 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” (blue sheets pp. 13-20), which is much more detailed than the State forms. He further explained that the Fire District budgets money across three 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; and 3) a Building/Facilities Reserve Fund—a savings account used to build new facilities or make major repairs to existing buildings.

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.

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 \$250,000 unappropriated ending balance; \$40,000 contingency; \$126,000 extra cash carryover from the previous budget; and the remaining from unexpected extra property tax revenue, unexpected conflag income, and unspent appropriations in the current budget’s line items. Thus, projected beginning balance for FY 2021-22 is \$502,000.

**1002 – Fire District Current Tax** – Expected property tax revenue for FY 2020-21 is \$900,000. Due to a COVID economy still in flux at the time of this meeting, no increase for this line item for FY 2021-22 was built into this budget.

**1006 – Interest** – The interest in our LGIP (Local Government Investment Pool) has significantly decreased this past year. Due to the continued state of the unknown economy at this time, these rates are expected to remain low; therefore, this revenue source is budgeted at \$3,000 (a significant decrease from last year).

**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 1.5 % COLA for staff as approved by the Board at their April Board meeting. It also includes one-month, double-wage coverage for the Office Administrator to provide training for the new OA.

**2024 – Staff Health Insurance** – This line item is decreasing from \$81,000 for FY 2020-21 to \$72,000 for FY 2021-22. The reasons are two-fold: 1) the District is picking up full “employee only” health/vision/dental for the half-time office administrator position, which increases District costs by \$9,000 (for a total of \$90,000 for Line Item 2024); but 2) the District selected to cover employees with Option 5 vs. Option 1 of the OFCA SDIS health plan. This change in options increases out-of-pocket costs for employees with employee/spouse or employee/spouse/family coverage from \$5,000 to \$10,000, but it decreases District costs by \$18,000 for the year. Thus, the \$72,000 total for this line item. So that employees would not be out the extra \$5,000 in potential OOP health costs due to the change in options, the District created the MERP/VEBA for employees (see Line Item 2025 below).

**2025 – MERP/VEBA** – This line item is new for FY 2021-22. With the \$18,000 in savings for Line Item 2024, the District is creating a Medical Expense Reimbursement Plan (managed through our insurance agent WHA) which employees can tap for any differences in the extra \$5,000 OOP health costs created by switching from Option 1 to Option 5. As no employee would be out any more money than with Option 1, it is a wash in benefits for them. No individual employee could tap the MERP for more than \$5,000 (or \$2,500 for “employee only” coverage) as this is the amount of the OOP difference for each employee. If there is money remaining in Line Item 2025 at the end of FY 2021-22, the District will split the remaining funds equally with the

employees as a group. The District will use its half of the remaining funds as rollover for the following year's budget; with the employees' half of the remaining funds, the District will start contributions to a VEBA (medical expense savings plan) for each employee.

By changing from Option 1 to Option 5 and creating the MERP/VEBA plan, the District is not out any more money than if they had continued offering Option 1; and the employees do not lose any coverage because they can tap the MERP for their extra OOP costs. The upside to the change is that (as long as all employees do not have catastrophic health issues during the year) the District will save money, and the employees will have new VEBA accounts. If the MERP gets tapped for the full \$18,000 by employees, the District is still not out any more than if they had continued to offer Option 1. Many other mid-valley fire districts with the same insurance as ours are offering the same plans to their employees; as of this writing, they have all saved money from the switch.

**2040a – Regular 2020-21 PERS (Public Employees Retirement System) Payroll** - PERS increases employer rates every two years; while our rates will increase for the 2021-23 biennium, our overall \$\$ for this line item will decrease due to payoff of our transition liability which significantly decreased our payroll rates during FY 2020-21. If we had not paid off this liability (see Line Item 2040b below), this line item would be about \$30,000 larger (based on rates from FY 2019-20).

**2040b – PERS Transition Liability Payoff** – This line item will disappear for FY 2021-22. The District totally paid off the \$200,000 (total payoff was actually \$181,000) budgeted for this line item during FY 2020-21. This transition liability was created at the time we joined the SLGRP pool (which was created to help reduce unfunded liabilities of all pool participants). At the time an employer joined the pool, if the rate of their unfunded liability compared to their payroll was larger than that same calculated rate for the entire pool, 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. By eliminating this transition liability, our PERS payroll rates decreased over 12 percentage points during FY 2020-21, savings us tens of thousands of dollars.

### **3000 – Materials & Services –**

**3010 – Bonds & Insurance** – A \$1,000 property/liability premium increase.

**3016 – Conferences** – This line item was decreased to allow money for a new line item (3031g Professional Education).

**3031a – Classes** – This line item was also decreased to allow money for a new line item (3031g Professional Education).

**3031g – Professional Education** – This is a new line item created for the purpose of encouraging staff to further their university/college educations. This item does not increase the budget as the money was taken from 3016 and 3031a (both items that did not spend their full appropriations during FY 2020-21).

**3044 – Sewer & Garbage** – An increase of \$400 here to cover 2 septic tank charges vs. 1.

**3050 – Equipment Lease (copier machine)** – Our current copy machine is at the end of its 5-yr. contract and needs to be replaced. The extra \$500 budgeted for FY 2021-22 is to allow for an increase in contract pricing for a new machine.

**3055 – Station/Office Maintenance** – This item was increased \$3,300 to cover engine bay exhaust filters (replaced every 4 yrs.), an increase in heating/air conditioning services, and an extra \$1,000 allowance for repair of overhead roll-up doors.

**3085 – Professional Services** – The increase in this item is for legal services (as we have need to consult an attorney several times during the year for public contracting, policy, and personnel issues) and for financial training for the office administrator's replacement.

**3130 – Volunteer Expenses** – The item is being increased by \$1,000 to cover volunteer uniform replacements.

**4000 – Capital Outlay –**

**4001 – Building, Grounds & Additions** – The station needs a new, larger generator with upgraded wiring to accommodate uninterrupted service to the District during emergency situations when power is unavailable. Our station is designated as an EOC (Emergency Operations Center) for the area, so we must be able to provide electricity for emergency agencies that need our facilities. This will take a large generator (100K minimum), and we will probably run it on propane (as natural gas lines could also be affected in an emergency). The total dollars for this project is unknown at this time, but we are budgeting \$47,000 for this line item in the General Fund and another \$20,000 in the Building Reserve Fund. \$15,000 for this project will come from eliminating the generator transfer switch (no longer needed with the new project) in line item 4015. It could be that this is a 2-yr. project.

**4011 – Personnel Protective Clothing** – A \$2,000 increase here for additional wildland clothing.

**4015 – Miscellaneous Equipment** – A \$17,000 decrease due to elimination of the generator transfer switch project (see 4001 above), and no need for additional wildland tools and secure Knox box items as these were purchased during FY 2020-21.

**4016 – Medical Equipment** – The station will be purchasing all new defibrillators during FY 2021-22 at a cost of about \$15,000, with the General Fund picking up \$11,000 and the Volunteer Firefighters Assn. \$4,000 of that total.

**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** – \$59,790 will be transferred into this fund from the General Fund. This fund is used to purchase/replace worn apparatus and firefighting equipment.

**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. While we are obligated to only make a fourth-year payment on this loan during FY 2021-22, we have budgeted to make a double payment and pay off the loan a year

early. Therefore, this line item is scheduled for a \$55,300 appropriation vs. the required \$27,000+ payment.

**7000 – Unappropriated Ending Fund Balance** – Budgeted \$300,000 (\$50,000 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 in from the General Fund. Appropriations will be \$23,000 (\$20,000 for the generator project and \$3,000 for replacement of one fire-rated door).

**EQUIPMENT RESERVE FUND** - This fund will receive a \$59,790 transfer in from the General Fund to help with savings for planned expenditures. While appropriations are budgeted for \$50,000, staff does not intend to spend any of this money; it is only budgeted in case we have a major emergency with one of our rigs.

**SEISMIC GRANT FUND** – The seismic retrofit project was completed in October 2020 and the fund was closed.

#### **VI. MOTION/VOTE TO APPROVE FY-2021-22 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 three funds—General, Equipment Reserve, and Building Reserve. The total budget figure (\$1,738,890) represents all three 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.

**Motion:** Richards moved that the Budget Committee of the Tangent Rural Fire Protection District approve the proposed budget for FY 2021-22 in the amount of \$1,738,890, which includes \$1,199,500 for all appropriations for all funds and \$539,390 for unappropriated ending balance and monies reserved for future expenditures for all funds. Riley seconded the motion and, upon vote, it passed 7-0 (Boshart, Bilyeu and Becker were absent ).

#### **VII. MOTION TO APPROVE THE AD VALOREM PROPERTY TAX RATE FOR FY 2021-22:**

**Motion:** Meyer then moved that the Budget Committee of the Tangent Rural Fire Protection District approve property taxes for FY 2021-22 at the rate of \$2.5739 per \$1,000 of assessed value (permanent tax rate). Henriksen seconded the motion and, upon vote, it passed 7-0 (Boshart, Bilyeu, and Becker were absent).

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It was then stated the Budget Committee terms of members Bob Bilyeu and Matthew Grill will end on June 30, 2021. Bilyeu had previously given notice that he would not be able to serve another term, but Grill graciously volunteered to serve again. He will be formally appointed by the Board at a later Board meeting.

Chair Dunn adjourned the meeting at 8:02 p.m.

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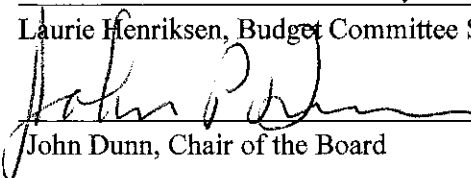
Minutes submitted by Karen Duckworth  
Office Administrator

APPROVED BY:

  
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Laurie Henriksen, Budget Committee Secretary

5/21/21

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
John Dunn, Chair of the Board

6-9-2021

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Date