

WAKE COUNTY FIRE COMMISSION

Thursday, May 5, 2016

Draft Minutes

(Audio Replays of the meeting are available upon request)

A meeting of the Wake County Fire Commission was held on Thursday, May 5, 2016, 7:00 PM, Wake County Commons Building, Cary Drive, Raleigh, North Carolina.

CALL MEETING TO ORDER

Commission Chair Lucius Jones called the meeting to order.

The following members were present: Chair Lucius Jones, Chief Ron Early (North Region), Chief Todd Wright (West Region), Chief Garland Johnston (West Region Alternate), Chief Rodney Privette (East Region), Chris Perry (East Region Alternate), Lee Price (Firefighters Association President), Billy Myrick (Citizen Consumer), Ricky Wright (Citizen Consumer), Bob Stagg (Citizen Consumer), Matt Calabria (Wake County Commissioner), Judge Keith Gregory (Citizen/Consumer), Judge Michael Denning (Citizen/Consumer), and Chief Tim Pope (North Region Alternate).

The following members were absent: John Burns (Wake County Commissioner), Chief Tony Mauldin (South Region), and Chief Matt Poole (South Region Alternate).

The following County officials and staff were present: Johnna Rogers (Deputy County Manager), Fire Services Director Nick Campasano, Budget and Management Analyst Michael James, Deputy Fire Services Director Darrell Alford, Fire Services Logistics Manager Grant Vick, and Emergency Services Manager Demetric Potts.

Vice Chair Billy Myrick gave an invocation.

PUBLIC COMMENTS

Gary Vickerson, President of Bay Leaf Fire Department Board of Directors stated that he was there representing 8 of the not for profit fire departments. He stated that one of the things in the recommendation is the Cost Share. He wasn't going to argue the analysis, but wanted us to think about two things and you need to see it from both sides whether you are the County wanting to give money to a municipality, or you are a municipality and you wanted to give money to me. You need to understand what the cost share is, is it a percentage of revenue, is it a percentage of capitalization, what is it? He says that we really need to understand what that is going forward. He says that the second thing is the Standard of Cover, and he is not so sure that we have agreed on what that is, what are we paying for and what do we want to provide. He said that those are the two issues that the not for profits have a concern with. He says that it has got to be fair, it has got to be equitable, and most of all it has to be sustainable.

ITEMS OF BUSINESS

APPROVAL OF AGENDA

Upon motion of Bob Stagg and second by Chief Rodney Privette, the Fire Commission unanimously approved the Agenda.

**REVIEW AND DISCUSS THE PROPOSED FY 2017 FIRE TAX BUDGET
CONSIDERATIONS**

Fire Services Director Nick Campasano and Budget and Management Analyst Michael James provided the following information regarding the FY 2017 Fire Tax Budget considerations.



FY 2017

Fire Tax District Budget

April 27, 2016



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Wake County Fire Tax District

Overview

- Historical Revenue/Expenditure Growth
- Review FY 16 Budget
- General Budget Assumptions
- Existing Budget Methodology
- Budget "Reset" Methodology
- Base Budget Model
- Requested Budget Model
- Recommended Budget Model
- Recommended FY17-23 CIP

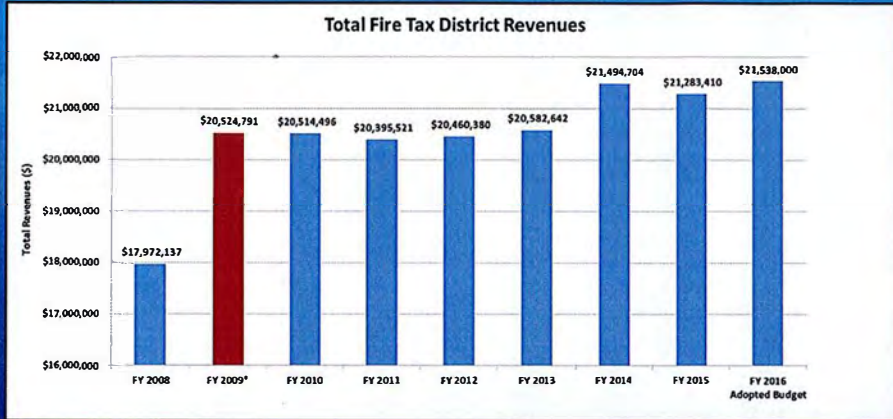


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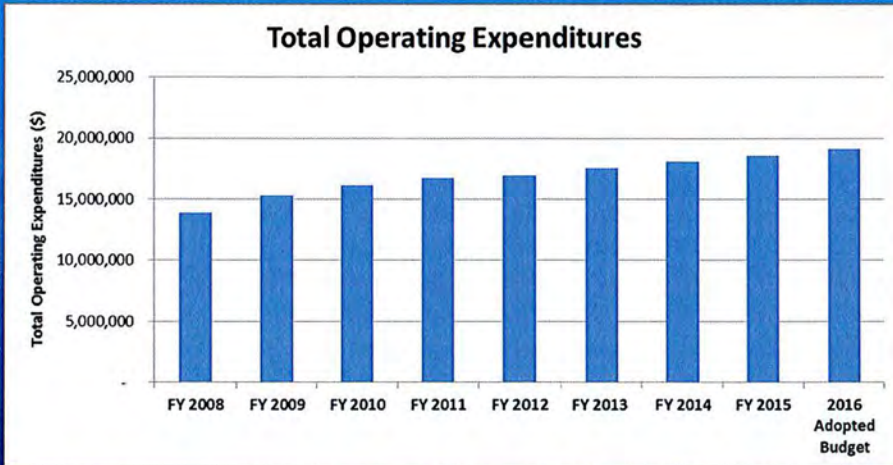
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Revenues: 2008-2016

- Last significant growth was a result of the 2008 Revaluation
- Average growth since 2010 is less than one percent



Expenditure Growth: 2008-2016



FY 2016 Adopted Budget

- \$22.2M (Operating and CIP)
- Projected to use \$623,000 in fund balance for ongoing expenditures
- Held operating budgets flat
 - Minor increases for health insurance and merit allocation
- Suspended sustainability policy



General Fire Tax Model Assumptions

- Revenue Growth Assumption = 0%
- Avg. Growth Since 2011 < 1%
- Expenditure Growth Assumptions
 - 3% growth for operating expenses
 - 4.5% for large apparatus
 - 3.5% for all other capital



Existing Budget Methodology

Assumptions



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Assumptions

Tax rate (Pre-reappraisal)	.08/\$100
Tax rate (Rev. neutral)	.0812/\$100

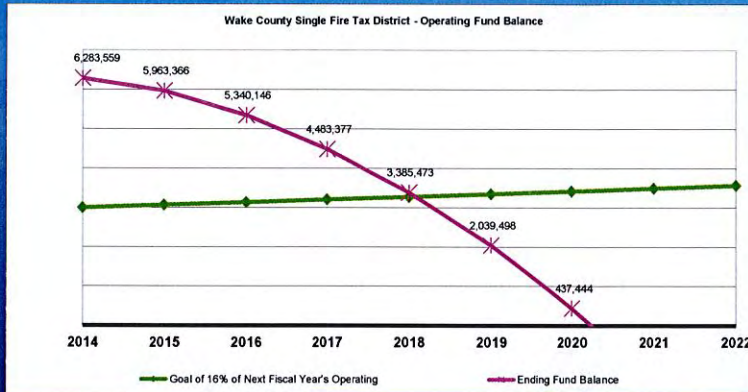


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Assumptions

- Expenditure Growth Exceeding Revenue Growth
- Static Tax Rate
- Use of Fund Balance for Ongoing Expenditures

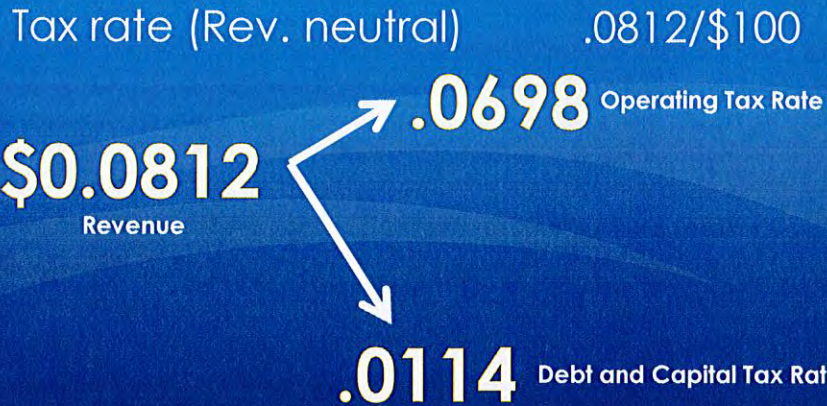


Budget "Reset" Methodology

Assumptions



“Reset” Assumptions

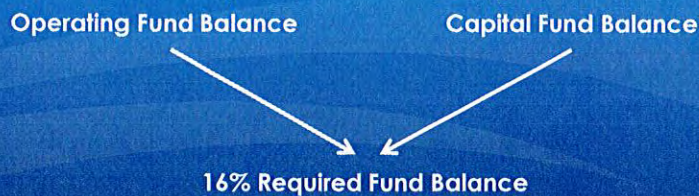


- Distribution ratio can be adjusted between operating and capital more intuitively
- Easier to communicate how resources are being allocated



“Reset” Fund Balance Assumptions

Required fund balance calculation



Utilizing both fund balances for calculation frees up fund balance \$\$\$\$

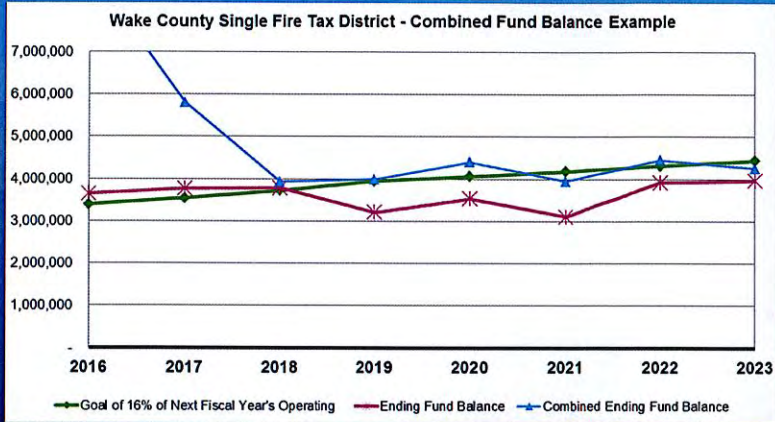
One-time transfer of \$2,500,000 to FY17 capital for capital projects



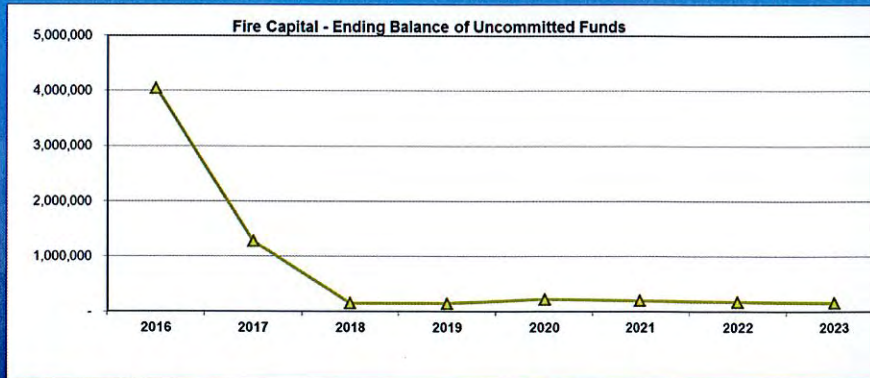
“Reset” Assumptions

Operating side model
variable = tax rate

Combined Fund Balance maintained
at 16% throughout life of model



“Reset” Assumptions



CIP model is assumed to be fully funded at the budgeted fiscal year tax rate through 2023.



FY 2016-17 Base Budget Model



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Fiscal Year 2017

Base Budget Model

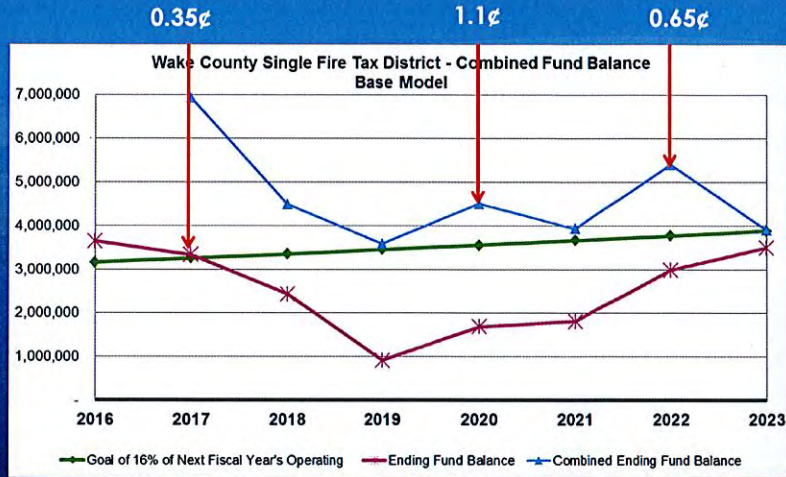
1. FY 17 Revenue Projection = \$21,518,000
2. FY 2016 Adopted Budget plus growth
3. Projected growth per year
 - 3% Department Appropriation
 - 3% System-wide costs
4. Fully funded 7-year CIP (FY16 – FY22 CIP model)



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Fiscal Year 2017 – Base Budget



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Base Model: Tax Rates Required

Revenue Distribution	2016	2017	2018	2019	2020	2021	2022	2023
Operating Budget Tax Rate	86.0%	6.98	7.33	7.33	7.33	8.43	8.43	9.08
Operating Rate Increase	-	0.35	-	-	1.10	-	0.65	-
Total Operating Tax Rate	6.88	7.33	7.33	7.33	8.43	8.43	9.08	9.08
Capital Budget Tax Rate	14.0%	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Capital Rate Increase	-	-	-	-	-	-	-	-
Total Capital Tax Rate	1.12	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Total Tax Rate Increase/Decrease	-	0.35	-	-	1.10	-	0.65	-
Total Fire Tax Rate	8.00	8.47	8.47	8.47	9.57	9.57	10.22	10.22

Budget	FY 2016 Adopted	FY 17 Base	Increase (\$)	Increase (%)
Operating	19,148,000	19,722,000	574,000	3.0
CIP	3,144,000	3,346,000	202,000	6.4



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FY 2016-17 Requested Budget Model



Fiscal Year 2017- All Requested Expansions

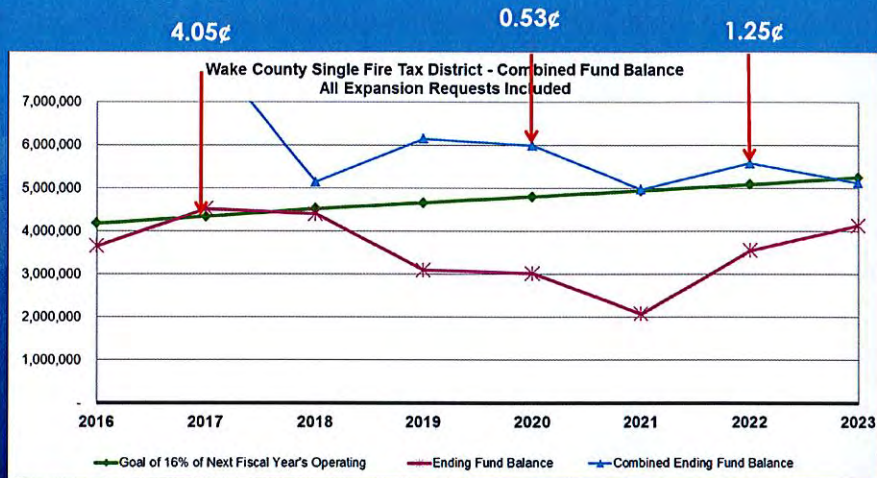
Expansion	Fire Tax Cost (Rounded)	Tax Rate Equivalent* (Cents)
Cost-Share Implementation**	\$1,658,000	0.63
Salary Study Implementation	\$856,000	0.32
Operating Expansions	\$366,000	0.14
Personnel Expansions	\$4,936,000	1.86
Subtotal - Operating	\$7,816,000	2.95
Subtotal - Capital Expansions	\$12,027,000	1.10
TOTAL	\$19,843,000	4.05

*One Penny Generates \$2.65 Million

**Covers full, three-year implementation of cost-share



Requested Model: Tax Increases Needed



Requested Model: Tax Rates Required

Revenue Distribution	2016	2017	2018	2019	2020	2021	2022	2023
Operating Budget Tax Rate	86.0%	7.22	10.17	10.17	10.17	10.95	10.95	12.20
Operating Rate Increase/(Decrease)	-	2.95	-	-	0.78	-	1.25	-
Total Operating Tax Rate	6.88	10.17	10.17	10.17	10.95	10.95	12.20	12.20
Capital Budget Tax Rate	14.0%	0.90	2.00	2.00	2.00	1.75	1.75	1.75
Capital Rate Increase/(Decrease)	-	1.10	-	-	(0.25)	-	-	-
Total Capital Tax Rate	1.12	2.00	2.00	2.00	1.75	1.75	1.75	1.75
Total Tax Increase/(Decrease)	-	4.05	-	-	0.53	-	1.25	-
Total Fire Tax Rate	8.00	12.17	12.17	12.17	12.70	12.70	13.95	13.95

Budget	FY 2016 Adopted	FY 17 Requested	Increase (\$)	Increase (%)
Operating	19,148,000	26,000,000	6,852,000	35.8
CIP	3,144,000	10,676,000	7,532,000	239.6



FY 2016-17 Staff Recommended Budget



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FY 17 Recommended Expansions

Operating Expansion	Fire Tax Cost (Rounded)
Cost-Share Implementation*	\$1,658,000
Salary and Compression Increases	\$530,000
Part-time Salary Alignment	\$326,000
Bay Leaf Expansion	\$11,000
Durham Highway Expansions	\$66,000
Eastern Wake Expansions	\$82,000
Stony Hill Expansion	\$5,000
Swift Creek Expansion	\$58,000
Wake New Hope Expansions	\$159,000
Wendell Expansion	\$34,000
Western Wake Expansion	\$36,000
Total	\$2,953,000

*Covers full implementation of cost-share



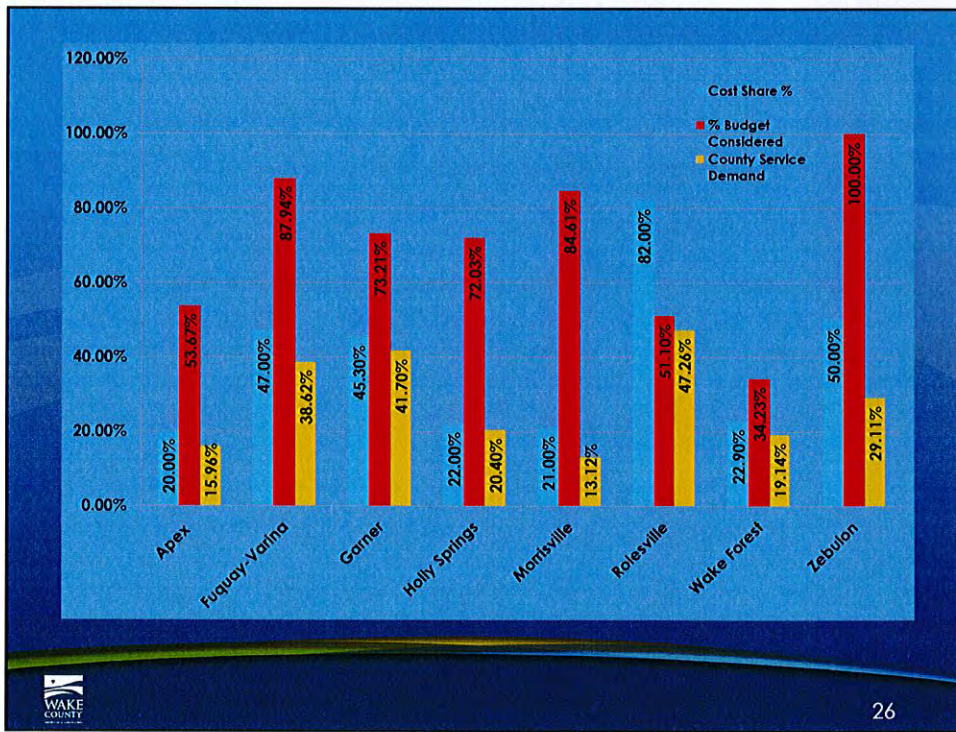
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Cost Share



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New Cost Share Methodology

Developed by Cost Share Committee and consultant ESCI

- Methodology approved by Fire Commission January 2015
- Calculated the municipal/county ratio of five elements:
 - Area
 - Heated Square Footage
 - Population
 - Valuation
 - Service Demand
- Assigned a percentage weight to each element
 - Area 7.5%
 - Heated Square Footage 7.5%
 - Population 30%
 - Valuation 20%
 - Service Demand 35%



Cost-Share 3-Year Implementation

Tax Rate Distribution	2017	2018	2019
Operating	0.21	0.42	0.63
Capital	0.42	0.21	0.00
Total Cost Share Rate Increase	0.63	0.63	0.63

Dollar Distribution	2017	2018	2019
Operating	\$552,667	\$1,105,333	\$1,658,000
Capital	\$1,105,333	\$552,667	
Total Dollars Generated	\$1,658,000	\$1,658,000	\$1,658,000

Phase-in provides an additional \$1.65M for Capital Projects in FY 17 and FY 18



Salary adjustments



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FY 17 Recommended CIP

FY17 Capital Improvement Program	Fire Tax Cost (Rounded)
Self-Contained Breathing Apparatus	\$1,139,362
Turn-out Gear	\$296,360
Boots and Helmet Replacement	\$378,415
Apparatus Replacement	\$1,769,189
Thermal Imaging Cameras	\$35,686
Automatic External Defibrillators	\$36,979
Total	\$3,655,991
One-Time Capital Expansions*	
Planned Renovations and Repairs	\$76,000
Small Capital	\$60,000
Total	\$136,000

Does not include System-wide expenses

*In addition to base small capital and planned renovation and repair budgets



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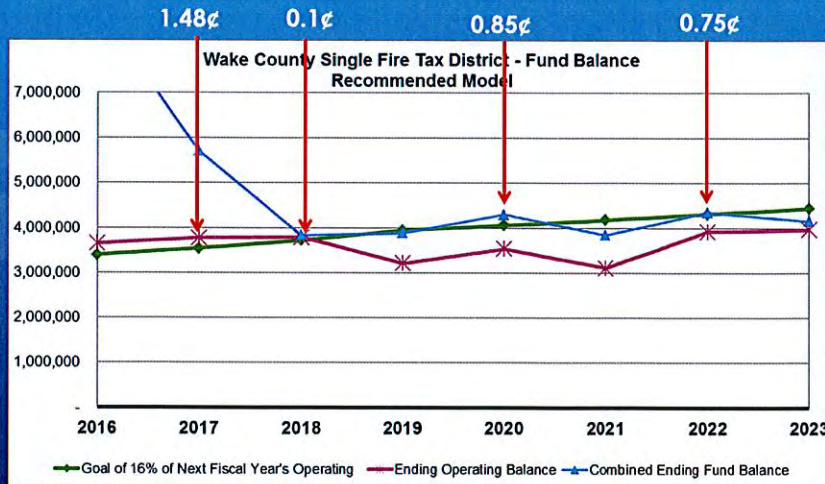
FY 2017 Recommended Tax Rate

- Revenue neutral Tax Rate = \$0.0812
- Recommended Tax Rate = \$0.0960
- Recommended Increase = \$0.0148

Recommended Expansion/Increase	Fire Tax Cost (Rounded)	Tax Rate Equivalent (Cents)
Cost-Share Implementation**	\$1,658,000	0.63
Salary Study Implementation	\$856,000	0.32
FY 2016 Projected Deficit	\$623,000	0.24
Operating Expansions	\$450,000	0.17
FY 2017 Merit Allocation	\$284,000	0.11
System-wide Cost Increases	\$46,000	0.02
Total	\$3,917,000	1.48



Fiscal Year 2017 – Recommended



Recommended Model: Tax Rates Required

Revenue Distribution	2016	2017	2018	2019	2020	2021	2022	2023
Operating Budget Tax Rate	86.0%	6.98	8.02	8.33	8.54	9.39	9.39	10.14
Operating Rate Increase/(Decrease)		1.04	0.31	0.21	0.85	-	0.75	-
Total Operating Tax Rate	6.88	8.02	8.33	8.54	9.39	9.39	10.14	10.14
Capital Budget Tax Rate	14.0%	1.14	1.58	1.37	1.16	1.16	1.16	1.16
Capital Rate Increase/(Decrease)		0.44	(0.21)	(0.21)				
Total Capital Tax Rate	1.12	1.58	1.37	1.16	1.16	1.16	1.16	1.16
Total Tax Rate Increase/(Decrease)		1.48	0.10	-	0.85	-	0.75	-
Total Fire Tax Rate	8.00	9.60	9.70	9.70	10.55	10.55	11.30	11.30

Budget	FY 2016 Adopted	FY 17 Rec'd	Increase (\$)	Increase (%)
Operating	19,148,000	21,200,000	2,052,000	10.7
CIP	3,144,000	6,435,000	3,291,000	104.7



Medical Exams - \$300,000 system-wide budget line

Issues:

- Currently have varied medical surveillance programs among departments
 - OSHA respiratory protection regulations
 - NFPA 1582 recommended medical exams
- Very few departments have written policies/procedures governing "not fit for duty" situations
- Multiple regulations impact medical exams and recordkeeping
 - HIPPA, ADA, GINA, FLSA



Medical Exams

Implementation:

- Medical exam provider questions
 - County-wide bid process – efficiency through numbers
 - County provided – Capability and equipment issues
 - Department choice of provider
- Multiple funding solutions
 - County funded
 - Utilize personal health insurance / reimburse out-of-pocket
- System-wide budget line
 - Fire Protection Contract revisions



Medical Exams

Budget recommendations:

1. Fund \$250,000* system-wide budget line, reduce departmental medical exam expenses to \$0
2. Obtain RFP information to set provider and cost/exam
3. Develop and adopt policies and procedures for medical surveillance program

*~\$50,000 currently contained in departmental budgets



Recommended Model: Tax Rates Required

Revenue Distribution	2016	2017	2018	2019	2020	2021	2022	2023
Operating Budget Tax Rate	86.0%	6.98	8.02	8.33	8.54	9.39	9.39	10.14
Operating Rate Increase/(Decrease)		1.04	0.31	0.21	0.85	-	0.75	-
Total Operating Tax Rate	6.88	8.02	8.33	8.54	9.39	9.39	10.14	10.14
Capital Budget Tax Rate	14.0%	1.14	1.58	1.37	1.16	1.16	1.16	1.16
Capital Rate Increase/(Decrease)		0.44	(0.21)	(0.21)				
Total Capital Tax Rate	1.12	1.58	1.37	1.16	1.16	1.16	1.16	1.16
Total Tax Rate Increase/(Decrease)		1.48	0.10	-	0.85	-	0.75	-
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Operating	19,148,000	21,200,000	2,052,000	10.7
CIP	3,144,000	6,435,000	3,291,000	104.7



Budget Model Comparisons

Required Fire Tax District Tax Rates (Cents)

Model	2017	2018	2019	2020	2021	2022	2023
Base	8.47	8.47	8.47	9.57	9.57	10.22	10.22
Total Requested	12.17	12.17	12.17	12.70	12.70	13.95	13.95
Recommended	9.60	9.70	9.70	10.55	10.55	11.3	11.3

Questions?



INFORMATION AGENDA

None.

OTHER BUSINESS

None.

ADJOURNMENT

Being no further business, the meeting was adjourned