



UNIFIED FIRE AUTHORITY

TO: Residents of the UFA Service Area
FROM: Dan Petersen, Fire Chief / CEO
SUBJECT: Fiscal Year 20/21 Budget Message
DATE: May 20, 2020

I am pleased to present to you the Fiscal Year 2020/2021 approved budget for Unified Fire Authority (UFA). This budget has been prepared in accordance with the Uniform Fiscal Procedures Act for Cities (UCA 10-6) as approved by Interlocal Agreement, and is intended to serve as a financial plan, policy document, communication device, and operations guide. This document tells the story of how the UFA is using the public's money to save lives, protect property, and strengthen community relationships. The following approved budget is structurally balanced for each fund, with projected fund balances at or above the minimum reserve required by state law and UFA policy.

Overview of Unified Fire Authority

UFA is Utah's largest fire agency with 694 employees serving 422,049 residents in 15 municipalities and Salt Lake County. The UFA provides service to all unincorporated areas of Salt Lake County and one municipality (Eagle Mountain) in Utah County.

The UFA is a full-service fire agency, providing fire suppression, advanced life support (first response and transport), rescue, hazardous materials, bomb response, fire investigation, code enforcement, hazardous materials inspections, and Emergency Management for all of Salt Lake County. UFA is the sponsoring agency of Utah Task Force 1, one of 28 FEMA Urban Search and Rescue Teams in the nation, provides Fire Management services for Camp Williams.

UFA operates as an independent fire authority under the direction of the UFA Board of Directors. Each of the municipalities appoints one elected official from their municipality to serve on the UFA Board of Directors except for Salt Lake County who can appoint two officials.

The Members of UFA own their Fire Stations and the UFA provides all the service, including the apparatus and equipment. Most municipalities are part of the Unified Fire Service Area (UFGA), a taxing authority that collects property tax to fund the service by UFA and the Fire Stations. Three municipalities are direct members to the UFA and not part of the UFGA.



In 2019, UFA responded to 28,388 emergency incidents with 56,479 unit responses from 24 fire stations. UFA staffs 17 engine companies, 7 ladder companies, 13 ambulance crews (nine during the night), and 3 Battalion Chiefs every day. All crews have the training and equipment to mitigate the problems in their area, however, three fire stations specialize in hazardous materials, two in heavy rescue, four in water rescue, and one serves as the wildland duty officer with the authority to call for larger state assets, such as initial attack aircraft.

Accomplishments, Wicked Issues, and Initiatives

Section 2-2 of the FY20/21 Budget is a full list of UFA progress on the Strategic Plan along with the “Wicked Issues” and initiatives to address the challenges facing the UFA. The UFA follows the Strategic Plan closely to make sure resources are focused on providing quality service and value for the communities. As part of this effort, staff embrace the concept of identifying the problems that are challenging to resolve (Wicked Issues) and crafting initiatives to chart the course for improving the value and quality of service.

Budget Overview and Process

This budget continues to focus on providing quality service, value, and full engagement in the communities we serve. We are your local Fire Department. To provide the value, all Divisions have scrutinized their budget to allow the UFA to provide essential services to the community, with the least amount of support and administration costs possible. This budget represents a reduction of support services from 16.1% of the total budget in FY19/20 to 14.8% in FY20/21.

On March 30, 2020, the Board Benefits and Compensation Committee, with full support of staff, recommended exclusion of the Market and COLA increases in the proposed budget, as a response to the unknown impact to the economy from the COVID-19 pandemic. A market adjustment would increase expenditures by \$519,034 or a .94% increase to the Member Fee.

On May 7, 2020, the Board Finance Committee, with full support of staff, recommended a reduction of \$270,352 to the proposed budget. Included were rescinding the redlining of Chief Officers, eliminating the banquet and a proposed part-time event coordinator, reducing travel and transportation, capturing increases to liability insurance, and retaining a Captain in EMS instead of a Specialist. The Finance Committee recommended the UFA Board of Directors consider a Market Adjustment in late fall after there is more information about the economy.

On May 19, 2020, the Board of Directors accepted the recommendation of the Finance Committee along with an increase of \$35,220 in expenditures to convert individual ESRI accounts to an enterprise account and a restructure of the Emergency Manager position funded by Salt Lake County. These adjustments did not impact the Member Fee, the expenditure increase was offset by reducing the contribution to the Capital Fund and use of fund balance in the Emergency Management Fund.

Two major impacts to FY20/21 budget are the full year of sworn wage increases carried over from FY19/20 (\$785,747) and an increase in overtime to maintain minimum staffing (\$700,000). Together, these represent a 2.68% increase to the Member Fee, however, staff is proposing an increase to the Member Fee of 1.51% (\$838,453) with an additional increase for the UFSA of \$400,982 for the 4th person on Medic Ladder 252, which was included in the current UFSA Budget.

Proposed FY 2020/2021 Budget

BEGINNING FUND BALANCE (% of Revenue)	9,620,000	13.72%
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REVENUE	BUDGET	% CHANGE
Member Fee	\$56,287,683	1.51%
UFSA Member Fee: UFSA fourth member on one crew	\$400,982	
Ambulance Fees	\$8,025,000	7.00%
Salt Lake County Canyon Fees: SLCo is considering a mid year budget reduction up \$178,000	\$3,175,714	0.00%
Other projected revenue	\$2,211,334	4.92%
TOTAL REVENUE	\$70,100,713	3.36%

EXPENSES	BUDGET	% CHANGE
Personnel	\$59,223,490	3.20%
Non Personnel	\$9,596,850	4.45%
Debt Service	\$3,659,367	-1.33%
Capital Outlay	\$131,740	-30.30%
TOTAL EXPENDITURES	\$72,611,447	3.06%

NET TRANSFERS IN/OUT	-\$92,273	-305.05%
CONTRIBUTION TO THE CAPITAL FUND:	-\$1,058,432	-9.22%

ENDING FUND BALANCE (% of Revenue)	\$5,958,561	8.50%
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UNDER EXPEND / MEMBER FEE CREDIT: The anticipated under expend each year is returned to the members as a discount to the Member Fee (*Revenue - Expenditures +/- Net Transfers*).

Close monitoring of this under expend is critical for sustainability. Staff proposes applying \$2,567,787 from FY19/20 under expend to the Member Fee Credit. Staff plans to reduce the dependency on this under expend to approximately \$1.5 million after the 2015 Capital Lease payment terminates in December 2021.

CONTRIBUTION TO CAPITAL REPLACEMENT FUND: Funds transferred to the Capital Fund that are in excess of the Member Fee Credit and the 8.5% of revenue used for Ending Fund Balance. Staff proposes contributing \$1,058,432 to the Capital Fund.



Key Budget Impacts for the FY20/21 Proposed Budget

DESCRIPTION	Adjustment	Member Fee Impact
Eliminate One Battalion: Replace three Shift District Chiefs with one 40-hour exempt Operations Chief. With the recent announcement of a Captain retirement, most of the reduction has been realized; one additional BC FTE will be utilized to cover vacancies across battalions. (OPERATIONS)	-\$313,000	-0.63%
Eliminate Administrative Assistant. Elimination of one assistant position in the Administration and Planning Section (ADMINISTRATION)	-\$75,000	-0.14%
Eliminate EMS Staff and reduce Overtime: Eliminate one specialist position and reduce overtime. Utilize selected on duty crews to assist the EMS Division with training, Narcotics, Q/A, and other areas to maintain support from Medical. A second EMS position has been transferred to Behavioral Health and Wellness. (EMS/ADMIN)	-\$237,000	-0.43%
Reduce Training Cadre Overtime: More utilization of on duty crews for direct training delivery (TRAINING)	-\$45,000	-0.08%
Step Increases vs. Retirement: Net cost of employees advancing in the step plan offset by separation of 15 employees in FY19/20 who are replaced by entry level employees.	-\$90,284	-0.16%
Carryover Wage Costs from FY 19/20: Full year cost of wages authorized by the Board of Directors in FY19/20.	\$785,747	1.42%
Increase Staffing Overtime: Increase in Constant Staffing Overtime to maintain minimum staffing. (OPERATIONS)	\$700,000	1.26%
Health Insurance: The projected increase in cost to the UFA. 80/20 Split with employee. (2.7%)	\$148,685	0.27%
Liability Insurance: The projected increase by our current carrier. Staff is exploring options to discuss with the Board of Directors (20.4%)	\$96,550	0.17%
Medicaid Assessment Fee: The projected increase in cost to collect full base rate on Medicaid transports. (14.3%)	\$50,000	0.09%
Valley Emergency Communications (VECC): The projected increase in cost to the UFA. (12%) (OPERATIONS)	\$88,450	0.16%
Nine Firefighter Positions: Cost to convert three EMS only positions each day to full time Firefighters (three per shift). Cost of FF is 1/2 of the year, offset by not filling the three EMT positions each day for the full year. (OPERATIONS)	\$162,211	0.29%
Increased Pay for Part Time Paramedics: Cost to increase the hourly rate from \$18 to \$25 per hour in order to recruit and retain these positions. (OPERATIONS)	\$164,000	0.30%
Fuels Crew: Fund the Fuels Crew working in the UFA. Wildland funded this as a trial in FY19/20, however, due to the slow year, they will be unable to fund it for FY20/21. Cost is equal to the match required by the State. (WILDLAND TRANSFER)	\$157,236	0.28%
Fire Inspector Position: One additional Fire Inspector to inspect higher risk occupancies more frequently. If the economic recovery is close to the pre-COVID-19 pace, Fire Prevention will need an additional 3-4 Fire Inspectors. (PREVENTION)	\$128,552	0.23%

FY20/21 Capital Replacement Fund

The Capital Replacement Plan identifies the current cost and estimated life span of all apparatus and equipment. Financing the Capital Replacement Plan is accomplished with three rotating capital leases, smoothing out the cost of major apparatus and equipment.

Fund Balance is available for capital purchases in between capital lease purchases. Funding is provided through transfers from the General Fund, sale of apparatus and equipment, EMAC mobilization fees for apparatus, and proceeds from the issuance of debt.

ESTIMATED BEGINNING FUND BALANCE	2,750,000
REVENUE	BUDGET
SALE OF CAPITAL ASSETS	\$100,000
REIMBURSEMENTS	\$0
INTEREST INCOME	\$50,000
TOTAL REVENUE	\$150,000
EXPENSES	BUDGET
NONCAPITAL EXPENDITURES	\$230,300
CAPITAL OUTLAY	\$149,650
TOTAL EXPENDITURES	\$379,950
TRANSFER FROM GENERAL FUND	\$1,058,432
PROCEEDS FROM ISSUANCE OF DEBT	\$0
CONTRIBUTION TO FUND BALANCE	\$0
NET TRANSFERS	\$1,058,432
ENDING FUND BALANCE	\$3,578,482

The proposed capital purchases for FY20/21 include SCBA cylinders, automatic external defibrillators, laryngoscopes, vehicle lifts, remote controlled water rescue drone, and new ice machines for all fire stations.

There are two leases in place with the third scheduled for December 2021. This lease was pushed back one year to assist in addressing market wage for sworn employees. The third lease in the rotation will be proposed in the FY21/22 Budget. Scheduled purchases are outlined in the Capital Replacement Plan spreadsheet.

The December 2015 lease was secured prior to this Capital Replacement Plan and is approximately \$1 million more than the individual payments proposed in this plan. In FY21/22, staff will propose to transfer \$1 million back to the General Fund to assist with the payment of the new December 2021 lease payment, while still making the final payment of the December 2015 lease payment in December 2021.

Member Fee System

The Member Fee System assesses each member for the services provided to their area, while benefiting from cost sharing of the regional delivery of overall services. The method uses a direct cost for staffing the Engine or Truck Company first due area in the UFA member's area and a shared cost for all the services that are regional. The regional costs are broken into Service Delivery, Support Services and Capital Replacement and shared equally between all the engine and truck companies, regardless of crew size.



The Member Fee System makes it very simple to determine the cost of services for a community. For FY20/21, every three-person crew cost \$2,168,282 and a four-person crew costs \$2,569,264. This cost provides access to all services provided by the UFA. As an example, a three-station municipality who staffs one three-person crew at each station would cost \$6,504,846. UFA, as an independent organization, provides all administrative services such as Finance, HR, Legal, and Insurance in addition to the service delivery and a capital replacement program for apparatus and equipment.

If the first due area overlaps between members, the percentage of emergency incidents within each member's portion of the area over a three-year period determines the percentage of that member's cost for that crew. Ambulances are part of the total agency service delivery with the net cost (Cost of service less transport revenue) shared by all municipalities and factored into the regional portion of the member fee system. The following chart displays the service demand proportioned between members for FY20/21:

Member	FY19/20	FY20/21
Alta	0.28%	0.14%
Cottonwood Heights	6.89%	6.88%
Holladay	4.67%	4.54%
UFSA	88.17%	88.44%

The Town of Alta faced a significant shift in cost due to the determination that the Salt Lake County Canyon Fee could not be applied to the Town of Alta. Previously, the UFA and UFSA accepted a reduced cost for Station 113, based on the belief that the Canyon Fee could be used to offset the cost to the town. In FY19/20, 7.5% of the cost for Station 113 was assessed to the Town of Alta. The service demand over the last three years, for the Town of Alta, is 33%.

The Town of Alta has voted to join the UFSA effective January 1, 2021. This budget maintains their 7.5% assessment of Station 113 for the first six months. UFSA approved this transition at their April 21, 2020 Board Meeting along with a declaration to conduct a boundary adjustment to annex the town of Alta effective January 1, 2021.

The City of Riverton has provided a notice of intent to withdraw from the UFSA and transition to a direct member of the UFA. Staff proposes to make a mid-year budget amendment once the UFSA and Riverton reach agreement on the separation.

Member Fee

Staff proposes a 1.51% overall increase to the Member Fee with an additional increase to the UFSA as a result of approving the fourth person on ML252 in Eagle Mountain in their FY20 budget. After applying adjustments to the service demand proportioning and the Member Fee Credit, the following chart displays the adjusted fee for each member:

Member	FY19/20	FY20/21	Change	%
Alta	\$152,665	\$77,787	(74,878)	-49.05%
Cottonwood Heights	\$3,818,822	\$3,900,378	81,556	2.14%
Holladay	\$2,586,904	\$2,576,464	(10,440)	-0.40%
UFSA	\$48,890,839	\$50,134,036	1,243,197	2.54%

Note: Alta's fee is for the first six months. UFSA's increase includes the full cost of Station 113 that serves the town of Alta beginning 1/1/21. UFSA will begin collecting property tax from the Town of Alta on January 1, 2021.

Closing

This budget has been prepared to provide a long-term sustainable service delivery plan. This budget ensures operational needs are met as UFA continues to effectively provide emergency response and life safety services, while remaining receptive to our patrons and the current economy.

Therefore, the Unified Fire Authority presents this approved budget for Fiscal Year 20/21 to the public for their comments at the Public Hearing scheduled for June 16, 2020.

Respectfully,

Dan Petersen

Fire Chief / Chief Executive Officer
Unified Fire Authority

