



April 4, 2017

SFD Citizens Advisory
Committee
By James Vincent Group

Objectives

Fire District Funding and Current Constraints

Current Planning Constraints

Financial Planning for SFD

Capital Needs of SFD

Impact of various strategies on Long Term Planning

Fire District Funding

Primary Source of Funding

- Tax Levy
 - Calculated based on two components, Assessed Value and Mil Rate.
 - $AV \times \text{Mil Rate}/100 = \text{Levy}$
- Non Levy Revenues
 - Ambulance
 - Telecom/Comm Rents
 - Wildland
 - Misc Revenues (Prevention Fees, Donations, Investment Income)

Limitations on Funding

- Prop 117
 - Changed from the FCV the LPV
 - Limits increase to 5%
 - No Limit to decline in AV
 - LPV cannot exceed FCV, in a market decline will mirror FCV.
- Cap Mil rate of \$3.25
- From FY 2011 to FY 2014 District lost 42.5% of AV.
 - Due to Prop 117 will take a minimum of 10 years to recover
 - District has compensated through increasing Mil rate
 - 15.84% recovered from FY 2015 to FY 2018

AV Compared to Levy



Current Planning Constraints

PSPRS Contribution rate 34.85%

- Increase of \$660,000 over current Fiscal Year
- Levy Impact \$0.1225

Hall Decision Payout

- At end of FY2017 estimated to be \$1,000,000.

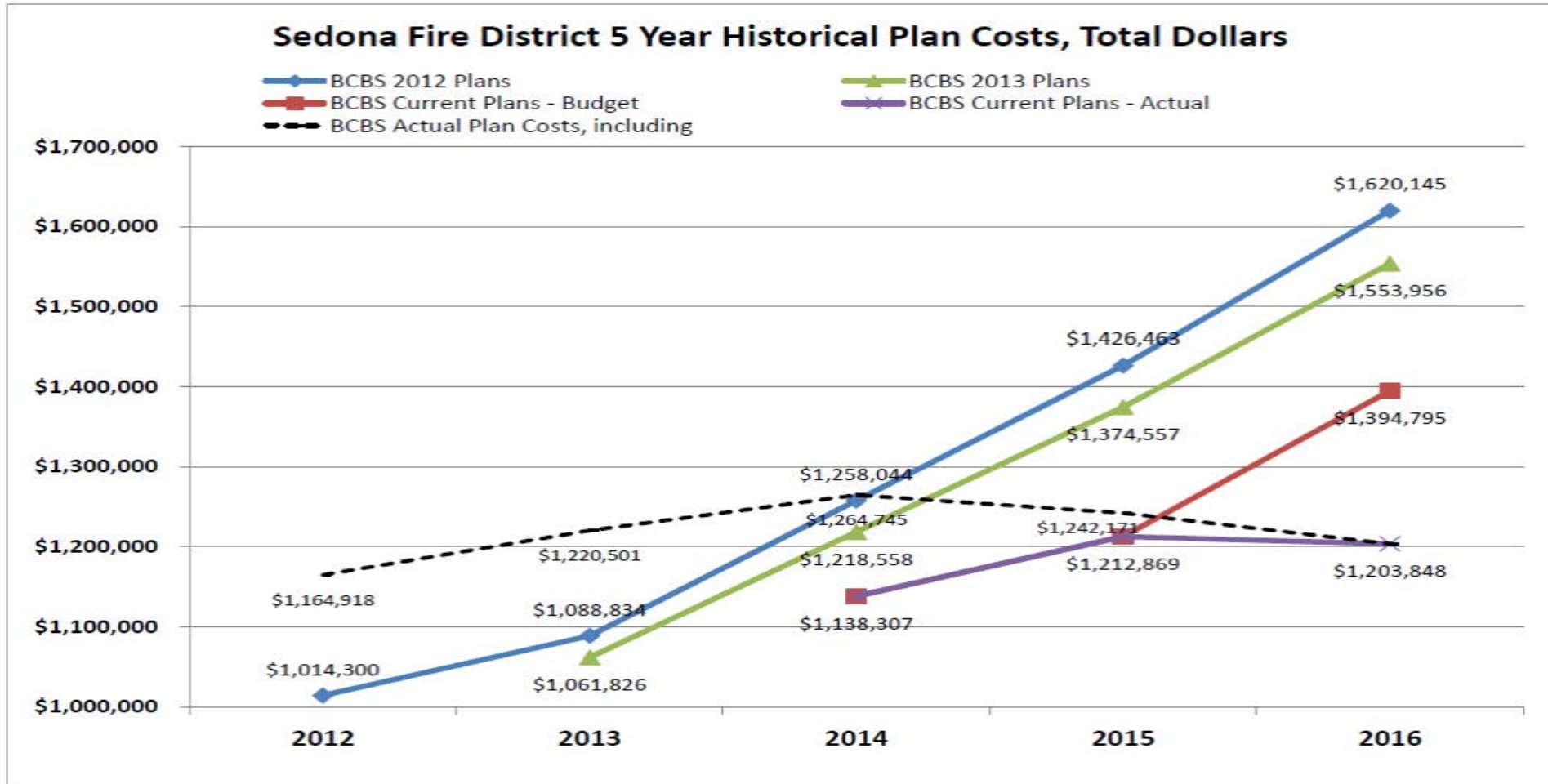
Workers Comp

- Anticipated decrease for FY17/18 then significant increase in FY18/19
 - District is looking at Workers Compensation Pool to reduce fluctuations in rates.

Health Insurance

- Market projections around 15% (\$190,000)
 - Due to implementation of wellness program and switching plans District will see a 1.4% reduction for next Fiscal Year

Healthcare Cost Trend and Savings



Financial Planning for SFD

Growth of fund balance based on Government Finance Officers Association

- PSPRS Hall Decision is example of why this is important
- Increases in costs
 - Operational Expenses
 - Salaries & Wages
 - Healthcare
 - PSPRS
 - Workers Comp
- Future Capital Needs
 - Needs that are unforeseen
 - \$350,000 for technology necessary for station alerting system update.
- Market Correction

10 Year Capital Improvement Plan

CAPITAL NEEDS

Current Plan

- \$13.8 Million in needs over next 10 years.
- Addresses technology infrastructure, fleet, and equipment.
- Does not include improvements to facilities.
- Facility Needs which could total up to \$8.25 Million

Response to PSPRS

- Reduced FY 17/18 Capital Budget by \$238,000.
- This only deferred the purchase, the needs still remains.

HOW TO FUND CAPITAL

Operating Levy

- Limitations on Mil rate.

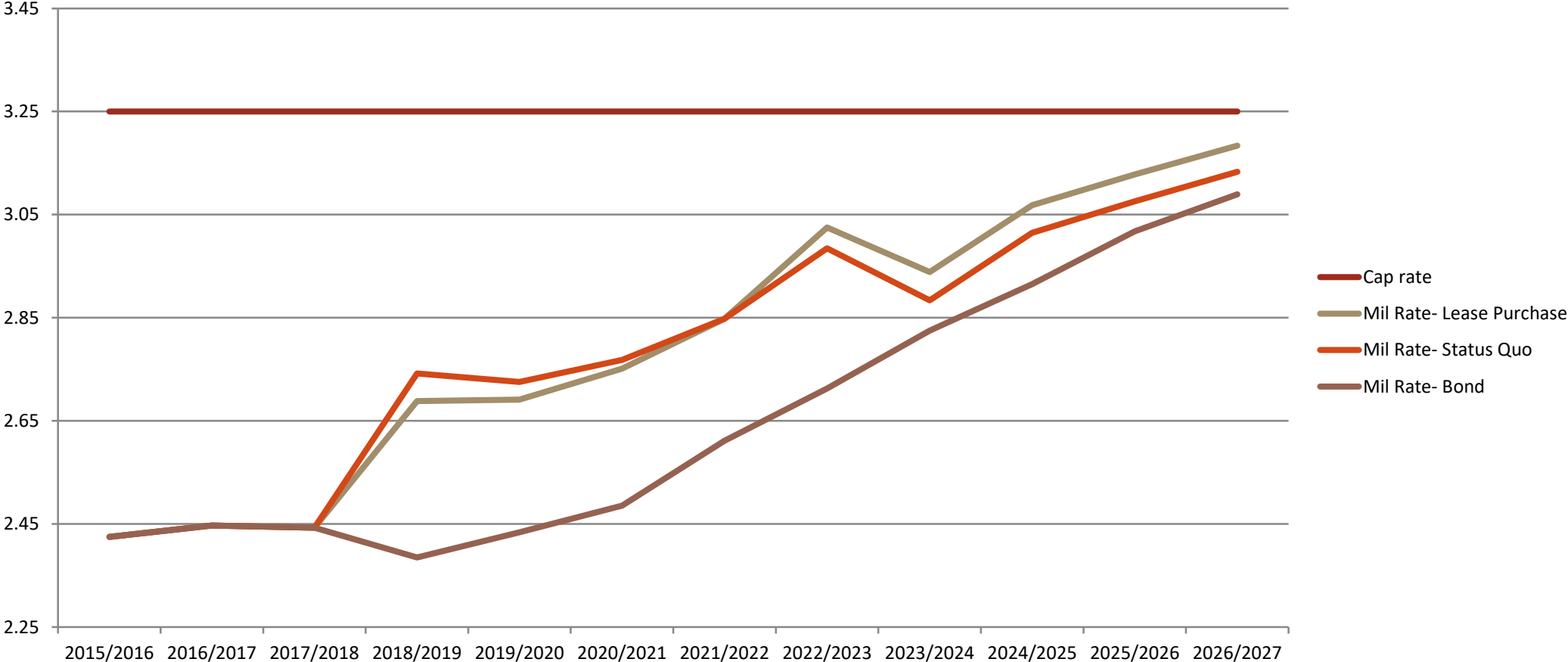
Bond

- Removes Large Capital from operating levy.
- Allows purchases to be paid for over the life of the asset.

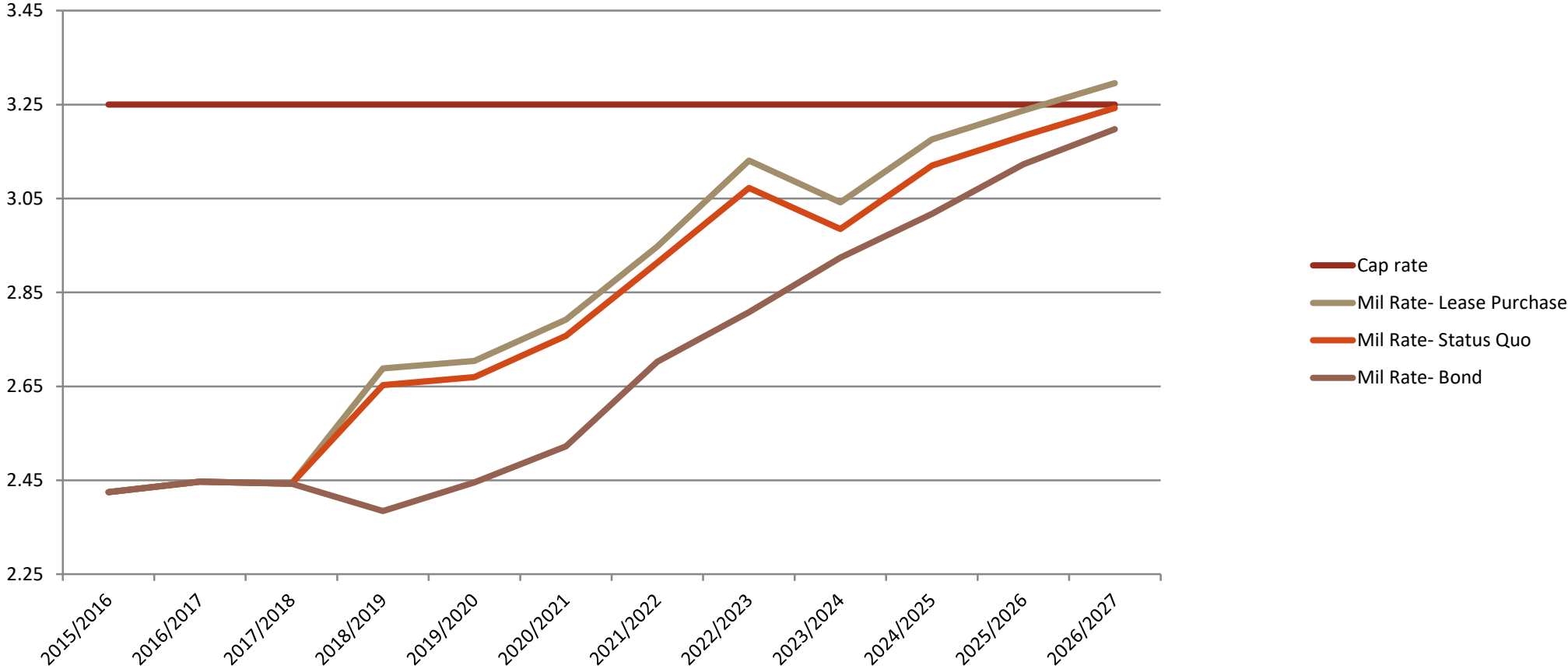
Lease Purchase or Certificate of Participation (COP)

- Must be funded through operating levy.
- Allows purchases to be paid for over the life of the asset.

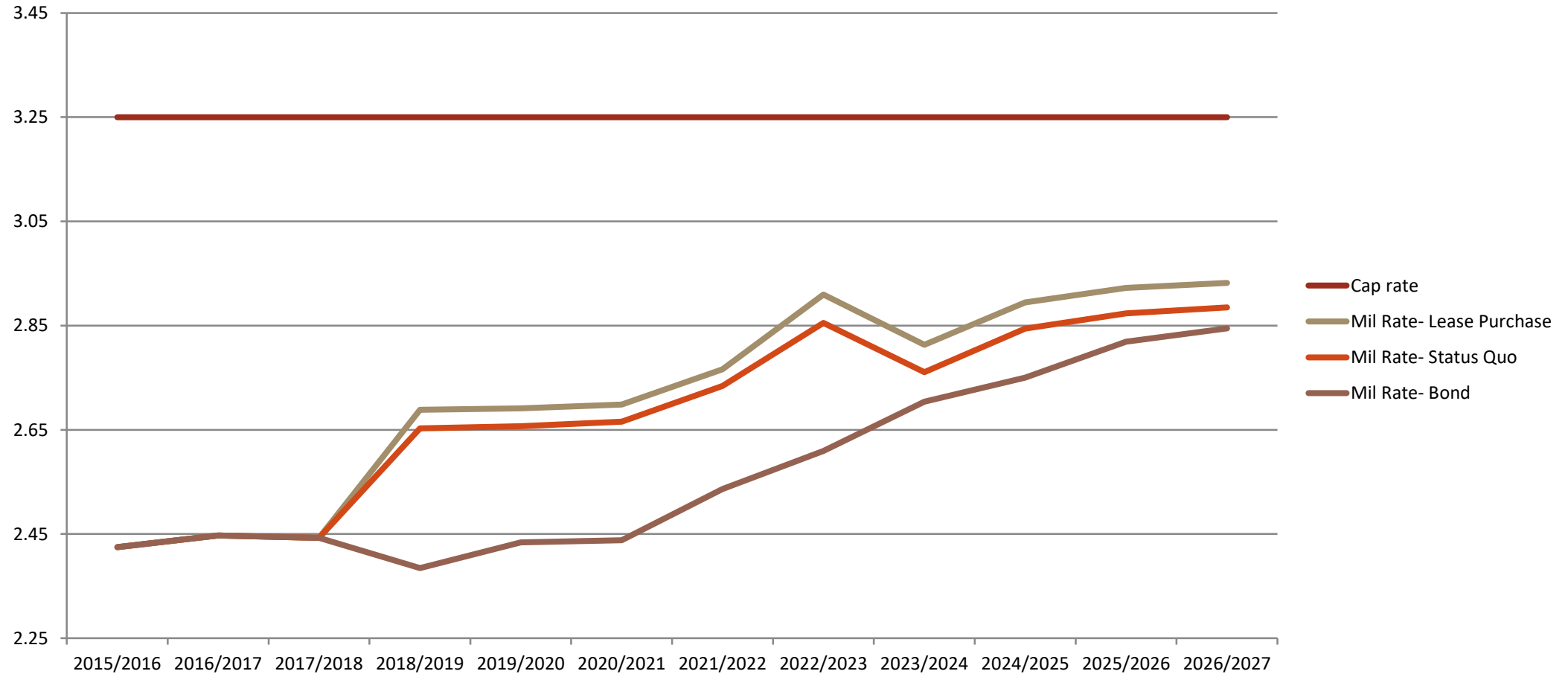
Moderate Assessed Value Growth



Market Correction Assessed Value Growth



Aggressive Assessed Value Growth



Summary

Trend Line

- We have illustrated that no matter what options SFD chooses, the need to raise the Mil rate is inevitable based on current funding limitations.
- By utilizing a Bond, the District will increase its capacity within the current constraints to meet the needs of the community for the foreseeable future.

District's Response to Financial Challenges

- Health Care Savings - \$400,000
- Consolidation of Dispatch - \$400,000
 - Capital Savings
- Reduced Vacation and Sick Leave accrual rates
- Reduced Staffing
 - Finance Director
 - Fleet Supervisor
- Re-Prioritizing Capital Needs
- Aggressively Pursue Grant Funding
- Workers Compensation Pool