



**Evans City Council Work Session
December 21, 2010 - Fire District Briefing
January 4, 2010 – Follow-up w/ Council**

I. Warren presented the recommendations from the Taskforce which included:

- A. 2010 Fire District Base Year Budget**
- B. Administrative Overhead**
- C. 2-Step Organization and Funding Strategy**
- D. Transition Period**
- E. Mill Levy Increase**
- F. Discussion**

A. 2010 Fire District Base Year Budget

1. Objectives

- Maintain Services at current levels
- Provide Major Fire Truck Replacement
- Increase 2-engine company availability (7 Personnel on-duty)
 - Improve ability to cover 10% concurrent calls
 - Increase number of on-duty firefighters for structure fires
- Provide adequate admin and ops support


2. 2012 Fire Department Budget

2012 FD Budget

2012 City LRP Base (2 companies 50%, no fire truck replacement)	\$1,443,225
Fire truck replacement (2 pumpers, 1 pumper/ladder, 15 year lifecycle)	\$118,000
Staffing (9 PT Firefighters, 90% 2 company coverage)	\$168,500
Supplies and Services Increase	\$53,798
Asset Management Plan Increase	\$55,041
Direct district admin overhead	\$81,500
2012 Base District Budget	\$1,920,064

* See Updated Budget pg. 9


3. Per Capita Cost



Per Capita Cost

Current	\$ 76
Proposed FD base budget	\$101
Comparison districts (Windsor, Ft. Lupton, Berthoud, Boulder Rural)	\$116
Greeley	\$112

B. Admin Overhead




Direct Admin Costs

½ FTE admin asst.	\$26,500
■ Current admin support provided by CM admin asst. and CSU, .2 FTE	
■ Board support, .1 FTE	
■ Accounts payable, .2 FTE	
Legal	\$25,000
Board expenses	\$10,000
Audit	\$ 5,000
<u>District insurance</u>	<u>\$15,000</u>
Total	\$81,500

City provided general admin services

- Finance and budget (-AP)
- HR / benefit admin / risk management
- Payroll
- Insurance
- Workers comp
- IT support




Estimated value \$117,304

* See updated Admin Services Costs pgs. 8 & 9

C. 2-Step Organization and Funding Strategy

- The goal being to reduce the complexity and increase the potential of a successful organizational election.



2 Step Model

Step 1

2011 election

- Formation
- Board
- De-Bruce
- New district mill (5.5)

2012 Funding

- 30% district
 - Fire trucks
 - Staffing
 - Ops support
 - Direct admin overhead
 - Portion of City admin overhead and indirect costs
- 70% city IGA from 2012 LRP

Step 2


City Council action (April 2012)

- Decrease city mill 10 mills
- New city total mills 3.538

District election (May 2012)

- Increase district mills 10
- New total district mills 15.5

No net increase in taxes



Step 2 Funding

2012 budget	\$1,920,064	
- New mills 5.5	\$ 578,946	
- City mill transfer 10	<u>\$1,052,630</u>	
City IGA	\$ 288,488	
District	\$1,631,576	85%
City	\$ 288,630	15%

2 Step Model



Advantages

- Simplifies mill transfer
- Simpler formation election
- Clear on what new mills would be used for
- First year of ops less complex
 - Use some new revenue for future beginning balance
 - No city start-up loan
 - May allow district to contract for personnel, apparatus and facilities from city during transition period
- More elected officials to support second election
- Coordinates city mill decrease and district mill increase
- District board focus on mill levy transfer and developing financial, operating and personnel policies in transition year

Disadvantages

- 2 elections
 - Campaign fatigue
 - Cost
- Uncertainty of voter approval of second election
- Election delays
- Changes in key players
- Reduced independence of district

D. Transition Period

Objectives:

- Stability and seamless operations
- Board formation/training
- Mill levy transfer election
- District policies (financial, personnel)
- Operations improvement (mid-2012)
 - Order fire truck
 - Add PT firefighters
- Contract with City for employees, equipment and facilities

Transition

2011	2012	2013
Service Plan/IGA Public outreach/info Petition drive CC Review/approval District Court Campaign Election District court/county	Seat/train board City mill levy reduction District mill levy election Board election (2) Develop board policies Order fire truck Hire PT firefighters	Transfer personnel, equipment and facilities Full district operations

E. Mill Levy Increase

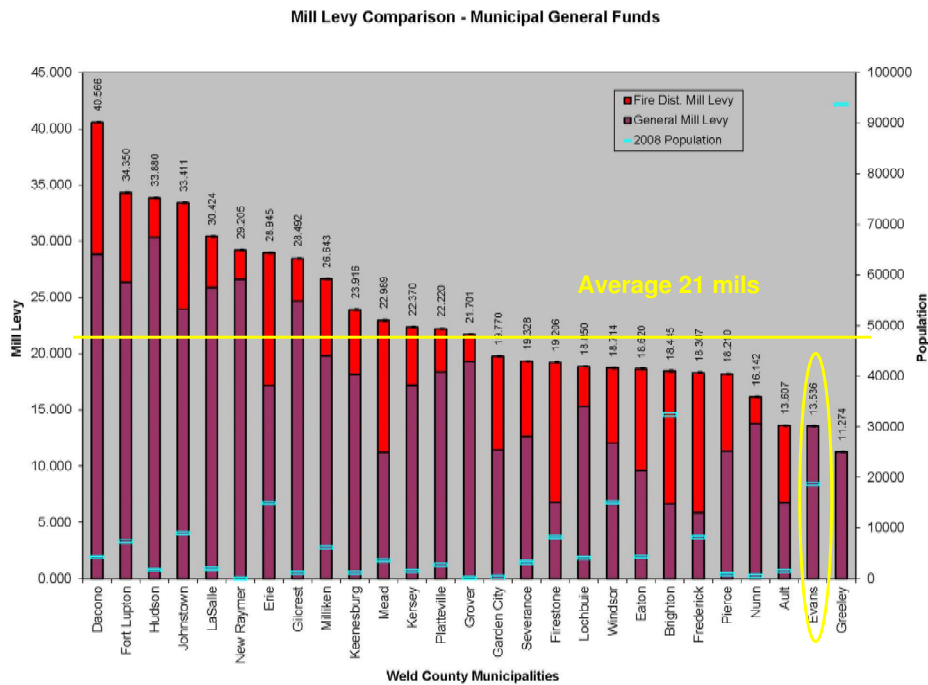
How did we settle on 5.5 mills?

- What do we need?
- What has been the experience of other fire district elections?
- Where are we now?
- What would an increase of 5.5 mills mean to property owners?

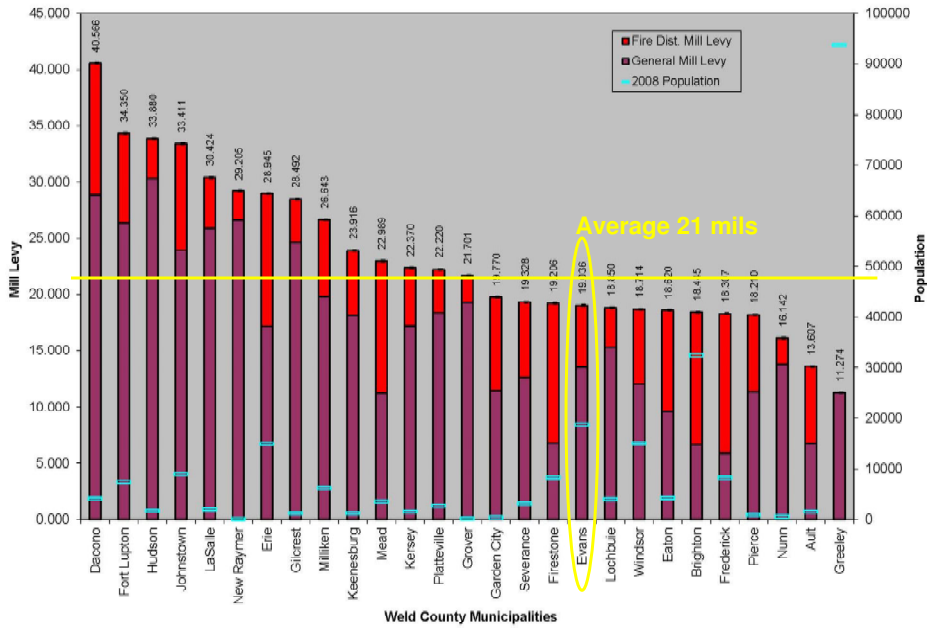
5.5 New Mills = \$578, 946:

- Increase 2-company availability
(7 personnel on-duty) to 90% from 50%
- Provide major fire truck replacement
- Provide adequate operational support
- Provide direct district admin overhead
- Provide portion of city admin overhead and indirect costs

This increase would move Evans from 13.536 to 19.036 - still below the average of our comparison districts.



Mill Levy Comparison - Municipal General Funds



What does this mean to our residents?

Residential Mill Levy Chart at 5.5 mills

Market Value	Assessed Value	Annual Increase	Mo. Increase
Avg. Mobile Home			
39,200	3,120	17.16	1.43
Single Family Home			
75,000	5,970	32.84	2.74
100,000	7,960	43.78	3.65
125,000	9,950	54.73	4.56
150,000	11,940	65.67	5.47
175,000	13,930	76.62	6.38
200,000	15,920	87.56	7.29
225,000	17,910	98.51	8.21
250,000	19,900	109.45	9.12

Commercial property tax comparison at 5.5 mill increase

Freestanding retail	4,135 sq ft	Industrial	13,760 sq ft
13.538 mills	\$2,272	13.538 mills	\$3,511
19.038 mills	\$3,194	19.038 mills	\$4,937
Increase	\$923	Increase	\$1,426

Strip mall (8 units)	26,782 sq ft	Mobile home community	112 homes
13.538 mills	\$5,783	13.538 mills	\$2,369
19.038 mills	\$8,132	19.038 mills	\$3,331
Increase	\$2,349	Increase	\$962

Vacant lot comparison at 5.5 mill increase

Residential	North Point	Residential	Tuscany
13.538 mills	\$10.55	13.538 mills	\$79.33
19.038 mills	\$14.84	19.038 mills	\$111.56
Increase	\$4.30	Increase	\$32.23

Industrial	44,110 sq ft	Commercial	65,841 sq ft
13.538 mills	\$67.55	13.538 mills	\$1078.03
19.038 mills	\$95	19.038 mills	\$1515
Increase	\$27.45	Increase	\$436.97

F. Discussion:

After the presentation council discussed the recommendations. They felt that it was appropriate to ask the residents for an increase in 5.5 mills as the last time the City of Evans has asked for a property tax increase was in the early 90's and even with the proposed increase the City will still be below the average of the comparison districts.

It was also discussed that while the city has grown the property taxes to support the city services have not. The fire department has been trying to provide the same level of service to an increasing population without a budget increase. Thus, other city services have had to be cut to fund the needs of the fire department.

There was strong agreement that the residents need to know exactly what they will get for the increase in property tax. Council would like the Taskforce to:

- 1) Show residents exactly what they will get for the increase.
- 2) Focus on the value of return.
- 3) Follow through on promises.

- Council agreed to all the recommendations from the Taskforce and scheduled a January 25, 2011 Work Session to review the first draft of the Service Plan.

January 4, 2011 Follow-Up with Council

- Warren met with council to follow-up on the issue of administrative overhead costs and how they will be handled. A proposed solution is to move all administrative costs directly into the fire district budget and contract back to the city for some administrative services.

- Admin Services \$183,607

- District provides direct admin services that are unique to the district or directly related to operations (\$81,500)
- District contract with City to provide general admin services that can be provided more efficiently and effectively due to scale of operations and historic relationship with the City (\$102,107)

- New Mill Levy 5.5 = \$578,946

■ Increase 2 company availability	\$168,500
■ Provide major fire truck replacement	\$118,000
■ Increase operational support	\$108,839
■ Provide administrative services	<u>\$183,607</u>

Total \$578,946

Updated 2012 FD Budget

2012 FD Budget

2012 City LRP Base (2 companies 50%, no fire truck replacement)	\$1,443,225
Fire truck replacement (2 pumpers, 1 pumper/ladder, 15 year lifecycle)	\$118,000
Staffing (9 PT Firefighters, 90% 2 company coverage)	\$168,500
Supplies and Services Increase	\$53,798
Asset Management Plan Increase	\$55,041
Administrative services	\$183,607
2012 Base District Budget	\$2,022,171

Step 1 Funding



2012 budget	\$2,022,171
- New mills 5.5	<u>\$ 578,946</u>
City IGA	\$1,443,225
- City admin services contract	<u>\$ 102,107</u>
2012 City cost	\$1,341,118

- Council agreed to this proposed solution of how to handle the issue of administrative overhead.