KITTITAS VALLEY FIRE & RESCUE

BUDGET 2016
KITTITAS VALLEY FIRE & RESCUE

Station 21 at 2020 Vantage Hwy
Station 29 at 102 N. Pearl Street
Ellensburg, WA 98926
(509) 933-7232

BOARD OF FIRE COMMISSIONERS
Patrick H. Clerf, Board Chairman – Term Expires 12-31-17
R. John Smith, Board Vice Chairman – Term Expires 12-31-19
Glenn Huffman – Term Expires 12-31-15
Neil O’Neill – Term Expires 12-31-15
Neal Houser – Term Expires 12-31-17

KITTITAS VALLEY FIRE & RESCUE ADMINISTRATIVE STAFF
John Sinclair, Fire Chief
Rich Elliott, Deputy Chief
Amber Simon, Financial Services Manager
Shannon Hill, Human Resources Administrator / District Secretary
Alice DeWitt, EMS Billing / Patient Accounts
Manda Beckett, Administrative Assistant
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DISTRICT PROFILE

In 2005, the Kittitas County Fire District No. 2 Board of Commissioners and the Ellensburg City Council authorized a Citizens Advisory Committee to explore the option of merging the City of Ellensburg Fire Department into Kittitas County Fire District No. 2. Citing the benefits of eliminating duplication of services and the ability to provide the communities involved with a more effective utilization of equipment and staff, the Committee recommended in their report that the two departments should merge to provide more effective emergency response services. The proposal was put on a ballot for the public to consider in 2006. Voters overwhelmingly approved the annexation of the City of Ellensburg Fire Department into Kittitas County Fire District No. 2 with 79.5% favorable vote. The combined entity operates as Kittitas Valley Fire & Rescue (KVFR) and became operational on January 1, 2007. KVFR completed the blending of two very active fire jurisdictions with both agencies having had a long and cooperative history in the lower Kittitas Valley.

KVFR provides fire suppression; technical rescue; advanced life support (ALS) and basic life support (BLS) response and ambulance transport (including inter-facility transport); fire prevention; code enforcement; hazardous material response; and fire investigations. KVFR serves a permanent population of about 28,500, with an additional student population of approximately 9,500 when Central Washington University is in session. The service area is 278 square miles for fire suppression and 1,200 square miles for Emergency Medical Service (EMS) coverage. The area covered is a mixture of micro-urban, suburban, rural, and wild land interface. The district is staffed and equipped for response to structure and wildland fires, rescues, motor vehicle crashes, and medical emergencies. The district shares boundaries and responds with mutual aid to US Forest Service (USFS), Department of Natural Resources (DNR), Bureau of Land Management (BLM), the Yakima Firing Center (a Department of Defense facility) as well as City of Kittitas and Kittitas County Fire Districts #1, #4 and #7. KVFR also provides services, under a fire protection contract, to the Central Washington University (CWU) campus.

KVFR is an active partner with the Central Washington University EMS Paramedicine Program in providing paramedic students the opportunity to ride along with the ambulance units. They are afforded first-hand experience to medical and trauma incidents, thus allowing them the opportunity to observe and assist with patient care. KVFR staff and firefighters, which include career, reserve, resident and community volunteers, look forward to providing professional and effective service to the community as it grows.

KVFR is a combination district consisting of twenty-eight career firefighters split into three different shifts, approximately seventy volunteer firefighters, twelve Reserve firefighters, and six Resident firefighters. There is a Fire Chief, Deputy Fire Chief, Prevention Captain, Training Captain, Mechanic and four office support staff. The district has two fire stations that are staffed by career personnel twenty-four hours a day. There are also nine volunteer stations throughout the district. The district’s business is overseen by five Fire Commissioners.
Kittitas Valley Fire & Rescue
Organizational Chart

Citizens

Commissioners

Human Resources Manager/
District Secretary

EMS Billing

Admin Assistant

Financial Services Manager

Deputy Chief

Prevention

Reserve FF

Training

EMS

Resident Vol. FF

Volunteer Companies

A-Shift

Capt-21

Capt-29

Lt

FF

FF

FF

FF

FF

FF

Lt

FF

FF

FF

FF

FF

FF

B-Shift

Capt-21

Capt-29

Lt

FF

FF

FF

FF

FF

FF

C-Shift

Capt-21

Capt-29

Lt

FF

FF

FF

FF

FF

FF

Administrative Captains

Reserve FF

Resident Vol. FF

Volunteer Companies

Badger Pocket

Broadview

Denmark

Eastside

Fairview

Reecer Creek

Westside
BUDGET OVERVIEW

FACTORS CONSIDERED IN THE 2016 ANNUAL BUDGET

- Housing starts within the City of Ellensburg and some commercial building within the District is modest. Local growth through 2016 is expected to be 2.0-2.5%. While there are some new housing starts, the existing housing stock remains stagnant for Assessed Value (A.V.) growth. Commercial expansion within the City of Ellensburg has picked up and reversed the downward trend line.
- The National and Washington State Economies are exhibiting slow growth. This is fueled by low crude oil prices with Barrel Prices as low as $42 per barrel. The international picture remains volatile with many hot spots around the globe.
- CPI-U for Seattle area is 1.8%. Finding specific numbers for Kittitas County is extremely difficult. The regional report from the State of Washington was last updated in December of 2014.
- The State legislature is still dealing with the impact of the McCleary Decision from the State of Washington Supreme Court holding that the state government has an obligation to fully fund K-12 education. The decrease in pass-through money has impacted local governments.
- The Federal Reserve was considering an increase of the Fed Funds Rate and this lead to a downturn on Wall Street. The Federal Reserve Chairwoman Janet Yellen has stated that interest rates will remain low for the foreseeable future. Year-over-year compensation costs are 2.0% and last year they were at 2.2%. This 20 basis point drop has the Federal Reserve concerned.
- Statewide unemployment has stabilized to around 5.7% with the real figure at about 9.6%. The real figure represents people who are still unemployed and are no longer looking for work as well as the underemployed whose full-time hours have been cut.
- Kittitas County’s unemployment rate for October 2015 was 6.2% as compared to 5.5% in September 2014 and 7.7% in September 2013. Job growth in the county is currently at -2.74%. Future job growth is expected to be higher.
- Other economic indicators in Kittitas County include:
  - Construction of single family homes continues slow growth.
  - CWU is experiencing high student numbers. As the leading employer within the community, this could have significant effect. CWU has had a capital plan approved by the legislature that will average about $90 million per year over the next 5 years.
  - In 2015 the agricultural community had a difficult year with livestock prices down and water shortages for most of second cutting of hay. Snow pack is expected to be low again headed into 2016.
- The Kittitas County Assessor’s Office released new construction figures showing less than expected growth.
- The average annual investment interest rates went from 5.0853% in 2007 to 0.010% in 2015.
- The 2016 contractual wages increased by 2.0% over 2015 wages.
- Costs for the medical/dental insurance plan offered to the district’s full-time employees will not increase in 2016.
FUNDS

**General Fund (010):** The main revenue source for this fund is from property taxes and Central Washington University’s fire protection contract. The district’s general operating expenses, as well as administrative and suppression payroll are expended from this fund.

**EMS Fund (011):** The majority of the revenue for EMS operations is obtained from ambulance user fees. Some property tax is also transferred from the General Fund to supplement the income. Expenses associated with the ambulance transport operation, such as patient supplies, ambulance repair and maintenance, and payroll for Paramedics are paid from this fund.

**Construction Fund (020):** Expenses associated with construction of new building facilities or major improvements to existing facilities as authorized by the Board of Fire Commissioners are expended from this fund. Funding sources are typically transfers from the General Fund, but there is also occasional funding from federal and state grants.

**Station Bond Fund (021):** This fund was created at the end of 2014 as a result of the $6.7 million General Obligation Bond approved by the voters in early 2014. These funds are being used to build a new headquarters fire station located at 400 E. Mountain View Avenue. Construction began in 2015 and will be completed by the middle of 2016.

**Debt Management Fund (030):** All bond payments and related bond levy tax collections will flow through this fund.

**Reserve Fund (040):** This fund is held in reserve for expenses incurred when the district responds to emergency situations such as a natural or man-made disaster. Additionally, prudent fiscal management and uncertain economic conditions warrant setting aside funding for “rainy day” circumstances. This fund has no revenue source other than utilizing the inter-fund transfer accounting method from the General Fund.

**Equipment Replacement Fund (041):** Replacement of an assortment of items as approved by the Board of Fire Commissioners is expended from this fund. The primary funding source for this fund occurs through inter-fund transfers from the General Fund. Historically, the Board of Fire Commissioners has informally allocated the majority of the Central Washington University fire suppression contract income to be transferred into the Equipment Fund.

**Long Term Planning Fund (042):** The Long-Term Planning Fund was created as part of the 2016 budget process to clearly identify funds to be set aside for future major capital asset purchases. Funding for these purchases will be transferred from both the General Fund and the Equipment Fund.

**Long Term Care Fund 060:** The Long Term Care (LTC) Fund was established to meet the district’s long term care obligations to retired Law Enforcement Officers’ and Fire Fighters’ Plan 1 (LEOFF I) personnel as mandated by Washington State law. During
the annual budget process, the Board of Fire Commissioners designates the amount of money to be transferred from the General Fund into the LTC Fund. Additionally, funding for long term care insurance policies is expended through the General Fund. The LTC Fund provides funding for medical expenses incurred that are not covered by the policies. When all LEOFF I obligations are no longer pending, any fund balance remaining will be transferred to the General Fund and the LTC Fund will be closed.

To simplify the preparation of the budget and all budget-related communications, the Station Bond Fund (021) and the Debt Management Fund (030) are referred to as the “Bond Funds” while all other funds are referred to as the “Operating Funds.”

**DIVISIONS**

**Fire Commissioners:** The Board of Fire Commissioners is the oversight body of the district and has the responsibility to: manage and conduct the business affairs of the fire district; make and execute all necessary contracts; employ any necessary services; adopt reasonable rules to govern the district and to perform its functions; and perform all such acts as may be necessary to carry out the objectives of the district. Commissioners are elected to six-year terms and represent the citizens of the district in at-large positions. Prior to 2008, Kittitas Valley Fire & Rescue had three commissioners. With a 67% voter approval on August 21, 2007, the Board of Fire Commissioners increased from three to five positions.

**Administration:** The Administrative Division consists of the Fire Chief, Deputy Chief, Financial Services Manager, Human Resources Manager/District Secretary, and an Administrative Assistant. This division is dedicated to: managing the organization; planning and organizing the activities of the agency; developing and implementing sound financial and human resources practices; providing public information; and providing the highest quality of leadership, direction, and support to all divisions within Kittitas Valley Fire & Rescue.

**Fire Suppression:** The main function of the Suppression Division is to respond to 911 calls. Staff accomplishes their mission by insuring equipment readiness, performing pre-fire planning, insuring their physical fitness, and practicing personal safety techniques at all times. Fire suppression personnel must constantly train using the latest strategies and techniques to perform complex rescues, to suppress a working fire, and to handle emergencies resulting from natural or man-made disasters. Firefighters must stay abreast of the latest technology, procedures, and techniques for different types of rescues. They also must be aware of how a fire reacts to certain conditions and determine risks due to hazardous material release while remaining aware of the circumstances to safeguard their own personal safety at all times.

In addition to the 16 career firefighters currently assigned to the Suppression Division, there are typically 65-80 volunteer firefighter positions assigned to seven volunteer companies operating out of nine volunteer fire stations. Additional staffing supplementation is provided by 12 part-time Reserve firefighters and six Resident firefighters. The budget includes the proposal for an additional two career firefighters to
be hired in 2016. This will increase the number of personnel assigned to each shift to ten.

The district’s mechanic is also assigned to the Suppression Division of the budget.

**Prevention & Investigation:** The Prevention and Investigation Division is responsible for providing comprehensive fire prevention services. These services include public education, fire investigation, fire inspection and development services. The Prevention Captain, as the contractual Fire Marshal for the City of Ellensburg, is responsible for determining the cause and origin of each fire within the City of Ellensburg. Additionally, the Prevention and Investigation Division works cooperatively with Kittitas County Code Enforcement personnel as needed. As part of the district’s effort to improve life safety, KVFR conducts a fire and life safety inspection in each publicly accessible portion of all commercial buildings and in all places of employment. These inspections serve to reduce fire hazards, educate the community, familiarize responders with the buildings and also help to reduce insurance rates. All members participate in the inspection program which is overseen by the Prevention Captain.

**Training:** The Training Division is responsible for coordinating and scheduling all department training. All suppression personnel must receive initial training and these skills must be continuously maintained. Newly hired full-time firefighters will be sent to the Washington State Fire Academy for the 16 week Firefighter I and Firefighter II certification course. The maintenance of firefighter skills is achieved through in-service training. In-service training is accomplished through several methods: outside instructors, company level training, written tests and in-house academies. Training requirements must be accomplished in compliance with Washington Administrative Code (WAC), Revised Code of Washington (RCWs), and National Fire Protection Administration (NFPA) guidelines. As these standards change, KVFR training must be continually updated to remain compliant. All training must be recorded and these records receive frequent evaluation for compliance.

**EMS:** The Emergency Medical Services (EMS) Division is responsible for providing emergency medical care to the citizens. The division provides both advanced life support (ALS) and basic medical life support (BLS). Emergency Medical Technicians (EMTs) and Paramedics provide immediate medical assessment, evaluation, and treatment. They transport patients to Kittitas Valley Community Hospital or out-of-area facilities for continued treatment as needed. The district must provide highly trained, skilled personnel and adequate vehicles and equipment to accomplish the division’s mission. Emergency medical vehicles and equipment must be maintained and upgraded to meet the ever changing technologies of medical science. Vehicles must not only be equipped for the safety of the district’s patients and personnel, but must also be equipped with a wide array of medical equipment such as defibrillators, cardiac monitors, oxygen, and many other instruments needed for the successful treatment of the critically ill and traumatized patient. EMS transport billing and patient account service are provided in-house by the EMS Billing position.

In the past, there have been nine Paramedics assigned to the EMS Division in the budget. The 2016 budget reflects three additional Paramedics assigned to the EMS
Division to more accurately reflect the true cost of providing EMS services. In addition, the Administrative Assistant in charge of EMS billing and patient accounts is assigned to this division.

**OPERATING FUND REVENUES**

As mentioned at the top of page 8, the district’s funds are separated into two groups. The bond funds are specifically reserved for the construction of a new fire station and are thereby kept completely separate from the rest of the operating funds. This section addresses the operating funds section of the budget. The description of the bond funds section of the budget begins on page 18.

The 2016 budgeted operating revenue totals $6,478,186 with the largest three sources of income being property taxes, EMS service fees, and fire suppression service fees.

![2016 Budgeted Operating Fund Revenue Sources](image)

To cover the rest of the $6,538,750 of budgeted expenditures, management has determined that $60,564 of the existing fund balance may be used, if necessary.

**Property Taxes**

The property tax revenue is collected by the Kittitas County Treasurer and is based on the valuation of property within the fire district. Property valuations are established by the Kittitas County Assessor. The 2016 district property value is estimated to be at $2,538,818,667 and the fire tax levy rate will be $1.50. This means that each resident must pay $1.50 for each $1,000 worth of value on their property, so the calculated property tax revenue is projected to be $3,808,228.00. At the time of this writing, the Assessor has not finalized the numbers and the district wishes to avoid a banked capacity situation, so the budgeted property taxes are $4,100,000.

The following table illustrates the past levy rates for the district as well as the assessed valuation and taxes due.
<table>
<thead>
<tr>
<th>Assessed Valuation</th>
<th>Year</th>
<th>Levy Rate</th>
<th>Tax Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>$623,017,007</td>
<td>2003</td>
<td>1.445500</td>
<td>$900,571.08</td>
</tr>
<tr>
<td>$645,088,452</td>
<td>2004</td>
<td>1.464300</td>
<td>$944,603.02</td>
</tr>
<tr>
<td>$675,740,225</td>
<td>2005</td>
<td>1.471800</td>
<td>$994,554.46</td>
</tr>
<tr>
<td>$778,597,115</td>
<td>2006</td>
<td>1.359400</td>
<td>$1,058,501.22</td>
</tr>
<tr>
<td>$893,913,190</td>
<td>2007</td>
<td>1.267000</td>
<td>$1,132,420.26</td>
</tr>
<tr>
<td>$2,234,397,036</td>
<td>2008</td>
<td>1.5000 (lid lift)</td>
<td>$3,351,595.55</td>
</tr>
<tr>
<td>$2,301,620,258</td>
<td>2009</td>
<td>1.500000</td>
<td>$3,452,430.39</td>
</tr>
<tr>
<td>$2,413,003,803</td>
<td>2010</td>
<td>1.471187</td>
<td>$3,549,979.82</td>
</tr>
<tr>
<td>$2,421,184,837</td>
<td>2011</td>
<td>1.499338</td>
<td>$3,630,177.76</td>
</tr>
<tr>
<td>$2,365,891,009</td>
<td>2012</td>
<td>1.500000</td>
<td>$3,548,836.51</td>
</tr>
<tr>
<td>$2,402,006,430</td>
<td>2013</td>
<td>1.500000</td>
<td>$3,603,009.65</td>
</tr>
<tr>
<td>$2,430,662,769</td>
<td>2014</td>
<td>1.499999</td>
<td>$3,645,991.72</td>
</tr>
<tr>
<td>$2,470,115,436</td>
<td>2015</td>
<td>1.500000</td>
<td>$3,736,527.07</td>
</tr>
<tr>
<td>$2,538,818,667</td>
<td>2016</td>
<td>1.500000</td>
<td>$3,808,228.00</td>
</tr>
</tbody>
</table>

There is historically a difference between the County Assessor’s final calculated amount of taxes and KVFR’s budgeted amount. There are three reasons for this difference:

- The County Assessor has not finalized the valuations by the time KVFR must approve the annual budget, so staff must make an estimate on the amount of taxes to be received.
- The district’s Board of Commissioners and management team intentionally overestimate the taxes so that a banked capacity situation can be avoided. A fire district may not collect more in taxes than they have budgeted for. Any “extra” taxes received by the county are not passed through to the district and are considered banked capacity.
- The budget also considers prior year back taxes that may be collected during the budget year. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The county’s residents are expected to pay half of their property taxes by April 30th each year with the second half of the taxes due on October 31st. This creates a cyclical source of revenue for KVFR. Because of the cyclical nature of the property tax receipts, KVFR’s Commissioners and management team must make sure that the General Fund balance is adequately maintained to cover several months of payroll and other operating expenses until the next influx of property tax revenue is received.
**Ambulance Revenue**
KVFR provides ambulance transport services in emergency situations as well as handling the transfer of patients from one medical facility to another. KVFR provides emergency medical services (EMS) in 1,240 square miles of Kittitas County. The patients are charged fees based upon the level of service they receive, the length of their transport, and their residency status. The fee structure is set up to cover the costs of providing the services. For this reason, KVFR has chosen not to propose the implementation of an EMS levy.

Statistics for the past several years show an increase in the number of calls, but a decreased rate of patients transported. For example, the district transported 74.67% of the 1,903 patients seen through the first three quarters of 2010, but that rate has fallen to 68.33% of the 2,384 patients seen as of September 30, 2015.

The budget reflects an estimate of $1,519,500 in ambulance revenues to be received in 2016. This figure accounts for 23% of the total budgeted operating funds revenue. The decline of the economy in recent years had affected patients’ ability to pay their bills and the changes to Medicare and Medicaid have impacted KVFR’s ambulance revenue. For future planning, the commissioners and staff will continue to monitor economic factors that will affect this revenue.

In the Kittitas Valley, the number of calls and the related revenues can be cyclical in nature for a variety of reasons. Winter driving conditions tend to cause an increase in injury vehicle accidents. Scheduled events such as concerts at The Gorge, the beginning of the CWU school year, and the annual fair and rodeo tend to initiate more medical calls. KVFR also tends to complete more transports to other medical facilities when Kittitas Valley Hospital reaches maximum capacity, especially during flu season.

**Fire Services Contracts**
Federal, state, and local governmental agencies are not required to pay property taxes. KVFR has entered into fire protection contracts with most of the governmental agencies that own property within the district’s boundaries. The contracts are based on the same basis as the property taxes: the entities pay $1.50 per $1,000 of their property value. Because of Central Washington University’s vast property holdings, KVFR expects to collect approximately $627,000 in 2016 from CWU. Historically the Board of Fire Commissioners has informally reserved this money for the purchase of new equipment.
It is expected that a new fire protection contract will be created with the City of Ellensburg when KVFR vacates the Pearl Street building in 2016. The district currently does not charge the city for fire protection services in lieu of paying rent on the Pearl Street facility. Once the district is housed in the new headquarters station, the city will be obligated to pay for fire protection services.

Included in the 2007 merger agreement between the City of Ellensburg and Kittitas County Fire District No. 2 is a clause in which the City of Ellensburg agreed to pay the district for ongoing Fire Marshal services. KVFR’s Prevention Captain serves as the Fire Marshal for the City of Ellensburg and the City makes quarterly payments roughly equivalent to the Fire Marshal’s salary.

The district also enters into fire suppression contracts with private individuals who own property adjacent to the district’s boundaries. The following chart shows the budgeted income from each of these sources in 2016.

*Fire Suppression Contracts 2016 Budgeted Revenue*

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Washington University</td>
<td>$427,300</td>
</tr>
<tr>
<td>City Fire Marshal</td>
<td>$95,000</td>
</tr>
<tr>
<td>Private Parties/Government Entities</td>
<td>$40,000</td>
</tr>
<tr>
<td>City of Ellensburg</td>
<td>$10,000</td>
</tr>
<tr>
<td>School District</td>
<td>$3,800</td>
</tr>
</tbody>
</table>

*Investment Interest Income*

The Kittitas County Treasurer acts as the bank for all of the fire districts in the county. Each district’s investments have historically been held in a Certificate of Deposit in the district’s name by the Local Government Investment Pool (LGIP). The average interest rates for this investment program have hovered between 0.1% and 0.2% in recent years.
The new Kittitas County Treasurer has introduced a new program that will allow KVFR to gain a higher return on investments. The district will need to keep much of the operating funds in the General and EMS funds in a highly liquid state for easy accessibility, thus the return on these investments will remain low. However, there is the potential to invest the Reserve Fund, Long-Term Care Fund, Long-Term Planning Fund, and some of the Equipment Fund with strategies that may increase the interest income by as much as ten times what is now received. For example, it is estimated that the Reserve Fund can potentially go from $850 per year in interest to earning $8,500 per year when invested via different methods.

Other Revenues
Other revenues include licenses and permits, rents and leases, donations and other small revenues sources.

American Tower’s lease payment on the cell tower goes up to $886.67 from $771.02 in December 2015. It will hold at this rate for the next five years.

**OPERATING FUND EXPENDITURES**

The 2016 budgeted expenditures that are not related to the bond funds total $6,538,750 with the largest expenditure being salaries and benefits expenses.
Payroll
Salary and benefits expenses in prior years were typically 70-75% of the total operating funds expenditures. In 2016, the figure is budgeted to be 80%. A significant part of the increase is due to the proposal to increase shift staffing.

The following assumptions were used while creating the 2016 budget:

1. **Three Paramedics moved to EMS:** Three Paramedics’ payroll costs have been shifted from Suppression to the EMS fund. This change was made to more adequately reflect the true cost of the EMS services provided. Essentially, $386,000 was moved from the General Fund into the EMS Fund, thus the larger transfer of cash between those two funds.

2. **Retirements/Resignations:** The 2016 proposed budget assumes the retirement of two Captains. The IAFF contract language indicates that the district is liable for the payout of 100% of the sick leave in the retirees’ bank. Those sick leave payouts amount to approximately $93,000.

   In addition to the two potential retirements, a Firefighter/IV Tech resigned late in 2015. Assuming the retirements happen, those three individuals will be replaced with new hires. The annual salaries and benefits for the three tenured employees would amount to a total of $405,500 while three probationary firefighters will cost $297,500. This is a difference of $108,000 in 2016, thus essentially offsetting the cost of the sick leave payouts. The cost of the probationary firefighters will go up to $310,000 in 2017. That is still significantly less than the $420,000 that the longer tenured employees - two of which were officers – would have cost in 2017.

3. **Shift Expansion:** Another assumption in the 2016 budget is that KVFR will hire an additional two personnel to round each shift out to ten per shift. For purposes of the budget, it is assumed these would be two Paramedics with families on their health insurance plans. The cost of these new hires will be $214,000 in 2016 and $224,000 in 2017.

4. **Resident Stipend Increase:** The Commissioners have tentatively approved budget request #1 which is a proposal to increase the Resident Firefighters’ shift stipends from $10 per shift to a range of $20-$25 per shift depending on years of service with KVFR. The estimated budget impact for 2016 is approximately $6,400.

The budget calculations for payroll include a 2% raise as agreed in the IAFF contract negotiations. A total of $3,800,200 is expected to be paid out in salaries and wages while an additional $1,400,000 is expected to be paid for employee benefits. Of the salaries and wages expense, $390,650 (10.28%) can be attributed to overtime pay.
The current 2016 budget proposal for the Community Paramedicine program includes approximately $97,000 to cover the cost of salaries, benefits, and other expenses to continue the program as it has been conducted in 2015. The Board of Commissioners has instructed staff to return to them by April 2016 with a complete program description including a job description, benchmarks to be met, and a financial analysis of potential funding options and staffing plans. There will likely be a budget amendment in 2016 as the program is fully developed, continued in its current staffing model, or discontinued.

**Machinery and Equipment**
The 2016 budget contains $353,240 for capital equipment expenditures, down from $521,680 budgeted in 2015.

KVFR’s largest equipment expenditure in the 2016 budget is a remount of an existing ambulance box onto a new chassis.

The Board of Fire Commissioners has tentatively approved the purchase of a new brush truck in 2016 to replace the existing B-215, a 2002 GMC pickup. The existing B-215 will become B-261, the existing B-261 will become B-292, and the new vehicle will become B-215.
The most expensive EMS Equipment to be purchased in 2016 is a $35,000 LifePak-15 to replace the last remaining LifePak-12. Other equipment includes 50% of the cost to purchase a Glidescope, with the IAFF’s Life Support Fund matching the other 50% of the cost. There was also approval of LP500 upgrades.

With the potential to hire five new staff in 2016, $40,000 has been set aside to provide those individuals with new sets of bunker gear.

The active wildfire seasons in recent years has created significant wear and tear on the wildland equipment. The budget provides for $20,000 for equipment should replacements be needed during the 2016 wildfire season.

The “Other” category, includes such items as communication equipment, computer equipment, tech team and suppression equipment, fire hose, and upgrades to the training props.

Communications
There is an expected increase to the cost of dispatch services provided by KITTCOM. The 2016 fees are expected to be approximately $161,000, an increase of $40,000 from the 2015 costs. The remaining amount of communications expenses includes the cost of phone service and postage.

Office and Operating Supplies
Patient supplies and medication comprise the largest component of the total operating supplies expense. Additional amounts are attributed to suppression related supplies, training supplies, office supplies, and facilities supplies.

Professional Services
This category of expenditures includes legal fees, Information Technology (IT) support contract payments, I-net connection charges, architecture fees, and environmental consultant fees. It also includes construction plans review and firefighter training at the State Fire Academy. In the EMS division, it includes payments for the services of our Medical Officer and EMS ambulance bills collections fees.

Repairs and Maintenance
This category includes the cost of maintaining all of the stations, the equipment, and the apparatus fleet.

Other Expenses
The other expenses category which makes up 6% of the expenditures budget contains such items as fuel, utilities, travel, training, insurance, small tools and equipment, advertising, and intergovernmental payments.

OPERATING FUND BALANCES

KVFR currently has a healthy overall fund balance due to conservative planning over the years by the Board of Fire Commissioners and management staff. The fund balance is the amount available at the end of the period after all receipts have been entered and
all bills have been paid. The Commissioners and staff have once again budgeted conservatively with the goal of keeping adequate fund balances.

Part of the budgeting process is to determine how much of the property tax and other revenues should be transferred from the General Fund to the other funds during the year to maintain their funding levels and to plan for expenditures out of those funds. The following is a list of transfers scheduled out of the General Fund in the 2016 budget:

- **$400,000 to the EMS Fund.** This is a $325,000 increase over the 2015 transfer amount due primarily to transferring the payroll costs for three Paramedics to the EMS Fund. While the fee schedule is built to cover the majority of the cost of services, the fees do not cover all costs. In addition, cash flow can be tight when patients or insurance companies do not pay their bills in a timely manner; therefore, tax money is needed to help cover EMS costs.

- **$0 to the Construction Fund.** The existing fund balance has been determined to be adequate to cover the costs of continued well monitoring at the Mt. View site as well as to pay for the new hydrant to be installed at Station 21.

- **$0 to the Equipment Fund.** Due to the creation of the Long-Term Planning Fund in 2016, it is no longer necessary to carry a significant balance forward in the Equipment Fund each year. In fact, there is a transfer of $300,000 from the Equipment Fund to the Long-Term Planning Fund included in the 2016 budget.
$737,000 to the Long-Term Planning Fund. The Long-Term Planning Fund was created to save for significant purchases in future years. This transfer, in addition to the $300,000 transfer from the Equipment Fund, will have KVFR well on its way to being adequately prepared for future capital purchases.

$2,000 to the Long Term Care Fund. There are currently three surviving LEOFF 1 members who the district is obligated to pay medical claims for. This fund reserves money to be used for paying those claims.

$0 to the Reserve Fund. The State Auditor’s office recommends that entities carry funds in reserve to cover at least two months of operating expenditures in the case of emergency. The Commissioners and KVFR staff have determined that the fund balance is adequate and no transfer is necessary in 2015.

Changes in Fund Balance
The 2016 budget calls for a $60,564 decrease in the operating fund balance; however, it should be noted that this will still leave a very healthy operating fund balance of $5,160,760 at the end of the year.

<table>
<thead>
<tr>
<th>2016 BUDGET - OPERATING FUNDS ONLY</th>
<th>010 General</th>
<th>011 EMS</th>
<th>020 Construction</th>
<th>040 Reserve</th>
<th>041 Equipment</th>
<th>042 Long Term Planning</th>
<th>060 Long Term Care</th>
<th>070 Revolving Fund</th>
<th>All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>2,482,438</td>
<td>589,755</td>
<td>405,767</td>
<td>924,699</td>
<td>733,585</td>
<td>0</td>
<td>84,060</td>
<td>1,000</td>
<td>5,221,244</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>4,946,516</td>
<td>1,521,470</td>
<td>500</td>
<td>8,500</td>
<td>600</td>
<td>500</td>
<td>100</td>
<td>0</td>
<td>6,478,186</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>3,990,450</td>
<td>2,166,660</td>
<td>26,200</td>
<td>0</td>
<td>353,240</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6,538,750</td>
</tr>
<tr>
<td>Total Transfers In</td>
<td>0</td>
<td>400,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,037,700</td>
<td>2,000</td>
<td>0</td>
<td>1,439,700</td>
</tr>
<tr>
<td>Total Transfers Out</td>
<td>1,139,700</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>300,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,439,700</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>2,346,444</td>
<td>342,365</td>
<td>360,067</td>
<td>933,199</td>
<td>659,485</td>
<td>1,038,200</td>
<td>86,160</td>
<td>1,000</td>
<td>5,160,760</td>
</tr>
<tr>
<td>Increase/(Decrease) in Fund Balance</td>
<td>(183,634)</td>
<td>(247,390)</td>
<td>(25,700)</td>
<td>8,500</td>
<td>(652,640)</td>
<td>1,038,200</td>
<td>2,100</td>
<td>0</td>
<td>(60,564)</td>
</tr>
</tbody>
</table>

BOND FUNDS

In April 2014, the residents of the district voted to approve a $6.7 million, 20-year General Obligation Bond to be used for the construction of a new headquarters fire station located at 400 E. Mountain View Avenue. The bonds were sold in October 2014 and the funds were received by the district on December 2, 2014. Construction on the station started in the spring of 2015 and is expected to be completed in the spring or early summer of 2016.

To correctly account for the funds and ensure that they will be used only for their intended purpose, the district was legally required to set up the Station Bond Fund and a Debt Management fund. As indicated on page 7, these two funds are being collectively referred to as the “Bond Funds” for the district and are referred to separately in financial reporting and budgeting processes.

The Station Bond Fund originally contained the $6.7 million to be used for building the new fire station. It is projected that $2,429,997 will remain at the start of 2016. The following graph shows an estimate of how those funds will be spent.
As shown in the graph, the vast majority of the bond funds will be spent on the actual construction of the building. Architectural and Engineering services as well as Project Management expenses will be significant expenses. The final phase of the bond funds will be spent on furnishing and equipping the building.

In addition to the Station Bond Fund, the Debt Management Fund is used to track bond related activity. The tax levy collections are deposited into this fund and the bond principal and interest payments are paid from this fund. The levy is certified to include a 3% tax delinquency so that adequate tax collections are available to cover the interest and principal amounts.

The first 10 years of the amortization schedule are shown below: