



BLACK BUTTE RANCH R.F.P.D.

BUDGET COMMITTEE MEETING

May 2, 2023

Option to join meeting virtually:

<https://us06web.zoom.us/j/81602488103?pwd=TnRZVVBTb0N2RzJzOG5jZlZzoOHFyZz09>

You can also dial in using your phone:

United States: +1 253 215 8782 US (Tacoma)

Meeting ID: 816 0248 8103 | Passcode: 854725

Dave Gibson called the Budget Committee Meeting to order at 09:08 a.m.

Board of Directors:

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

Budget Committee:

- ✓ Rikki Goede
- Gary Olson
- ✓ Dave Sullivan
- ✓ Susan Waddell
- ✓ Steve Yates

Administration:

- ✓ Chief Dan Tucker
- ✓ Deputy Chief Jason Ellison
- ✓ Jamie Vohs

Guest: Captain Jared Earnest

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 a big part of the 2023/2024 budget process.

Chief Tucker gave an overview of the 2023/2024 budget message, highlighting the following:

- The median home sale price, according to Sotheby's in Black Butte Ranch is up 17% from \$1,050,000 last year to \$1,225,000. Compared to the rest of the country, cost of living in the Sisters area is 36.7% higher than the U.S. average, up from 24.9% last

year. Cost of living in Black Butte Ranch specifically is 76.4% higher than the U.S. average.

- 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 is generally due to new construction.
- Growth within the District is limited as a result of demographics to new construction on the few remaining vacant lots and larger remodels.
- 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 effect over the last 5 years amounts to about \$142,743.
- Chief Tucker recently found out the new BBR Lodge falls under the corporation and not the association. This will benefit the district.
- Although we have seen real market value (RMV) separating from the assessed value, the District is expecting potential downturns in the future.
- Chief Tucker gave an overview of the graph on page 12 showing the 2021/22 to 2022/23 assessed value change for districts in Central Oregon.
 - Sisters-Camp Sherman Fire saw a 13.14% value change and Black Butte Ranch RFPD saw a 3.50% value change.
- The District's permanent tax rate is \$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 (2022/23), the District only imposed \$1.56/\$1000 of the approved \$1.76 (the same amount imposed over the previous twelve years).
- Personnel services constitute a significant portion of the overall budget, accounting for 27.80% and totaling \$1,869,839. This reflects an 8.02% increase compared to the personnel budget allocation of the previous fiscal year. The increase is primarily attributed to planned salary cost of living adjustments, anticipated rise in Public Employees Retirement System (PERS) rates, and efforts to align health insurance with statutory compliance.
- The District also budgets for the inclusion of seasonal and temporary employees. Seasonal employees are planned to support increased staffing needs during the busy summer months, while temporary employees are budgeted to provide flexibility for unforeseen staffing requirements. It's important to note that despite these adjustments, the District will maintain its current level of staffing.
- The salary and benefits for bargaining unit employees are in compliance with the contractual obligations outlined in the current Collective Bargaining Unit (CBU)

agreement. The current CBU contract is effective from July 1, 2021, and spans five years, concluding on June 30, 2026. As part of the bargaining process, the budget includes a cost of living adjustment (COLA) of 3% in alignment with Social Security COLA, with a minimum of 1% and a maximum of 3%. Certain employees may receive step increases as per the approved salary schedules.

- The District actively participates in the PERS retirement system, which undergoes biennial rate changes. The next rate adjustment is expected to take place during FY-2025/26 through FY-2026/27. It is important to note that due to the Oregon Supreme Court's ruling on April 30, 2015 the District is projected to experience ongoing increases in rates. In FY-2019/20, the District took advantage of the PERS "Employer Incentive Fund" program pursuant to Oregon Senate Bill 1566, resulting in a commendable reduction of rates across the board by 3.09%. The District acknowledges the need for a comprehensive review to explore strategies aimed at stabilizing rates and reducing its unfunded liability in the future.
- The District extends medical insurance coverage to bargaining unit employees through the Oregon Teamster Employers Trust. Insurance rates are subject to change each January, impacting the District for the remaining six months of the fiscal year as well as the first six months of the subsequent budget cycle. In light of the potential volatility of medical insurance costs, a conservative estimate of a 15% annual increase is factored into our budgeting process. The current calendar year of 2023, the District has fortunately not experienced any rate increases.
- For administrative employees, medical insurance is provided by the District through Wilson Heirgood Associates (WHA), with rate changes aligning with our fiscal year, enabling us to accurately budget for anticipated costs during the budget creation process. This year, the projected increase for medical insurance rates for administrative employees is estimated to be 4%.
- Materials and services accounts for 7.53% of the budget at \$506,284, reflecting an increase of 16.59% compared to the FY 2022/23 budget. The increase is primarily due to three factors: scholarships, training and inflation.
- It is essential to remain competitive with our scholarship program to attract and retain top talent. Chief Tucker acknowledged Captain Earnest on how well he runs to student program.
 - The three new incoming 2023 Resident Volunteers will attend an accelerated two week EMT program in Arizona in July. This is to allow them to get their EMT faster, which allows the District to utilize them sooner.
 - The District recently ran their first Basic EMT transport.
 - The Joint Recruitment Program with COCC saw an increase in interested students this year compared to last year. This is positive.
 - Larry extended his gratitude on the Resident Volunteer Association for offering pancake feeds. This is a good way to get them involved in the community.
- Inflation has had a significant impact on costs across the board.

- The budget includes provisions for potential needs that may arise but are not certain to happen, ensuring that we are prepared to address unforeseen expenses.
- Capital outlay accounts for 1.10% of the budget at \$73,970, reflecting a decrease from the budgeted amount of \$126,500 in FY 2022/23. This decrease is a result of careful evaluation and prioritization of capital expenditures, ensuring that only essential items are included in the budget for the upcoming fiscal year.
- The proposed budget includes a contingency amount of \$385,514, which represents 15% of the original appropriation in the fund. There is no statutory limit on the amount that may be budgeted and appropriated for general operating contingency.
- Contingency amounts are set aside for cases that fall outside of normal operating expenditures and are meant to provide flexibility and readiness to address unexpected or unforeseen expenses that may arise during the fiscal year.
- The Board of Directors has implemented a policy to maintain an "Unappropriated Funds" balance that is equivalent to a minimum of 5 months of operating expenses. This policy is aimed to avoid the need to borrow money between July and November, when tax revenue is unavailable. Additionally, the District utilizes long-range projections to maintain an appropriate projected ending fund balance, which includes the sum of "Reserved for Future Expenditure" and "Unappropriated Funds," equivalent to approximately five months' worth of operating costs as it would be 15 years from now. This proactive approach helps manage budget fluctuations caused by factors that cannot be absorbed within the restricted growth rate and allows for gradual adjustments to the operating levy, while promoting long-range planning.
- The current ending fund balance is expected to be substantially more than five months' worth of operating expenses. This helps with avoiding borrowing and sudden rate adjustments. The Board of Directors is committed to prudent financial planning and management practices to ensure the District's financial health and long-term success.
- Transfers to reserve funds consist of the following:
 - Technology Fund \$0
 - Building and Grounds Fund \$10,000
 - Vehicle Replacement Fund \$110,000

Chief Tucker and D/C Ellison gave examples of current costs for new/used/refurbished apparatus. Any new engine or ladder truck is about 48-64 months out. There may be a need to purchase a light brush rig and replace administrative vehicles in the near future. The District will try for the AFG grants with any of these purchases first.

- The following significant assumptions were used in the upcoming budget preparation:
 - Workers compensation insurance rates (specifically the forced change from SDIS to SAIF) may see a 20% increase.
 - Inflation combined with the potential of a significant housing market downturn.

- 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.
 - The Districts share of PERS for D/C Phillips and Captain Ward are no longer as they left employment with BBR RFPD. The District is now paying full PERS (employer and employee) on new staff members.
 - Technology continues to move to subscription type services.
 - Insurance coverage for the two properties; specifically, property value and replacement costs.
- 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 2022/23 was \$4,132,713, which was about 4.97% more than projected.
 - Interest earned was significantly higher than the budgeted forecast of \$20,500 due to inflationary measures affecting rates. Current interest earned is \$92,595 as of March 31, 2023.
 - Miscellaneous income was higher than the budget forecast of \$15,000. Current misc. income is \$22,003 as of March 31, 2023.
 - After an extensive and rigorous evaluation, it was concluded that restoring the home at GM13, which is owned by the District, would not be a reasonable expense due to its deteriorated condition and lack of current need. As per the deed's provisions, if the District no longer utilizes the home for its designated purpose, its ownership reverts to Black Butte Ranch Corp. Consequently, the District and Black Butte Ranch reached a mutual agreement to transfer the lot back to the latter for a sum of \$60,000, which would reimburse the District for its costs. The title transfer was successfully executed on March 22, 2023.
 - There are always potentials for adverse budget impacts. The following are some of those that are currently happening and others that could happen:
 1. Property insurance premiums increasing due to higher replacement costs
 2. A housing market crash
 3. Inflation
 - Health insurance rates for “line staff” did not increase in the last half of the 2022/23 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. As a result of labor negotiations, line personnel were also awarded a \$1200 per year VEBA/HRA.
 - Due to the change, the overall budget health benefits for Fiscal Year 2023/24 will increase by approximately 23.76% over Fiscal Year 2022/23.
 - As predicted, PERS contribution rates will increase for fiscal year 2023/24 by an average of 7.04%. Contributions are also significantly shifting burden from Tier 1 & 2 employees to OPSRP employees as there becomes fewer and fewer Tier 1 & 2

employees in the industry. Further, the district currently does not pay the 6% employee contribution for retired “work back” employees in Tier 1 & 2 classifications. With Deputy Chief Phillips and Capt. Ward fully retiring, new employees filling vacant roles sees a return of full contributions except for the Fire Chief. The overall affect will force us to increase budgeted amounts approximately 35.4%. The next biennium, 2025/27 will bring further increases; currently projected at approximately 7 percentage points higher. Long-term projections (15 years) include increases to this area and have been anticipated.

- The District will impose a rate of \$1.56/\$1000 of assessed value for Fiscal Year 2023/24.
- The base and levy rates equal \$3.0277/\$1000 of assessed value. At a predicted assessed value of \$757,356,218 and a conservative collection rate of 93%, District revenue is budgeted to be \$2,132,534.
- With the pandemic behind us, we have entered a new phase of challenges, with the current state of the economy taking center stage. The issues of inflation and the housing market are of paramount importance, and the District remains fully focused on monitoring projections closely. The organization's budgetary approach will remain conservative, prioritizing the quality of service and long-term stability of the organization
- Larry inquired if there were any questions regarding the budget message. No questions were asked.

REVIEW BUDGET – Budget Chairman

- **Resources**

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

- **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. Inquiry on the increase in scholarship amount of \$145,000.

- **Capital Outlay**

Larry inquired if there were any questions regarding capital outlay. No questions were asked however Chief Tucker went over the significant assumptions to capital outlay of:

- \$11,000 GM172 lighting upgrades and repairs to sliding door and water heater
- \$6,000 drywall repair in apparatus bay
- \$3,000 replace kitchen table

- \$5,000 Re-face cabinets
 - \$2,000 replace two refrigerators
 - \$13,000 turnout dryer and installation
 - \$7,830 headsets for ladder truck
 - \$1,485 LED headlights for engine
 - \$3,900 tires for ambulance
 - \$755 6-inch draft hose
 - \$20,000 unanticipated capital items
- **Transfers to Other Funds**
The following fund transfers will take place:
 - **Vehicle Replacement Fund**
 - Budget transfer to this fund \$110,000
 - **Building & Grounds Fund**
 - Budget transfer to this fund \$10,000
 - **Technology & Communications Fund**
 - No transfer will be made to this fund as it has reached maturity.

PUBLIC COMMENT

No public comments were scheduled or submitted to the District.

ENTERTAIN A MOTION TO APPROVE 2023/2024 BUDGET – Budget Chairman

Motion: Don Bowler moved to approve the 2023/2024 Budget as presented, seconded by Dave Gibson, unanimously passed.

ADJOURN – Budget Chairman

Motion: Don Bowler moved to adjourn the meeting at 9:52 am, seconded by Dave Gibson, unanimously passed.

OFFICIAL MEETING MINUTES

Approved by Tom Sawyer

Don Bowler

Date: May 25, 2023