



Western Lane Fire and EMS Authority

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Western Lane Ambulance District Budget Message for FY2022

Introduction

In compliance with the State of Oregon Local Budget Law, the Annual Budget for Western Lane Ambulance District for the Fiscal Year 2021-22 (July 1, 2021 to June 30, 2022) is presented for your consideration, approval and adoption in a public meeting and is balanced between total projected resources and requirements. As prepared and submitted, the annual budget is intended to serve as:

1. A financial plan for the coming fiscal year which outlines projected expenditure requirements and the proposed means for financing those requirements.
2. An operational plan for the use and deployment of personnel, materials and services and other resources during the 2021-22 Fiscal Year.
3. A financial guide to District goals and objectives as adopted by the Board of Directors during the 2021-22 Fiscal Year.

We believe that the District's financial future has improved considerably when compared to last year. On the revenue side we continue to see increases that we believe are sustainable.

Negative effects of the pandemic on property tax revenues have not been observed and transport revenues continue to be at a record level. With the cost controls implemented in the last few years we also predict increases in expenditures to be minimal. Employee costs will increase minimally following an agreement between the District and the Union representing WLAD employees to freeze wages for two years although step raises for the four employees still eligible will result in a slight increase in Personal Services expenditures. In addition to minimal wage increases we have also been notified that there will be no increase in healthcare costs for FY22 and the increase in our PERS contribution is less than what was predicted. Projected expenditures from our Capital Replacement plan are also anticipated to be much less than forecast. The planned replacement of an ambulance will be pushed back for one to two years and the replacement of our cardiac monitors has also been pushed back. In both cases we feel that our current equipment is in better-than-expected condition and does not warrant replacement at this time. Although PERS remains as a concern we feel that the funding previously set aside to partially address our PERS unfunded liability is sufficient at the current level.

Although we have fewer concerns about the future it is essential that the District continue to take a multi-faceted approach to ensure a continuing favorable economic outcome by continuing to minimize increases in expenditures when possible as well as looking for opportunities to increase revenue.

We see positive trends in our two primary sources of revenue, i.e., transport fees and property taxes. FY20 transport fees of \$1,999,336 were nearly \$300,000 over the budgeted amount and matched an all-time high first achieved in FY17. This increase in transport revenue appears that it will be sustained for FY21. Part of the revenue increase can be attributed to an increase in call volume. Despite current events and the inherent variability in call volume we believe that this revenue level will continue as our population ages, they will require emergency services at an increased level, and transports requiring a critical care certified paramedic will also increase. Maintaining our ability to provide Critical Care Transports (CCT) will be essential for keeping our transport revenue at current levels. Our average collection rate for CCT is more than 50% of the amount billed as compared to 34% for our normal ALS and BLS transports. This is primarily due to the higher reimbursement rates provided by Medicare and Medicaid for CCT. Property tax revenue, from our permanent levy (\$675,000 est. for FY 22) and local option levy (\$971,000 est. for FY 22), are the result of voter approved rates which are fixed but the total dollar amount

received continues to increase annually at average of 3.3%. The State of Oregon allows a 3% rise in tax revenue but as property values increase and as new construction continues, we have seen increases higher than that amount most years.

The District will return to WLAD voters in November of 2021 to ask for renewal of the current local option levy that expires on December 31, 2022 and which represents approximately 23% of our predicted revenue for FY22. The District has not asked for an increase in a levy amount since 2012 and we will not be asking for an increase in November. Failure of the levy and the resulting 23% drop in total revenue would be catastrophic to the District and would likely result in a decrease in the service level provided by WLAD. There is little doubt that the WLAD model of ALS delivery represents a cost-effective model when looking at the quality and quantity of care provided to the citizens of the District. We believe WLAD to be the premier prehospital program in the State of Oregon and the District will be working hard to ensure the success of the levy renewal vote. The last renewal vote in 2016 passed with nearly 80% voter approval and we expect this support to continue as our citizens recognize the value they receive. If the levy were to fail in November of 2021 we would plan on returning to the voters in May of 2022.

Within this budget message we will briefly touch on major budgetary issues we anticipate for the upcoming fiscal year, explain our revenue sources, and describe our budget management process. As the result of negotiations with the Union representing WLAD employees, resulting in a wage freeze, and favorable conditions for healthcare costs this past year, the District was able to minimize increases in Personal Services expenses.

Budgetary issues for FY21

We have identified four possible issues which could impact our budget projections for FY22 however we feel each of the issues is unlikely to have an impact. 1) the COVID19 pandemic may have a temporary impact on tax revenues received; 2) the COVID 19 pandemic may have a temporary impact on transport fees collected, 3) failure of the renewal vote for the current local option levy in November 2021, and 4) impact of a new Strategic Plan.

1) Assessed Valuation and COVID19

Any impact of the COVID19 pandemic on District finances has not been evident and based on current (FY21) tax revenue data we feel that future tax revenues will not be significantly impacted by pandemic issues. Since WLAD relies heavily on property tax

revenue we have looked towards our assessed valuation to determine any possible issues on tax revenue. The Assessed Valuation of the District currently sits at least 30% below Real Market Value which means property values would have to drop at least 30% for the District to see a drop in projected tax revenues. The ability of citizens to pay their property tax could be an issue but this would only be a deferment of taxes owed. The Lane County Assessor has not provided guidance but through informal discussions they predicted that in a worst-case scenario we may see a 1-2% decrease in collections but we have actually observed a 1% increase. With that data, we feel a negative impact on tax revenue due to the pandemic for the FY22 budget is extremely unlikely.

2) Transport Fees and COVID 19

As with tax revenues we have not seen a negative impact on transport fees billed or collected. Historically the District has budgeted conservatively with respect to expected transport revenue and we expect that trend to continue. Transport revenue for FY20 exceeded the budgeted amount by \$300,000 or 15% of the total. For FY21 the average monthly transport revenue (\$167,000) currently exceeds the average from FY20 (\$160,000) and we expect total transport revenue to be \$400,000 over the amount budgeted. Along with an overall increase in transports an increase in Critical Care Transports has partially fueled the rise in revenue. Critical Care Transports make up a significant portion of our total transport revenue and we expect this service to bring in \$480,000 for FY21. These specialty transports require advanced training and certification which has been achieved by 11 of our current employees. The amount the District has received through the Federal Ground Emergency Medical Transport (GEMT) reimbursement program for Medicaid transports has increased with \$91,000 received in FY21 as compared to \$71,000 received in FY20. Overall GEMT reimbursement represents 4% of our total transport revenue and we expect future payments to be at similar levels. Consequently, we do not feel that with the current pandemic conditions we will see a negative impact on transport fee revenue.

3) Renewal of Local Option Levy

The District's five-year local option levy which is currently at \$0.45 / \$1,000 Assessed Value will expire at the end of 2022. This levy was first approved by voters in 2012 and then renewed in 2016. The 2016 renewal easily passed with 78% of voters in favor. The Board of Directors has determined that the renewal of the local option levy question will

be placed on the November 2021 ballot with the same rate as presented initially in 2012 and renewed in 2016. The status of the levy following the November election will not impact tax revenue for FY21. However, if it should fail we would likely reduce expenditures where possible during FY 22.

4) Implementation of a new Strategic Plan

WLAD is participating in a joint Strategic Plan process in cooperation with WLFEA and SVFR with an anticipated completion date during the summer of 2021. Depending on the path forward adopted by the Board of Directors it may be necessary to modify the adopted budget to meet new goals or objectives.

Revenue - Assessed Valuation and Tax Collection

The major variables in determining tax revenue to be received are Total Assessed Valuation which is by law the lesser of either Taxable Value or Real Market Value, our levy rate(s), and tax collection rates. By state law Total Assessed Valuation may increase by a maximum of 3% each year excluding new construction and property modifications. Consequently when including community growth we have observed an average annual increase of 3.3% in tax revenue. We observed a 4.25% increase from FY19 to FY20 and a 3.32% increase from FY 20 to FY21 and we expect the annual increase to continue to surpass our historical average. Tax collection rates for the District have stayed steady for the past five years at 95% of tax imposed.

Additional Revenue Sources

Peace Health continues to support our Mobile Integrated Healthcare position at \$125,000 per year for two years with the program funding in the second year of the grant. This represents a 25% increase then the previous grant and is in recognition of the tremendous impact this program has had on many of our citizens. The long-term financial support of the MIH program is of concern and we are considering short term funding solutions if necessary. Peace Health and WLFEA are in active discussions with other area healthcare organizations to provide some financial stability to the program. We have placed funding in a Reserved for Future Expenditure budget line to provide interim funding of the program if we cannot secure support from outside agencies.

The Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians has paid the District an annual fee in support of service for the Three Rivers Casino and other tribal property in our

response area for many years. A new Intergovernmental Agreement (IGA) has been submitted in order to replace the expired agreement which was originally signed in 2004. We anticipate that the fee will continue at \$31,000 annually.

Revenue from LifeMed subscriptions continues to bring in approximately \$145,000 annually. Without an increase in the subscription fee we anticipate a similar amount for FY22.

The District continues to seek grant revenue other than for the MIH program including \$60,000 for a new dunes rescue vehicle which has been awarded and a request of \$240,000 for replacement of cardiac monitors.

Capital Expenditures

The District's 10-year Capital Replacement Plan has been updated for FY22 and we feel that the level of funding available in the Capital Fund is sufficient to cover those predicted costs. Planned expenditures for replacement cardiac monitors will not take place unless we are the recipient of an Assistance to Firefighters Grant (AFG) which will cover 95% of the costs. We feel that the current condition of the monitors is adequate for continued use for one to two more years. In addition, the planned replacement of an ambulance will not take place, again due to better than anticipated condition of the current vehicle. Necessary upgrades at the Herman Peak Communication site scheduled for FY21 will instead be completed in FY22. The District, along with SVFR and the Florence Police Department, had applied for a USDA grant to partially offset the upgrade costs but the grant was not funded. WLAD's share of the upgrade is estimated to be \$212,000.

Budget Management

The District prepares the budget for the General Fund. Assets for this fund are placed into the District's Savings Accounts and provide a large share of the District's resources (Cash carry forward) and requirements by object classification (Personnel Services, Materials and Services, Capital outlay, Inter-fund transfers, Reserved for Future Expenditures, Contingencies, Unappropriated ending balance and Reserve accounts).

The Board of Directors' resolution authorizing appropriations for each fund at the end of the budget process sets the level that expenditures cannot exceed. Total Personnel Services, Materials and Services, Capital outlay, fund transfers, Reserves and Contingency are the levels

of control for each fund established by resolution. Appropriations terminate at the end of each fiscal year.

Budgetary control is maintained at the appropriation levels through monitoring of the expenses for each of the following categories:

Personnel Services – includes the wages and benefits of full-time and part-time employees.

Materials and Services – includes supplies, maintenance and repair, utilities and contracts for professional services such as legal counsel, audits and insurance. We have also included payments to WLFEA for Administrative Services in this category.

Capital Outlay – includes the cost of equipment replacement, facility repairs and improvements, furniture and fixtures. Capital Outlay and Capital Reserve fund is now tracked separately from the General Fund.

Debt Service – includes the cost of paying debt, leases and other long-term payments for capital goods. We do not anticipate have any debt service obligations for FY22.

Transfers – includes money transferred from the general fund to a reserve fund for future uses as approved by the Board of Directors and specified by the specific fund.

Reserved for Future Expenditures - a line item which identifies funds to be “saved” for use in future fiscal years.

Contingencies – are monies that are set aside for unforeseen expenditures during the current fiscal year. They are appropriated to the account group by resolution of the Board of Directors if needed.

Unappropriated Ending Fund Balance – are monies that are set aside as carry forward in the subsequent fiscal year to provide adequate resources during the dry finance period from July through November.

Summary

It is the responsibility of the Budget Committee to review the Budget and determine the acceptable level of funding that provides an appropriate level of service to the District residents. The proposed budget for Fiscal Year 2021-22 has been prepared to reflect a realistic, efficient, and cost-sensitive approach to meeting the requirements of the service delivery system we have developed to address the known needs of the citizens we serve.

I would like to thank all members of WLAD and WLFEA who devoted their time and energy toward the development of the annual budget. Your review and support of this proposed budget is very much appreciated. As always your questions are important to us. As a major provider of vital public services, we strive at all times for a transparent and understandable budget process. Your trust and the public's trust are important to us.

Sincerely,

Michael Schick

Michael Schick, Ph.D., EFO

Fire and EMS Chief

Western Lane Fire and EMS Authority