REDMOND FIRE & RESCUE
BUDGET COMMITTEE MEETING MINUTES
MAY 29, 2024

BOARD PRESENT: President Gary Ollerenshaw, Vice President Ken Kerfoot, Secretary/Treasurer Jessica Meyer, Member John Blanton.

BUDGET COMMITTEE PRESENT: Richard Hurd, Joshua Werner, Sharon Harris, Alan Unger, and John Bruce.

STAFF PRESENT: Fire Chief Ryan Herrera, Chief Financial Officer Tracy Stabler, Deputy Fire Chief Dustin Miller, Human Resources Manager Diane Cox, and Fire Marshal Tom Mooney.

PUBLIC PRESENT: None

PUBLIC HEARING CALL TO ORDER: President Ollerenshaw called the budget committee meeting to order at 1:29 pm.

ROLL CALL: Member Earl Fisher absent.

ELECTION OF BUDGET COMMITTEE CHAIR:
President Ollerenshaw called for an election of a budget committee chair. Josh Werner was nominated and seconded; the motion was approved by unanimous vote.

APPROVAL OF MINUTES:
The minutes from last year's meeting were reviewed. Treasurer Meyer noted a discrepancy in the times of closing the public hearing and adjourning the meeting. It was decided to amend the minutes to correct the error. A motion to approve the amended minutes was made and seconded; the motion was approved unanimously.

BUDGET MESSAGE:
Chief Herrera gave a brief opening message introducing the proposed FY 2024-2025 budget. Given the recent transition of the Fire Chief position from Interim Fire Chief Pat Dale to Chief Herrera, CFO Stabler will present most of the budget overview. Chief Herrera thanked CFO Stabler for her expertise and extensive work on the preparation of this proposed budget. He turned the meeting back to Chair Werner.

OPEN PUBLIC HEARING FOR DISTRICT BUDGET:
Chair Werner opened a public hearing for the District's proposed budget for fiscal year 2024/2025 at 1:36 pm and welcomed comments from the public. No public comments were received.

BUDGET OVERVIEW:
Chief Financial Officer Tracy Stabler opened the budget overview with an amendment to the budget document. There was a slight error in the All Funds Overview for which she gave the corrected amount of Contingency expenditure and Total expenditures. Stabler then gave an overview of the budget presentation including the time frame covered, the budget process, and actions needed to adopt the budget.

Stabler stated the major focus of the budget is to honor the intent of the 2023 Voter-Approved Ballot Measure while remaining conservative. The focus is to increase the firefighter-paramedic level positions and retain current staffing with the negotiation of new collective bargaining agreements, upgrade station improvements to accommodate the change in staffing, upgrade the Training Center as part of the agreement in the new lease with the City of Redmond, and to continue to advance existing projects like radios, IT replacement, PPE replacement, and training tools. There are no structural changes to the budget this year. It was noted that the MERRC Fund, which was new in FY 2023-2024, has no significant projections or prior-year budgets due to the limited data available on a young fund.

REVENUES:
Stabler explained that total budgeted revenues are $24.7 million ($24.7M), including beginning fund balance and transfers. The operating revenues of $17.7M is made up of predominantly property taxes, ambulance billings, and contractual services.

Stabler provided a brief description of the beginning fund balance and its purpose. She also explained why the proposed budget has a smaller beginning fund in this budget due to the prior year having a large carryforward for capital purchases.

Growth in property taxes is expected to be 5.8% in total assessed value, with a 95.0% collection rate, which is in line with information from the County and City. Total property taxes are expected to be $13.2M (with $9.3M for the permanent rate and $3.9M for the levy). Stabler explained the increase in revenues expected from the prior $0.27 operating levy to the 2023 voter-approved $0.75 levy, along with the District's intended use of those funds. The District will remain conservative in their projections taking into consideration that compression per Measure 5 will limit levy revenues for about 62% of the District's taxpayers.

The District estimates a growth of 4% in ambulance billing in the coming year as call volumes continue to increase and collections remain strong. Over the past several years the District has seen consistently strong growth but does anticipate a slowdown in future years.

Stabler discussed the Ground Emergency Medical Transport (GEMT) that is used to supplement the low reimbursements on Medicaid transports. Although the District has been receiving the Fee-For-Service component for a few years, the Coordinated Care Organization (CCO) component is relatively new and remains volatile with updates and changes to the program. The amount budgeted by the District is lower than the previous year from a projected $388 thousand ($388K) to $375K, to remain conservative and in line with the lowered pay rate from the state.

The District pursues grant funding where it can, careful consideration of all costs is taken before applying and the funds are only budgeted for if there is a strong likelihood of receiving funds. The District is currently awaiting decisions on three grants, an AFG grant for medical equipment and PPE, a SAFER grant to fund 3 firefighter positions, and a Fire Prevention & Safety grant for software and training kits. There are no grants included in the proposed budget.

Stabler provided a recap overview of the major revenue sources and inquired if the committee had any questions/comments. There were none.

EXPENDITURES:
Stabler reviewed the total budgeted expenditures of $24.7M, but like revenues, this includes

items like contingencies and transfers so not all will be spent. Operating expenses (personnel services, materials & services and debt services) total $17.7M, which is balanced by a similar revenue amount.

Stabler reviewed the personnel services section, the largest portion of the budget. The budget includes 78 full-time equivalent (FTE) staff totaling $14.7M in total compensation. Last year's budget was 68 FTE and we are currently sitting at 67 actual FTE, she explained the change in FTEs planned for the year and how the academy starting in January would affect the FTE count. Stabler also explained that the budget includes $2.5M in funds to hire new firefighters and adjust pay/benefit updates with L3650. A budget adjustment will have to be completed once the contract negotiations are final.

Stabler provided a breakdown of the components of personnel service expenditures with the largest being wages ($8.97M), PERS ($2.75M), and medical benefits ($1.66M). She noted that our biggest increase aside from wages for additional personnel is in the medical insurance as premiums increased by 7% for the coming year.

Stabler discussed the materials and services (M&S) costs, which include increases due to inflation, we are seeing increases from 3% to 20% on goods and services. She noted that the conservative approach taken by the District would have the expenditures estimate on the higher end of any estimate. She also pointed out that the change in cost from the prior year does not reflect a significant decrease due to the reclassification of fire chief costs that are now in personnel services but were in consulting in the prior year.

Stabler discussed the contingency fund and the reason the proposed budget deviates from the board policy of 120 days. Stabler then fielded questions from Treasurer Meyer who asked to clarify the policy language and methodology being applied to the proposed budget. She explained the calculations used to reach the proposed amount and how steady revenue sources like Ambulance Billing could help cover the gap.

Stabler discussed the debt service payments and projections for next year. In FY24 3 loans were paid in full bringing the debt service down $120K. She also stated that no new debt is budgeted for the fiscal year 2025 budget.

To conclude the expenditure section, Stabler noted again that the costs are significantly higher with the majority of the increase related to staffing and general inflation.

Stabler then provided more detail on the individual divisions within the General Fund:

Administration – Includes an increase in personnel costs due to the filling of the fire chief position which was budgeted in consulting previously for the interim fire chief costs. The FTE also includes adding back the Admin/Logistics position which was put on hold in the FY 23/24 budget. Costs in materials and services (M&S) include election expenses for 2 board positions open in Spring 2025 as well as a reallocation of the annual banquet cost from the Administration department to the Fire & Rescue Operations department.

Fire & Rescue Operations – Includes step increases plus an additional $2.5M to represent the cost of 9 new positions and anticipated wage and benefit changes current in negotiation, increases in medical premiums of 7%, and an increase in worker's compensation costs due to higher rates and a higher experience impact. M&S costs include $88K for PPE replacements, $120K in costs to recruit, train, and outfit the anticipated new hires, and $45K to set up the Peer Support Program.

Fire & Rescue Training – This fund includes the wages for the Fire Training Captain and the wages/benefits for the new hires as well as OT paid to existing staff while in training. M&S costs include $34K for lease expenses with the Redmond Airport for the Training Center, and $55K for training and travel.

EMS – Stabler highlighted the increases in personnel services is primarily due to medical insurance premiums and step increases. M&S costs include $127.2K for the GEMT Match (same as the prior year due to uncertainty), $12K for licenses and permits that renew bi-annually, and $44K for equipment maintenance.

Fire & Life Safety – The budget of 2 FTEs is consistent with the prior year, but the personnel services budget decreased from the prior year because the second position was filled with a lower classification than was budgeted for in FY24. M&S costs include $16.25K for training materials for certifying the new fire inspector and $5K for public education and community events.

Facilities, Apparatus & Equipment – Costs are fairly consistent with the prior year. Stabler highlighted the main increases to this fund include increases in insurance which will see a 20% increase for FY25 and contracted vehicle maintenance which will see a 14% increase. Fuel costs remain the same as last year, FY24 saw a lower-than-budgeted amount so keeping the budget the same as the prior year allows for anticipated increases in the price per gallon and calls.

Non-Departmental – Stabler mentioned the purpose of recording transfers from the General Fund to the Capital Projects fund and debt service. Contingency remains over $5M and is 106 days of cash on hand. The reserves include $50K for operating and $50K for workers comp.

Capital Fund – Major purchases include $360K for building improvements, $140K for outfitting new apparatus, and $100K for upgrades to the fire alerting system (required since DC911 is updating its system).

MERRC Fund – Stabler discussed the intention of the fund – to purchase and maintain communication equipment that enhances response to larger buildings. Funds will come from building owners who elect to participate rather than purchase equipment themselves. There is no current-year revenue projection, however, the $43.9K balance of existing funds are being budgeted as a contingency.

BUDGET SUMMARY:
Stabler provided the budget overview summarizing the activities of both funds combined. The combined budget shows a loss of nearly $600K, which would be covered by a reduction in the beginning fund balance/contingency.

Stabler then presented anticipated steps and goals for the new fiscal year, which includes completing labor negotiations and submitting a budget adjustment to reflect the negotiated costs, to plan and prepare for recruitment and academy for 9 new hires, continue working on existing goals from the Strategic Plan, development a five-year replacement and reserve budget, and to address assessment recommendations and craft into goals for future facility/equipment maintenance and expansion.

CONCLUSION:
Stabler asked if there were any questions or if there was any additional information needed. Committee Member Unger encouraged more community involvement from the District staff, including an increase in expenditures if needed. He also asked about the adequacy of reserves with input from various members and staff. Stabler agreed that a focus on reserves is both desired and appropriate. She noted that Chief Herrera and she had determined to make it a priority goal to develop a more detailed plan of action in fiscal 2024/25.

BUDGET APPROVAL:
Committee Member Werner made a motion that the Redmond Fire & Rescue budget committee approve the amended FY 2024/24 budget as well as taxes for the 2024/25 fiscal year at the rate of $1.7542 per $1,000 of assessed value for the permanent rate tax levy and in the amount of $0.7500 per $1,000 of assessed value for the local option tax levy. The motion was seconded. Chair Werner noted that he wanted to open the floor for public comment and with no comments, closed the public comment. The motion was approved by unanimous vote.

PUBLIC HEARING CLOSED:
Budget Committee Chair Werner closed the public hearing and returned control to Board President Ollerenshaw at 2:56 pm.

MEETING ADJOURNED:
President Ollerenshaw thanked the citizen members for their service and recognized the staff for their work. A motion for the adjournment of the meeting was called and seconded; the motion was approved by unanimous vote. The meeting was adjourned at 2:58 pm.