



UNIFIED FIRE AUTHORITY

TO: UFA Finance Committee
FROM: Dan Petersen, Fire Chief / CEO
SUBJECT: Fiscal Year 20/21 Budget Message
DATE: April 16, 2020

I am pleased to present to you the Fiscal Year 2020/2021 proposed budget for Unified Fire Authority (UFA). This budget has been prepared in accordance with the Uniform Fiscal Procedures Act for Cities (UCA 10-6) as approved by Interlocal Agreement, and is intended to serve as a financial plan, policy document, communication device, and operations guide. This document tells the story of how the UFA is using the public's money to save lives, protect property, and strengthen community relationships. The following proposed budget is structurally balanced for each fund, with projected fund balances at or above the minimum reserve required by state law and UFA policy.

Overview of FY 2020/2021 Budget

This budget continues to focus on providing quality service, value, and full engagement in the communities we serve. We are your local Fire Department. To provide the value, all Divisions have scrutinized their budget to allow the UFA to provide essential services to the community, with the least amount of support and administration costs possible. This budget represents a reduction of support services from 16.1% of the total budget in FY19/20 to 14.8% in FY20/21.

As a response to the unknown impact to the economy from the COVID-19 pandemic, the Benefits and Compensation Committee has recommended excluding the Market and COLA increases in the proposed budget. They have, however, asked that the Finance Committee consider including the Market Adjustment beginning July 1, 2020, or revisit the issue late fall when more information, with regards to the economy, is available.

Two major impacts to FY20/21 budget are the full year of sworn wage increases carried over from FY19/20 (\$785,747) and an increase in overtime to maintain minimum staffing (\$700,000). Together, these represent a 2.68% increase to the Member Fee, however, staff is proposing an increase to the Member Fee of 2% (\$1,108,985) with an additional increase for the UFSA of \$400,982 for the 4th person on Medic Ladder 252, which was included in the current UFSA Budget.

The total proposed revenue increase is 3.75% with a total expenditure increase of 3.4%. A market adjustment for sworn personnel on July 1, 2020, would increase expenditures by \$519,034, which is an increase to the Member Fee of .94%.

Proposed FY 2020/2021 Budget

BEGINNING FUND BALANCE (% of Revenue)	9,620,000	13.67%
REVENUE	BUDGET	% CHANGE
Member Fee: A 2% Member Fee Increase.	\$56,558,215	2.00%
UFSA Member Fee: UFSA fourth member on one crew	\$400,982	
Ambulance Fees	\$8,025,000	7.00%
Salt Lake County Canyon Fees: SLCo is considering a mid year budget reduction up to 10%. This would reduce revenue for the Canyon by \$317,571	\$3,175,714	0.00%
Other projected revenue	\$2,211,334	4.92%
TOTAL REVENUE	\$70,371,245	3.75%
EXPENSES	BUDGET	% CHANGE
Personnel	\$59,454,022	3.60%
Non Personnel	\$9,601,630	4.50%
Debt Service	\$3,659,367	-1.33%
Capital Outlay	\$131,740	-30.30%
TOTAL EXPENDITURES	\$72,846,759	3.40%
NET TRANSFERS IN/OUT	-\$92,273	-305.05%
CONTRIBUTION TO THE CAPITAL FUND:	-\$1,070,657	-8.17%
ENDING FUND BALANCE (% of Revenue)	\$5,981,556	8.50%

UNDER EXPEND / MEMBER FEE CREDIT: The anticipated under expend each year is returned to the members as a discount to the Member Fee (*Revenue - Expenditures +/- Net Transfers*). Close monitoring of this under expend is critical for sustainability.

- Staff proposes applying \$2,567,787 from FY19/20 under expend to the Member Fee Credit
- Staff plans to reduce the dependency on this under expend to approximately \$1.5 million after the 2015 Capital Lease payment terminates in December 2021.

CONTRIBUTION TO CAPITAL REPLACEMENT FUND: Funds transferred to the Capital Fund that are in excess of the Member Fee Credit and the 8.5% of revenue used for Ending Fund Balance.

- Staff proposes contributing \$1,070,657 to the Capital Fund

Key Budget Impacts for the FY20/21 Proposed Budget

DESCRIPTION	Adjustment	Member Fee Impact
Eliminate District Chief Position: Replace three District Chiefs with one 40-hour exempt Operations Chief. The full reduction (\$400,000) will not be realized until there are two retirements at the Captain or Battalion Chief level and the red line of three District Chiefs and Battalion Chiefs is eliminated. (OPERATIONS)	-\$100,000	-0.18%
Eliminate Administrative Assistant. Elimination of one existing assistant position in the Administration and Planning Section (ADMINISTRATION)	-\$75,000	-0.14%
Eliminate EMS Staff and reduce Overtime: Eliminate one position and reduce Overtime. Utilize selected on duty crews to assist the EMS Division with training, Narcotics, Q/A, and other areas to maintain support from Medical. A second EMS position has been transferred to Behavioral Health and Wellness. (EMS)	-\$251,000	-0.45%
Reduce Training Cadre Overtime: More utilization of on duty crews for direct training delivery (TRAINING)	-\$45,000	-0.08%
Step Increases vs. Retirement: Cost of employees advancing in the step plan offset by separation of 15 employees in FY19/20 who are replaced by entry level employees.	-\$90,284	-0.16%
Carryover Wage Costs from FY 19/20: Full year cost of wages authorized by the Board of Directors in FY19/20.	\$785,747	1.42%
Increase Staffing Overtime: Increase in Constant Staffing Overtime to maintain minimum staffing. (OPERATIONS)	\$700,000	1.26%
Health Insurance: The projected increase in cost to the UFA. 80/20 Split with employee. (2.7%)	\$148,685	0.27%
Medicaid Assessment Fee: The projected increase in cost to the UFA to collect full base rate on Medicaid transports. (14.3%)	\$50,000	0.09%
Valley Emergency Communications (VECC): The projected increase in cost to the UFA. (12%) (OPERATIONS)	\$89,000	0.16%
Nine Firefighter Positions: Cost to convert three EMS only positions each day to full time Firefighters (three per shift). Cost of FF is 1/2 of the year, offset by not filling the three EMT positions each day for the full year. (OPERATIONS)	\$162,211	0.29%
Increased Pay for Part Time Paramedics: Cost to increase the hourly rate from \$18 to \$25 per hour in order to recruit and retain these positions. (OPERATIONS)	\$164,000	0.30%
Fuels Crew: Fund the Fuels Crew working in the UFA. Wildland funded this as a trial in FY19/20, however, due to the slow year, they will be unable to fund it for FY20/21. Cost is equal to the match required by the State. (WILDLAND TRANSFER)	\$157,236	0.28%
Fire Inspector Position: One additional Fire Inspector to inspect higher risk occupancies more frequently. If the economic recovery is close to the pre-COVID-19 pace, Fire Prevention will need an additional 3-4 Fire Inspectors. (PREVENTION)	\$130,000	0.23%

FY20/21 Capital Replacement Fund

The Capital Replacement Plan identifies the current cost and estimated life span of all apparatus and equipment. Financing the Capital Replacement Plan is accomplished with three rotating capital leases, smoothing out the cost of major apparatus and equipment.

Fund Balance is available for capital purchases in between capital lease purchases. Funding is provided through transfers from the General Fund, sale of apparatus and equipment, EMAC mobilization fees for apparatus, and proceeds from the issuance of debt.

ESTIMATED BEGINNING FUND BALANCE	2,750,000
REVENUE	BUDGET
SALE OF CAPITAL ASSETS	\$100,000
REIMBURSEMENTS	\$0
INTEREST INCOME	\$50,000
TOTAL REVENUE	\$150,000
EXPENSES	BUDGET
NONCAPITAL EXPENDITURES	\$230,300
CAPITAL OUTLAY	\$149,650
TOTAL EXPENDITURES	\$379,950
TRANSFER FROM GENERAL FUND	\$1,070,657
PROCEEDS FROM ISSUANCE OF DEBT	\$0
CONTRIBUTION TO FUND BALANCE	\$0
NET TRANSFERS	\$1,070,657
ENDING FUND BALANCE	\$3,590,707

The proposed capital purchases for FY 20/21 include SCBA cylinders, automatic external defibrillators, laryngoscopes, vehicle lifts, remote controlled water rescue drone, and new ice machines for all fire stations.

There are two leases in place with the third scheduled for December 2021. This lease was pushed back one year to assist in addressing market wage for sworn employees. The third lease in the rotation will be proposed in the FY21/22 Budget. Scheduled purchases are outlined in the Capital Replacement Plan spreadsheet.

The December 2015 lease was secured prior to this Capital Replacement Plan and is approximately \$1 million more than the individual payments proposed in this plan. In FY 21/22, staff will propose to transfer \$1 million back to the General Fund to assist with the payment of the new December 2021 lease payment, while still making the final payment of the December 2015 lease payment in December 2021.

Member Fee – Service Demand Evaluation

When first due areas overlap between members, the three-year percentage of emergency incidents within the member's portion of the first due area, determines the percentage of that member's use of the engine/truck companies assigned to that station. The following chart displays the service demand proportioned between members:

Member	FY19/20	FY20/21
Alta	0.28%	0.14%
Cottonwood Heights	6.89%	6.88%
Holladay	4.67%	4.54%
UFGA	88.17%	88.44%

The Town of Alta faced a significant shift in cost due to the determination that the Salt Lake County Canyon Fee could not be applied to the Town of Alta. Previously, the UFA and UFGA accepted a reduced cost for Station 113, based on the belief that the Canyon Fee could be used to offset the cost to the town. In FY19/20, 7.5% of the cost for Station 113 was assessed to the Town of Alta. The service demand over the last three years, for the Town of Alta, is 33%.

The Town has voted to join the UFGA effective January 1, 2021. This budget proposes maintaining their 7.5% assessment of Station 113 for the first six months, then fold them into the UFGA Member Fee for 100% of Station 113 beginning January 1, 2021. The UFGA would be required to approve the Alta Town's delay of covering their full share of Station 113.

The City of Riverton has provided a notice of intent to withdraw from the UFGA and become a direct member of the UFA. Staff proposes to make a mid-year budget amendment once the UFGA and Riverton reach agreement on the separation.

Member Fee

Staff proposes a 2% overall increase to the Member Fee; however, the total increase of 2.72% is a result of the increased level of service for the UFGA (4th person on ML252). After applying adjustments to the service demand proportioning and the Member Fee Credit, the following chart displays the adjusted fee for each member:

Member	FY19/20	FY20/21	Change	%
Alta	\$152,665	\$78,208	(74,457)	-48.77%
Cottonwood Heights	\$3,818,822	\$3,919,711	100,889	2.64%
Holladay	\$2,586,904	\$2,588,392	1,488	0.06%
UFGA	\$48,890,839	\$50,372,886	1,482,047	3.03%

Note: Alta's fee is for the first six months and UFGA's increase includes the full cost of Station 113 beginning 1/1/21

Closing

This budget has been prepared to provide a long-term sustainable service delivery plan. This budget ensures operational needs are met as UFA continues to effectively provide emergency response and life safety services, while remaining receptive to our patrons and the current economy.

Therefore, UFA presents for your approval, the Fiscal Year 20/21 Budget.

Respectfully,

Dan Petersen

Fire Chief/Chief Executive Officer
Unified Fire Authority
