



# B LACK B UTTE R ANCH R . F . P . D .

## B UDGET C OMMITTEE M EETING

May 3, 2022

*Due to the COVID-19 pandemic, this meeting was electronically offered. Information for this meeting was as follow:*

<https://us06web.zoom.us/j/87947499354?pwd=REpQR09sUTY0SE55WXJ4QWM1cXFEQT09>

**Phone:** United States: +1 253 215 8782 US (Tacoma), +1 346 248 7799 US (Houston), +1 669 900 6833 US (San Jose), +1 301 715 8592 US (Washington DC), +1 312 626 6799 US (Chicago), +1 929 205 6099 US (New York)

**Meeting ID:** 879 4749 9354 | **Passcode:** 272098

*Dave Gibson called the Budget Committee Meeting to order at 09:04 a.m.*

### **Board of Directors:**

- Roger Gabrielson
- ✓ Dave Gibson
- Tom Sawyer
- ✓ Larry Stuker
- ✓ Don Bowler

### **Budget Committee:**

- ✓ Rikki Goede (via zoom)
- ✓ Gary Olson
- Dave Sullivan
- ✓ Susan Waddell
- ✓ Steve Yates

### **Administration:**

- ✓ Chief Dan Tucker
- Deputy Chief Dave Phillips
- ✓ Jamie Vohs

**Guest:** Captain Jared Earnest and Jason Ellison

### **ELECTION OF BUDGET CHAIR**

**Motion:** Dave Gibson moved to elect Larry Stuker as Budget Chairman, seconded by Don Bowler, unanimously passed.

### **BUDGET MESSAGE**

Chief Tucker thanked the Board of Directors, Budget Committee, and staff for being an integral part of the 2022/2023 budget process.

Chief briefly went over pages 3-10 of the budget document.

Chief Tucker gave an overview of the 2022/2023 budget message, highlighting the following:

- The median home sale price, according to redfin.com, in Black Butte Ranch is \$1,310,000. Black Butte Ranch home prices were up 188% compared to last year. Compared to the rest of the country, cost of living in the Sisters area is 24.9% higher than the U.S. average (according to bestplaces.net). The World Population Review lists Oregon as the fourth-highest cost of living in the U.S. with an index of 134.6, behind California, District of Columbia and Hawaii.
- Property tax increases are limited in Oregon under Measure 47 and 50 to a maximum of 3% increase in valuation for existing properties. Tax growth above this 3% is generally due to new construction. Although Fiscal Year 2021-22 showed an actual growth of 4.26%, this is somewhat misleading as the Real Market Value (RMV) was less than the Assessed Value (meaning properties were assessed taxes on the lowest of the two). Some of those properties had seen their RMV quickly cross back above the Assessed Value line causing an increase higher than the normal 3%.
- TDS Baha contested and asked to be revalued, however lost.
- New construction is limited on Black Butte Ranch as there are very few remaining vacant lots available.
- Growth within the District is limited as a result of our demographics (destination resort community with a set number of home sites) to new construction on the few remaining vacant lots and larger remodels. Also, many of the association-owned commercial buildings were removed from the property tax schedule during the Fiscal Year 2017/18, reducing the District's revenue by about \$22,000 per year. Cumulative over the last 5 years amounts to about \$116,798. Note: the Lodge falls under this removal.
- Chief Tucker gave an overview of the graphs on page 12.
  - RMV vs. AV for FY 2017/2018 to current – the blue line is climbing and the red line continues to be a steady increase.
  - RMV vs. AV for FY 2008/09 to Current – the blue line is still not back to where it was at in 2008. Once the blue line falls below the red line, the District will need to anticipate taking the lower of the two lines. Chief Tucker feels is not enough space between RMV and AV at this time.
- The District's permanent tax rate of \$1.4677/\$1000 of assess value, the District also receives funds as a result of its general operating levy. In 2019, voters supported renewing our five-year local option levy at a rate of up to \$1.76/\$1000 of assessed value beginning July 1 2020. In the current Fiscal Year (2021/22), the District only imposed \$1.56/\$1000 of the approved \$1.76 (the same amount imposed over the previous eleven years).
- Personnel Services account for 28.34% of the total budget at \$1,731,048, representing a pure wage and benefits change of 7.10% increase over last year's budget for personnel. This change is primarily due to the District anticipating a new Deputy Chief (who will replace D/C Phillips) and the need to fill the current open Firefighter/Paramedic position. Both positions are on track to be filled in July 2022. In calculating the transition of these two positions, the following considerations are taken into account, the need to use or pay out accrued vacation time for D/C Phillips,

and the need to factor both positions at the highest salary on the wage scale. This allows the ability to negotiate competitive wages for each position at the appropriate experience level.

- The District planned for seasonal and “temporary employees.” The purpose of seasonal employees is to augment staffing during the busy summer months, and the purpose of budgeting for temporary employees is to augment staffing should the need arise. Within all of this budgeting, the District is still fully staffed with six career line staff personnel, three administrative personnel, and approximately 6 to 10 resident volunteers.
- Salary and benefits for bargaining unit employees follow contractual obligations that comply with the current Collective Bargaining Unit (CBU) contract and compare to similar departments within Central Oregon. The current Collective Bargaining Unit (CBU) came into effect July 1, 2021, and will last five years, ending June 30, 2026. As a result of the bargaining of the current contract a cost of living adjustment (COLA) of 3% is accounted for in this budget. COLA for the District follows Social Security COLA with a minimum of 1% and a maximum of 3%. Along with COLA, some employees will receive step increases consistent with the approved salary schedules.
- The BBR RFPD Board of Directors has indicated that an increase in Administrative Staff HRA-VEBA benefits may occur. The increase would go from \$100 to \$200 per month. However, with that said, it has not been decided on but accounted for within this budget.
  - This was approved at last Thursday’s board meeting.
- Medical insurance is provided to employees by the District via the Oregon Teamster Employers Trust. Insurance rates are open to change each January, affecting the District for the remaining six months of the fiscal year and the first six months of the following budget. Since medical insurance can be volatile, we conservatively plan a 15% increase each year. Happily, we did not experience a rate increase for the current calendar year 2022.
  - Health insurance rates have been consistent within the last five (5) years.
- The District participates in the PERS retirement system, where rate changes are biennial. The next expected rate change will take place in FY-2023/24 through FY-2025/26. As a result of some previous cost-cutting law changes that were implemented in 2013 being ruled unconstitutional by the Oregon Supreme Court on 4/30/2015, our District, like many public agencies, will continue to see increasing rates for the foreseeable future. In FY-2019/20, the District participated in the PERS "Employer Incentive Fund" program to take advantage of a matching funds opportunity provided by Oregon Senate Bill 1566. This program reduced our rates, across the board, by 3.09%. The District however, will need to take an in depth look at how we might stabilize rates in the future and decrease its unfunded liability.
  - The District has avoided joining the PERS pool but it may be something to look at in the future. If the District were to put \$1.4 mil into the unfunded liability, it would essentially pay it down.
  - SB 1049 is set to go away December 2024, however there is a good chance legislation will continue it.

- Materials and Services accounts for 7.11% of the budget at \$434,229. The budget reflects an increase of 7.79% over FY 2021/22. The increase is a mix of needed items, as well as, an important consideration of inflation. The budget also reflects potential needs that could be realized, but may not happen.
- Capital Outlay accounts for 2.07% of the budget at \$126,500. Capital Outlay is proposed to increase from a budgeted \$42,680 in FY 2021/22 to \$126,500 for 2022/23.
- The full increase in Capital Outlay at this point is classified as a “potential”. The District is budgeting for work that may need to be done to restore GM13. This would only take place should the Board decide that it is in the best interest of the District to do so. Of the \$126,000 proposed, \$60,000 (combined with \$90,000 from the Building & Grounds Reserve Fund) would be utilized for this purpose. If it is not, the district would anticipate using \$35,000 to paint the fire station.
  - Steve inquired about GM 13 and its status. The District is in discussions with the Ranch on options of selling it back to the Ranch.
  - The District owns the house; however, the Ranch owns the land.
  - There is one confirmed lot available on the Ranch.
  - If the Ranch buys it back, they would not have to pay prevailing wages to fix it up.
  - The house is still being used for storage.
  - It was built in the late 80's where the floor joist are 4 feet apart, which is not to today's standards.
- Overall, the proposed Materials & Services and Capital Outlay combined are 25.86% higher than the previous fiscal year. The District is doing its best to work through these challenging times of COVID-19, inflation and the unknowns.
- With regard to contingency, there is no statutory limit on the amount which may be budgeted and appropriated for general operating contingency. However, the amount which may be transferred from contingency by resolution over the course of a year is limited to 15 percent of the amount originally appropriated in the fund [ORS 294.463(2), renumbered from 294.450(2)]. Transfers which in total exceed 15 percent of the original appropriation may be made only after adopting a supplemental budget for that purpose. The proposed budget reflects this 15 percent contingency amount at \$359,000. (Contingency amounts are used in cases outside of normal operating expenditures).
- To avoid borrowing money between July and November, when tax revenue becomes available, the Board of Directors has adopted a policy to carry over an "Unappropriated Funds" balance to provide a minimum of 5 months of operating expenses. Furthermore, the District, through long-range projections, will carry an appropriate projected ending fund balance ("Reserved for Future Expenditure" plus "Unappropriated Funds") of approximately five months' worth of operating costs as it would look 15 years from now. This approach has and will continue to assist with spikes in the budget due to impacts that cannot be absorbed by our restricted growth rate. It also allows for gradual rate changes to the operating levy and forces long-range planning. This method will also result in the current ending fund balance being substantially more than five months of value.

- Chief reiterated that the staff is well aware of compression and what is can do.
- Transfers to reserve funds consist of the following:
  - Technology Fund \$0
  - Building and Grounds Fund \$0
  - Vehicle Replacement Fund \$100,000
- Chief Tucker explained the refurbishing process to recertify apparatus. This may be an option in the future especially in regards to the ladder truck. The brush rig and interface units are getting old and may need to be looked at for replacement in the future.
- The Budget Committee should note the following assumptions used in the upcoming budget preparation that may be significant in its overall impact on the District.
  - Workers Compensation Insurance rates
  - The anticipation of a new Deputy Chief and filling the current open Firefighter/Paramedic position
  - The District will once again plan on the potential use of temporary employee(s) should the need arise and seasonal employees during our busy summer months.
  - Increase in the HRA VEBA contribution amount for Administrative Staff
  - PERS rates related to new staff members
  - Budgeted fuel costs have been increased to reflect the current market
  - Technology continues to move to subscription type services
  - Insurance coverage for the three properties; specifically structure value
  - The current needs of Glaze Meadow 13 of electricity, pest control, and association dues
  - The future of Glaze Meadow 13
    - GM is budgeted for \$90,000 for Building Reserve Fund and \$60,000 from capital
- Total resources for the District is expected to exceed budgeted levels this year due to conservative budgeting through the use of long-range projections.
- The Beginning Operating Fund Balance for 2021/22 was \$3,761,366, which was about 7.62% more than projected.
- Ambulance revenue in 2021/22 is expected to exceed budget forecast of \$47,500. Current revenue is \$51,675 as of March 31st, 2022.
- Miscellaneous Income was significantly higher than the budget forecast of \$8,000. Current revenue is \$22,738 as of March 31st, 2022.
- The 2021/22 fiscal year continued to be challenging in regards to COVID-19, much like 2020, forcing significant changes to how the District responded to emergency incidents and general access to District offices. We moved from in-person meetings to online meetings through several platforms and at times, moved to remote work depending on conditions at the time. Relief finally came in March of 2022 as the Omicron variant of COVID-19 dominated and overtook all previous variants. With Omicron causing fewer hospitalizations and less significant symptoms, restrictions were generally lifted. Although we maintain wearing protective equipment when in contact with patients, day to day operations are now relatively normal within our facilities.

- The potential for adverse budget impacts include the following:
  - A resurgence of the COVID-19 virus with a more problematic variant.
  - Property insurance premiums increasing due to higher replacement costs.
  - A housing market crash could cause significant problems if it were to force RMV below the AV.
- Susan spoke on SB 762 and its potential impact.
- Highlights of FY 2022/2023:
  - The proposed operating budget for fiscal year 2022/23 is \$6,108,984. The proposed budget includes a 2.70% increase in taxable assessed value and assumes a 93% collection rate.
  - The Personnel Services categories include step increases for all eligible employees and a 3% Cost of Living Adjustment (COLA) that is within the minimum/maximum range of 1% to 3% and is based upon Social Security COLA index.
  - Health insurance rates did not increase in the last half of the 2021/22 fiscal year, which will continue for at least the first half of the proposed budget. As is normal, we will plan on a 15% increase for the last half.
  - PERS rates will remain the same for fiscal year 2022/23 as they are only changed on a biennium basis. The next biennium, 2023/25 will bring further increases; currently projected at over 7 percentage points higher.
    - The District will once again look at putting funds into the PERS side account to bring down the UAL.
  - A rate of \$1.56/\$1000 of assessed value will be imposed for FY 2022/23.
  - Combined, the base and levy rates equal \$3.0277/\$1000 of assessed value. At a predicted assessed value of \$731,751,263 and a conservative collection rate of 93%, District revenue is budgeted to be \$2,060,437.
  - The challenges with the pandemic over the past couple years has in many ways been difficult. But at the same time, we have grown and adapted which will ultimately make us stronger and more flexible for the future. The District will continue to remain vigilant regarding projections and take a conservative approach to the budget to try to ensure that the quality of service and long term stability of the organization sustains.
- Larry inquired if there were any questions regarding the budget message. No questions were asked.

## **REVIEW BUDGET – Budget Chairman**

### **1. Resources**

Larry inquired if there were any questions regarding Resources. No questions were asked.

### **2. Requirements**

#### **○ Personnel Services**

Larry inquired if there were any questions regarding Personnel Services. No questions were asked.

#### **○ Materials & Services**

Larry inquired if there were any questions regarding Materials and Services. No questions were asked.

- **Capital Outlay**

Larry inquired if there were any questions regarding Capital Outlay. No questions were asked.

- **Transfers to Other Funds**

The following fund transfers will take place:

- **Vehicle Replacement Fund**

- Budget transfer to this fund \$100,000

- **Building & Grounds Fund**

- No transfer will be made to this fund as it has reached maturity.

- **Technology & Communications Fund**

- No transfer will be made to this fund as it has reached maturity.

### **PUBLIC COMMENT**

Jamie announced that no public comments were scheduled or submitted to the District.

### **ENTERTAIN A MOTION TO APPROVE 2022/2023 BUDGET – Budget Chairman**

**Motion:** Don Bowler moved to approve the 2022/2023 Budget as presented, seconded by Dave Gibson, unanimously passed.

### **GOOD OF THE ORDER**

The BBR RFPD awards banquet is scheduled for May 25, 2022 at 6:00 pm

### **ADJOURN – Budget Chairman**

**Motion:** Don Bowler moved to adjourn the meeting at 10:11 am, seconded by Dave Gibson, unanimously passed.

### **OFFICIAL MEETING MINUTES**

Approved by Don Bowler

Larry Stuker

Date: June 23, 2022