

# SHORELINE FIRE DEPARTMENT



**2019 BUDGET**  
**December 6, 2018**

*Matt Cowan*  
Fire Chief

# INTRODUCTION

The Shoreline Fire Department serves a population of approximately 57,000 citizens within the City of Shoreline in an area of approximately 14 square miles. In addition, the ALS program serves the cities of Bothell, Kenmore, Lake Forest Park, and a portion of Woodinville with an additional population of over 150,000 in an area of approximately 37 square miles.

The **mission of the Shoreline Fire Department** is to make our community safer by protecting lives and property and caring for the needs of the people we serve. The Shoreline Fire Department is committed to providing high quality services to the community at an acceptable level of taxation. We work to the best of our ability to efficiently and effectively mitigate fire and life safety crisis and assist in other situations to meet our customers' urgent needs. We provide education, training, and assistance to our customers to make the Shoreline community a safe place to live and work. We aspire to provide a prompt, professional and positive experience to all we serve. We accomplish our mission by providing:

- Fire suppression services
- Emergency medical services
- Fire prevention services
- Special operations services
- Disaster preparedness and response
- Community education and outreach
- Programs to ensure our personnel are safe and prepared to respond

The following **general budget philosophy and policies** are the basis on which staff develop budget recommendations, and establish funding priorities within the identified revenues the Department has available to provide the services and programs identified above.

- The Department will maintain high service levels in emergency service operations, which include responses to fire and medical emergencies. These services receive the highest priority for funding. When increased service demands are experienced over a sustained period of time, resources should be provided to prevent service level degradation.
- The Department will avoid adopting budgetary procedures that result in balancing current operational costs at the expense of future years' operations. Funding for new programs and services in operating funds should be limited to the extent that they can be reasonably funded over the near-to-long-term, given the current revenue stream.
- The Department will maintain a budgetary control system to ensure compliance with the adopted budget, especially with regard to State of Washington Budget Law, and will prepare regular reports comparing actual revenues and expenditures to budgeted amounts. The Board of Commissioners receives monthly "budget to actual" financial statements on the funds and programs.

- The Department’s balanced budget philosophy is that a budget is considered to be in balance when the funds’ total resources of beginning fund balance, revenues, and other financing sources are equal to or greater than the total of expenditures, other financing uses, and ending fund balance. Current revenues (including fund balance less operating reserves) will be sufficient to support current expenditures. Revenue estimates will be realistic and debt financing will not be used for current operating expenses.
- Budget adoption by the Board of Commissioners shall be at the fund level. Any changes in appropriations at the fund level require Board approval.
- All interest earned within a fund is retained by that fund and is considered as a portion of the fund’s revenue source.
- It is the policy of the Board of Commissioners to maintain various expense and reserve funds and operating contingencies as detailed below.

## **FUND DESCRIPTIONS:**

### **General Expense Fund**

This fund is used for the day-to-day operations of the Department (excluding ALS) and is segmented into cost centers based on the following divisions:

- Administration
- Legislative Services (Board of Commissioners)
- Fire Suppression
- Fire Prevention
- Community Outreach
- Training
- Support Services
- IT Services
- Other
- EMS/BLS
- Interfund Transfers

This account is funded primarily, over 80%, from property taxes and the Fire Benefit Charge (FBC), with additional sources such as the BLS contract and transport fees, ALS overhead charges, service contracts and other miscellaneous sources.

### **General Benefits Funds**

These funds are used for the payment of all medical/dental costs related to retired LEOFF 1 employees per applicable State law. In addition, it is used to cash out vacation and sick leave obligations for employees separating from service. This account is funded by inter-fund transfers from the General Expense Fund. Under the new post-retirement salary savings plan, employees have incentive to retire after varying years of service depending on their retirement plan. The program will also provide the Department better forecasting of retirement payouts, etc.

### **General Reserve Fund**

This fund is available for unforeseen urgent or emergency needs and is intended to provide for unanticipated expenditures or revenue shortfalls of a non-recurring nature. The minimum balance for this fund is 10% of the annual general expense budget, not including capital purchases and benefits reserve. This fund is kept at a minimum of 10%, as set by Resolution. This account is funded by inter-fund transfers from the General Expense Fund and/or from an ending fund balance.

### **General Capital Fund**

This fund is available for the acquisition and purchase of apparatus, equipment, land, and facilities. It is also available for funding large maintenance projects. The allocation of funds from this account is through the budget approval process and is based on an approved replacement/repair schedule. This account is funded by inter-fund transfers from the General Expense Fund, and other miscellaneous deposits.

### **ALS Expense Fund**

This fund is used for the day-to-day operations of the ALS Division. This account is funded through a contract with King County EMS. King County EMS receives its funding from a countywide EMS property tax levy. The current levy was approved in 2013 for six years (2014-2019) at a rate of approximately \$.30 per \$1,000 assessed value. The contract with KCEMS is typically invoiced out on a monthly basis with reimbursement of actual charges related to the ALS program. Within the ALS contract there is a provision known as "ALS Program Reserves" which are dollars kept by KCEMS from previous year's unexpended ALS allocation. These dollars can be drawn from on an annual basis to balance the ALS budget in certain years where costs are above the allocation. The minimum targeted balance for the KCEMS program reserve is approximately \$200,000 per medic rig or a total of \$600,000. This fund also includes monies allocated to reserves and benefits.

### **ALS Capital Fund**

This fund is available for the acquisition and purchase of apparatus, equipment, land, and facilities related to the ALS program. It is also available for funding large maintenance projects. The allocation of funds from this account is through the budget approval process and is based on an approved replacement/repair schedule. This account is funded by inter-fund transfers from the ALS Expense Fund and the proceeds from surplus apparatus and equipment.

### **GO Bond Fund**

The General Obligation Fund is used for the repayment of the 2015 UTGO Bond. This account is funded by a separate property tax and is a "pass through" type of a fund that requires minimal involvement by the Fire Department.

### **EMS Donations Fund**

This fund is available for apparatus, equipment, and training related to emergency medical services. This account is funded by donations from the community.

### **CMT Fund**

This fund is used for the day-to-day operations of the Community Medicine Technician (CMT) program. This account is primarily funded through a contract with King County EMS. King County EMS receives its funding from a countywide EMS property tax levy. The CMT program was initiated in October of 2015, was reformatted in 2018 and will end on December 31, 2019 unless the funds are reauthorized by KCEMS. This fund is used as a pass through for regional CMT program expenses.

### **CIP Fund**

The Capital Improvement Plan (CIP) fund will be used for tracking revenues and expenses resulting from the UTGO Capital Bond that was approved by voters in August, 2015. This fund will be used during the life of the \$9.5 million capital bond, approximately ten years.

## **OTHER TERMS OR GOALS**

### **Carryover**

It is the Department's policy to maintain an operating reserve balance in both the General and ALS Expense Funds at a level sufficient to provide for cash flow needs, a reasonable amount for emergent or unforeseen needs and an orderly adjustment to adverse changes in revenues. The current philosophy is to maintain an amount equal to 25% of annual general operating expenses, plus \$700,000 of unanticipated expenses, minus anticipated revenues in the first quarter of the year. For 2019 this amount equals \$3,925,589 of remaining fund balance in the Expense Fund. This balance is called the "carryover" amount. It is the funds that are necessary to continue business as normal from January 1 to April 1, which is when the first half revenues from the property tax levy are received. The Fire Chief, in conjunction with the Board of Commissioners, will analyze fund balance requirements from time to time and recommend changes as needed.

# **OVERVIEW**

The significant changes we made in 2013 in how the budget has been prepared continues to be successful. Simply, if a person is going to be held accountable for adhering to a budget for a specific Division, program, or purchase, he or she should have input on the amount of that budget. We encountered minor struggles early on in the process, but those concerns have eased

and the process has become fairly smooth. The 2019 budget process reflected the streamlined process. Along with accountability, the accuracy and efficiency in developing the budget also continues to improve. This document represents a significant amount of staff time and energy as the Department is always striving for long-term financial sustainability.

There are two separate budgets for the Shoreline Fire Department, the General and the ALS budget. The ALS program is supported by the King County EMS levy, which is a consistent and relatively stable revenue source. Typically the ALS budget is a balanced budget with detailed allocations specified by KCEMS being transferred in to cover ongoing expenses, with little optional spending for projects. In 2019 there will be approximately \$7,542,372 in total operational revenues and an additional \$280,011 for capital projects. The following discussions on the budget will mainly revolve around the General fund budget, not the ALS budget.

For 2019, the Department will realize an increase in revenues for the General budget. While not finalized, currently an increase of 7.3% of assessed valuations (AV) is anticipated. In August of 2015, Shoreline citizens approved diversifying the revenue sources for the Department by approving a Fire Benefit Charge (FBC). The FBC is a fee that is assessed per square foot of a structure and therefore is not predicated on AV. However, the Department's pledge was to keep the overall taxation of the Community around the equivalent of a \$1.50 property tax levy for operational expenses. For 2019, the Department will provide some relief to the taxpayers and not increase revenues by 17.61%, which would approximate the \$1.50 equivalent rate, but instead limited the increase to an 8% increase. Furthermore, it was also decided to maintain more relief by keeping the increased weight of the FBC. So, the fire department property tax levy will be set at around \$.918/\$1,000 of AV and the FBC will generate the equivalent of a \$.545 levy. This equates to total revenues of about \$15,903,084 for 2019. This increase in revenues will allow the Department to continue addressing some of the previously deferred capital projects.

The 2019 General Expense line item budget has increased by \$2,726,311 or 15.64% from the 2018 budget. There was a significant shift in costs associated with a staffing reorganization which included the move of an Assistant Chief of EMS to Deputy Chief of Operations and large cash outs of vacation and sick leave for planned retirements. Other increases included improvements in the Training Division. The Training Division was the first and deepest area that was cut when we entered the recession, so it had the largest margin to catch up and has been significantly increased over the past few budgets. Overall the Department is in a good, stable, financial position, especially considering current economic trends and that we have diversified revenue sources with the FBC.

Additionally, the Department has been able to successfully develop and get a fire impact fee program approved. These fees must be used for capital projects that directly address the impacts of new developments. It is anticipated that these fees will generate hundreds of thousands of dollars, which will help alleviate the burden on our operating budget to fund those projects. This is newer for 2019 considering that we started the program at the beginning of 2018. Actual revenues and how the program operates will be closely monitored and adjusted as necessary, but we are anticipating over \$699 thousand to be collected in current permitting processes. This amount could dramatically increase if other projects that are being considered are started.

In 2019 the Department will continue to have significant facility capital expenses as we address repairs and projects that have been delayed due to funding shortfalls. For example, we are addressing specific, larger value projects such as apparatus bay doors, apparatus exhaust systems, flooring replacements, and a remodel of headquarters. However, we are still anticipating the maintaining of a capital projects fund of nearly \$2.8 million at the end of 2019. One of our organizational goals is to address needed annual capital projects and still have this fund grow over the next ten years to a level that is self-sustaining once the current capital bond is completed. The long-term vision is to not rely on future capital bonds except for the very large projects that are beyond our ability to cover from the capital fund.

## SUMMARY

The 2019 budget reflects increasing line item expenses to complete the recovery process of our operations and to proactively address staffing challenges. This next year will again see significant improvements in training opportunities and will allow additional funds to address some of our larger capital needs. We have been able to confirm that the new strategy in maintaining carryover funds has been accurate and we continue to refine this process. We have significant projects to be funded by the Capital Fund, the Benefit Fund is funded appropriately and stable, and the Reserve Fund will remain at approximately 10% of expenses as set by Resolution. The chart below identifies a current summary of actions for 2019, but could change as the budget is finalized.

<b>Summary of 2019 Budget Proposals</b>	
<b><u>Area</u></b>	<b><u>Notes</u></b>
Staffing	Add 8 Firefighters, 4 in January and 4 in September, fund part-time project manager position for 12 months.
Reserve Fund	Add funds to maintain 10% of annual operating expenses. <i>For 2019 it is \$190,242.</i>
Carryover	Maintain a carryover target of 25% of operating expenses, minus average revenues of \$1.2m, plus \$700k for unanticipated expenses. <i>For 2019 there is an extra \$1,093,215</i>
General Benefits Fund	Transfer funds to cover previous year expenses and ensure coverage of full liabilities. <i>For 2019 it is \$413,927</i>
General Capital Fund	Increase capital fund level by transferring \$1,222,000 from operating revenues to cover \$1,082,370 of anticipated 2019 capital purchases.
ALS	Send up to three personnel to Paramedic training.

Since 2009 the Department has seen major tax revenue losses. We have had to make difficult reductions and cuts to multiple areas, but we have made big improvements in our recovery. We were very fortunate to have the support of our Community in passing the FBC, because without it we would struggle with sustainability. The FBC will allow us to continue smoothing out some of the extreme swings in funding and allow us to more accurately prepare for long-term needs. We are also very fortunate to now have a fire impact fee program to offset the impacts of new

developments as the area continues to experience significant growth. We will continue to work diligently in meeting our citizens' needs and desires by providing them with the highest level of services possible while maintaining efficiencies and cost effectiveness in all areas. The funds from our new impact fee program will help fund the payments on our new LTGO Capital Bond. The LTGO bond was created to bridge the gap in funding for our new Station 63 construction project.

Thanks for all your hard work in making the Shoreline Fire Department a successful and professional organization!

*Matt Cowan*

Fire Chief

# DETAILS

Our budget process is driven in large part by our Strategic Plan and the core organizational strategies identified therein:

- Identify services and service levels and improve service where needed.
- Develop a stable and sustainable financial plan.
- Ensure that essential resource needs are adequately met.
- Improve organizational communication both internally and externally.
- Implement ongoing strategic planning.

The budget is presented by organizational totals first, followed by individual funds and, as appropriate within funds, by individual divisions. *Note: Some dollar amounts may not add up exactly as some rounding may have occurred.*

Anticipated staffing levels for 2019 are shown in the following table:

2019 Personnel Summary (all personnel)												
Position	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Fire Commissioners	5	5	5	5	5	5	5	5	5	5/3	3	
Fire Chief	1	1	1	1	1	1	1	1	1	1	1	
Deputy Chief	2	2	2	2	2	2	1	1	2	2	2	
Administrative Director	1	1	1	1	1	1	1	1	1	1	1	
Finance Manager	1	1	1	1	1	1	1	1	1	1	1	
Project Manager (part time)	0.5	0.5	0.5	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Executive Assistant	1	1	1	1	1	1	1	1	1	1	1	
EMS Program Manager	1	1	1	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Administrative Assistant	3	3	3	3	4	3	2.5	2.5	4	4	4	
Receptionist (part-time)	0.5	n/a	n/a									
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1	1	
Mechanic	1	1	1	1	1	1	1	1	1	1	1	
Facilities/Vehicle Technician	1	1	1	1	1	1	1	1	1	1	1	
Public Information Officer	1	1	1	1	1	1	1	1	1	1	1	
Fire Marshal	1	1	1	1	1	1	1	1	1	1	1	
Deputy Fire Marshal	1	1	1	1	0	0	0	0	0	1	1	
Inspector	2	2	2	2	3	3	3	2	2	2	2	
Battalion Chief	5	5	5	5	5	5	5	5	5	5	5	
Captain	5	5	5	5	5	5	5	5	5	5	5	
Lieutenant	9	9	9	9	9	8	8	8	8	8	8	
Medical Services Officer	5	5	5	5	5	5	5	5	5	5	5	
Firefighter/Paramedic	30	25	25	27	27	26	26	26	26	25	25	
Driver/Engineer	12	12	12	12	12	12	12	12	12	12	12	
Firefighter/EMT	46	37	34	33	34	29	27	29	29	32	32	
CMT/EMT	2	2	1	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
<b>TOTAL</b>	<b>138.0</b>	<b>123.5</b>	<b>119.5</b>	<b>121.5</b>	<b>120.0</b>	<b>112.0</b>	<b>108.5</b>	<b>109.5</b>	<b>112.0</b>	<b>116/114</b>	<b>113.0</b>	

In 2019 we are planning on adding four entry level firefighters for the January academy and then another four for the September academy. The proposed 2019 budget reflects an ongoing balance of providing the highest level of service to the citizens we protect, while at the same time keeping the budget within the statutory limits established for fire protection districts.

# GENERAL EXPENSE FUND

## General Expense Fund

### **Program Description**

This budget category is established to account for the operations of general expense fund operations for the Department.

### **General Expense Fund - Expenditures**

Expenditures	2019 Budget (proposed)	2018 Budget
Salary and Benefits	\$16,200,321.22	\$14,107,170.20
Maintenance & Operations	1,502,035.00	1,469,510.00
Inter-Governmental	706,200.00	731,904.00
Transfers Out	1,825,669.29	1,132,837.00
<b>TOTAL</b>	<b>\$20,234,225.51</b>	<b>\$17,441,421.20</b>

### **General Expense Fund - Revenues**

Revenues	2019 Budget (proposed)	2018 Budget
Property Tax	\$9,990,985	\$9,155,241
Fire Benefit Charge	6,003,337	5,407,481
ALS Overhead	310,000	350,000
BLS Contract (King County)	766,930	730,888
BLS Transports	650,000	630,000
FMO Permits/PADS Interlocal	120,000	120,000
Other Contracts	966,981	964,246
Deployments	50,000	
GEMT (incr. transport fees)	480,000	
EMTG Fire Academy	25,000	25,000
CPR/Other	20,000	20,000
Interest	50,000	15,000
Misc. (inc 2017 levy correction)	107,639	15,000
GEMT (FY '17/'18 reimb.)	800,000	
<b>TOTAL</b>	<b>\$20,340,872</b>	<b>\$17,632,856</b>

### **General Expense Fund - Notes**

The Property Tax revenue includes a 1% reduction factor for adjustments and appeals. The Fire Benefit Charge includes a 1% processing fee and \$5,000 reduction due to appeals.

We continue to review and modify the ALS overhead computation to ensure appropriateness.

# ALS EXPENSE FUND

## ALS Expense Fund

### **Program Description**

This budget category is established to account for the operations of ALS emergency medical services through contract with King County EMS. This fund also includes ALS personnel benefits expense, which previously was accounted for in a separate fund.

### ALS Expense Fund - Expenditures

Expenditures	2019 Budget (proposed)	2018 Budget
Salary and Benefits	\$7,333,145	\$6,552,698
Maintenance & Operations	323,600	393,500
Inter-Governmental	448,618	499,766
Post-Retirement Benefits	86,900	93,874
Transfers Out		
<b>TOTAL</b>	<b>\$8,192,263</b>	<b>\$7,539,838</b>

### ALS Expense Fund - Revenues

Revenues	2019 Budget (proposed)	2018 Budget
Beginning Fund Balance	\$800,000	\$1,149,607
KCEMS Contract (Operations)	7,542,372	6,900,000
Other Contracts	266,802	231,496
KCEMS Regional EMT Class	\$100,000	47,000
BLS/ QI activities / Other	\$48,000	1,000
Interest	19,000	10,000
ALS Program Reserve	\$240,000	300,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$9,016,174</b>	<b>\$8,639,103</b>
<b>ENDING FUND BALANCE</b>	<b>\$823,911</b>	<b>\$1,099,265</b>

### ALS Expense Fund - Notes

We continue to review and modify the ALS overhead computation to ensure appropriateness. This also has an effect on the Maintenance and Operations category. We are planning on sending up to three students to Paramedic school in 2019.

# GENERAL CAPITAL FUND

## General Capital Fund

### **Program Description**

This budget is established for the purchase of capital items. Generally capital items are defined as durable goods (greater than a one-year life cycle) and/or exceed \$5,000 value. The cost of major improvements to facilities are also included.

### **General Capital Fund - Expenditures**

<b>Expenditures</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
Capital Purchases	\$1,082,370	\$859,650
<b>TOTAL</b>	<b>\$1,082,370</b>	<b>\$859,650</b>

### **General Capital Fund - Revenues**

<b>Revenues</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
Beginning Fund Balance	\$2,700,000	\$2,195,861
Transfers In (General Fund)	1,222,000	1,059,650
Other	0	0
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$3,922,000</b>	<b>\$3,255,511</b>
<b>ENDING FUND BALANCE</b>	<b>\$2,839,630</b>	<b>\$2,395,861</b>

### **General Capital Fund - Notes**

Due to changes in philosophy on the carryover amounts and a surplus in the General Fund, we continue to transfer more funds into the Capital Fund than we are using for the current year.

In 2018 we started collecting impact fees, which must only be used on capital projects addressing the impacts from new development.

# ALS CAPITAL FUND

## ALS Capital Fund

### **Program Description**

This budget is established for the purchase of capital items. Generally capital items are defined as durable goods (greater than a one-year life cycle) and/or exceed \$5,000 value. Also included are the cost of major improvements to facilities.

### **ALS Capital Fund - Expenditures**

<b>Expenditures</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
Capital Purchases	\$126,350	\$351,850
<b>TOTAL</b>	<b>\$126,350</b>	<b>\$351,850</b>

### **ALS Capital Fund - Revenues**

<b>Revenues</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
Beginning Fund Balance	\$475,000	\$527,914
Transfers In (ALS Expense Fund)	\$280,011	\$267,012
Transfers In (EMS Donations Fund)	0	0
Other	0	0
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$755,011</b>	<b>\$794,926</b>
<b>ENDING FUND BALANCE</b>	<b>\$628,661</b>	<b>\$443,346</b>

### **ALS Capital Fund - Notes**

Minimal capital purchases targeted for 2019.

# GENERAL BENEFITS FUND

## General Benefits Fund

### **Program Description**

This budget funds the obligations for all medical and dental expenses for retired General Fund LEOFF1 employees. In addition, it funds the vacation and sick leave cash-outs for current General Fund employees upon retirement from service. The cash-out prediction for active employees is based on letters of intent to retire as part of the post-employment medical benefits (PEMB) program.

### **General Benefits Fund - Expenditures**

<b>Anticipated Expenditures</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
LEOFF I Retiree Liabilities	\$151,667	\$116,318
LEOFF II Retiree Liabilities	59,544	52,000
Employee Cash Out	350,716	140,000
<b>TOTAL</b>	<b>\$561,927</b>	<b>\$308,318</b>

<b>Potential Expenditures</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
LEOFF I Long Term Care	\$120,000	\$120,000
FLSA Comp Time Cash Out	5,000	30,000
Other	5,000	25,000
<b>TOTAL</b>	<b>\$130,000</b>	<b>\$175,000</b>

### **General Benefits Fund - Revenues**

<b>Revenues</b>	<b>2019 Budget (proposed)</b>	<b>2018 Budget</b>
Beginning Fund Balance	\$278,000	\$329,000
Transfers In (General Expense Fund)	413,927	154,318
Other	0	0
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$691,927</b>	<b>\$483,318</b>
<b>ANTICIPATED ENDING FUND BALANCE</b>	<b>\$130,000</b>	<b>\$175,000</b>

### **General Benefits Fund - Notes**

The "Potential Expenditures" table include expenses that are not anticipated on an annual basis, but is there as a buffer for those costs as they can be substantial. This is a change in considering our benefit liabilities, but is more financially efficient. The anticipated ending fund balance includes potential expenditures, which would result in a surplus if not used.