UNIFIED FIRE SERVICE AREA
FINANCE COMMITTEE AGENDA

August 26, 2024, 1:00 p.m.

NOTICE IS HEREBY GIVEN THAT THE UNIFIED FIRE SERVICE AREA FINANCE COMMITTEE SHALL ASSEMBLE FOR A MEETING AT 3380 South 900 West, Salt Lake City, UT 84119

THE PUBLIC MAY ATTEND PHYSICALLY OR ELECTRONICALLY VIA ZOOM WEBINAR:
https://us06web.zoom.us/j/91681046879?pwd=MEtoVmtwRG95ZFYrV0J3TUZtZUNBdz09
Meeting ID: 916 8104 6879
Password: 8675309

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1. Call to Order – Chair Overson

2. Public Comments
   Please limit comments to three minutes each and be germane to the agenda items or UFSA business
   There are three options for comments during this meeting:
   a. In-Person.
   b. Live during the Webinar by logging in as described above. If you wish to make a comment, select the "Raise Hand" button at the bottom of the screen. You will then be added to the queue and invited to speak.
   c. EMAIL: Public comments will be accepted prior to the meeting via email at publiccomment@unifiedfire.org until 7:00 a.m. August 25, 2024. Emailed comments submitted prior to 7:00 a.m. August 25, 2024, will be read or summarized into the record, comments received after the deadline will be forwarded to the UFSA Finance Committee, but not read into the meeting record or addressed during the meeting.

3. Minutes Approval - Chair Hull
   A. June 13, 2024

4. Discussion on the 2025 Budget - CFO Hill/Chief Burchett

5. Possible Closed Session
   The UFSA Finance Committee may consider a motion to enter into Closed Session. A closed meeting described under Utah Code Section 52-4-205 may be held for specific purposes including, but not limited to:
   a. discussion of the character, professional competence, or physical or mental health of an individual;
   b. strategy sessions to discuss pending or reasonably imminent litigation;
   c. strategy sessions to discuss the purchase, exchange, or lease of real property;
   d. discussion regarding deployment of security personnel, devices, or systems; and
   e. investigative proceedings regarding allegations of criminal misconduct.
   A closed meeting may also be held for attorney-client matters that are privileged pursuant to Utah Code § 78B-1-137, and for other lawful purposes that satisfy the pertinent requirements of the Utah Open and Public Meetings Act.

Re-Opening the Meeting

6. Adjournment – Chair Overson

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL UFSA MEETINGS.

In accordance with the Americans with Disabilities Act, UFSA will make reasonable accommodation for participation in the meetings. Please call the clerk at least three working days prior to the meeting at 801-743-7213. Motions relating to any of the foregoing, including final action, may be taken at the meeting. This meeting will also be held electronically to allow members of the UFSA Finance Committee to participate. This agenda is subject to change with a minimum 24-hour notice.

CERTIFICATE OF POSTING

The undersigned, does hereby certify that the above agenda notice was posted on this 23rd Day of August, 2024 on the UFSA bulletin boards, the UFSA website www.unifiedfireservicearea.org , posted on the Utah State Public Notice website http://www.utah.gov/pmn/index.html and was emailed to at least one newspaper of general circulation with the jurisdiction of the public body.

Cyndee Young, UFSA Board Clerk

UNIFIED FIRE SERVICE AREA
FINANCE COMMITTEE MEETING MINUTES
June 13, 2024
Meeting held both electronically via Zoom Webinar/UFA Headquarters

Committee Members Present:
Council Member Hull
Mayor Silvestrini
Mayor Overson

Committee Members Absent:
Mayor Stevenson
Council Member Bailey

Staff Present:
AC Pilgrim
CFO Hill
Cyndee Young
District Administrator Anderson

Staff Absent:
Chief Burchett

Guests:
AC Robinson
Aaron Whitehead
Amanda Lawrence
Adam Park
Ben Porter
Cal Ricotta
Courtney Samuel
Erica Langenfass
Kate Turnbaugh
Kelly Bird
Kiley Day
Lana Burningham
Marcus Arbuckle
Mike Greensides
Nicole Holdaway
Steve Quinn
Nile Easton
Rob Ayres

Meeting called to order by Chair Hull at 1:07 p.m.

Public Comments
None
Public comment was made available live and with a posted email address.

Selection of Finance Committee Chair – Chair Hull
Chair Hull is stepping down as Chair of the UFSA Finance Committee as she is now the Chair of the UFSA Board.

Mayor Silvestrini nominated Mayor Overson as Chair.
Council Member Hull seconded.
Mayor Overson accepted the position.
All voted in favor, none opposed.

<u>Minutes Approval</u>
Mayor Silvestrini moved to approve the minutes from the October 3, 2023 Finance Committee Meeting as submitted.
Council Member Hull seconded the motion.
All voted in favor, none opposed.

<u>Review and Preliminary Approval of the 2023 Annual Financial Report and Audit</u> – Chair Overson

- CFO Hill provided a brief overview of the annual report.
- There is just over $54M of total revenue and as per a 15% policy minimum reserve, the UFSA is in a better position than projected.
- Moving forward, some steps will be implemented that will result in a more structurally balanced fund balance.
- No questions.

- Marcus Arbuckle, Keddington & Christensen provided the results of the audit they conducted.
  - A clean opinion was given on the financial statements.
  - There was no opinion provided for the Internal Control Analysis, but they were reviewed.
    - The auditors feel that adequate controls are in place, no findings.
  - State Compliance of the fund balance, fraud risk assessment, etc. were also reviewed
    - Noted in the audit was the need to include the bond funds in the report.
    - Management was not aware that they needed to be included, as this was not mentioned in years past, but going forward, bond funds will be included in the report.
  - No questions.

Mayor Silvestrini moved to approve the 2023 Annual Financial Report and report back to the full Board.
Council Member Hull seconded the motion.
All voted in favor, none opposed.

Mayor Overson stated that report and audit will be included for review at the June 18, 2024 UFSA Board Meeting. It was decided that there is no need for Auditor Arbuckle to attend the Board Meeting due to the fact that the audit was good and CFO Hill and Chair Overson can provide an overview of the report and audit.

<u>Capital Improvements Station 112</u> – AC Robinson/CFO Hill

- AC Robinson reported that the seismic upgrades to Station 112 have been completed.
- The station, built in 1965, is the oldest station in the UFA service area.
- Now that the station will be occupied for the coming years, AC Robinson wants to address some improvements needed to maintain operational efficiency.
- Proposing adding $43,400 to the UFSA Capex budget to complete the following three projects:
  - Concrete apron, which has seriously deteriorated.
  - Roof replacement, as there are multiple leaks throughout the station.
  - Carpet replacement.

<u>2025 Budget Calendar</u> – CFO Hill

- CFO Hill presented a potential list of meetings, but not exact dates.
- This is a similar process to what was done last year.
- By August, the Finance Committee and the Board should have a good idea where the budget will land for the coming year.
- DA Anderson reminded all that the Public Hearing can be held in conjunction with the December Board Meeting.
  - This will entail possibly moving the December Board Meeting to the evening to comply with Public Hearing requirements.
  - More discussion will take place prior to a final decision on when to hold the meeting.
- It was also decided that municipalities may request a tax increase presentation rather than scheduling them for everyone this coming year, as they are not required.
- Mayor Silvestrini asked for talking points to be provided in order for Board Members to present to their councils, Mayor Overson agrees.

Mayor Silvestrini moved to approve the 2025 budget calendar as presented.
Council Member Hull seconded the motion.
All voted in favor, none opposed.

<u>Closed Session</u>

- None

<u>Adjournment</u>
Mayor Silvestrini moved to adjourn the June 13, 2024 UFSA Finance Committee Meeting.
Council Member Hull seconded the motion.
All voted in favor, none opposed.

Unified Fire Service Area

TO: UFSA Finance Committee (Board of Trustees)
FROM: Tony Hill, CFO
SUBJECT: 2025 Budget
DATE: August 26, 2024

As part of the 2025 budget process, the structural balance of the General Fund will need to continue to be addressed. The 2024 budget includes a $2,608,878 appropriation of fund balance, down from $6,013,825 in 2023. This improvement was realized in part because of the 12% tax increase in 2024. As a reminder, the Board approved the 12% increase in 2024 knowing it wasn't enough to meet the required 15% minimum fund balance reserve and phase 2 of the tax increase would need to take place in 2025.

So where are we now? The projected ending fund balance for 2024 is $9,046,179, which is 14.8% of total revenue. This estimate includes the under expend from the garage project at the temporary station (house) in Millcreek that will not be completed in 2024. Without this savings the ending fund balance percentage would be 14.3%. Currently, to get to the 15% minimum fund balance in 2025 an estimated 9.9% property tax increase is needed (assuming 2% in new growth). This can be adjusted with decisions made by the Board throughout the 2025 budget process. A 9.9% tax increase would equate to around $4,938,500 in additional property tax revenue.

Below are the issues this committee and ultimately the full Board will need to address during the 2025 budget process. Staff need's direction today on any possible property tax increases so we can start meeting statutory notification deadlines to residents.

2024 Expenditures

Before property taxes are increased, government entities have the fiduciary responsibility to take a hard look at expenditures and see if any efficiencies can be found. Below, UFSA's 2024 budget is divided into five categories for review:

- UFA Member Fee (78.06%)
    - UFA member fee $49,867,671 (78.06%)
        - This cost is affected by market factors as well as by decisions made at the UFA Board level. The current UFA budget is in place until June 2025, and decisions made for the FY 25/26 process on compensation (COLA, top 3 market) and other UFA expenditures will impact UFSA's structural balance. Additionally, UFA and UFSA have been pursuing the goal of eventually staffing all stations with 4 firefighters, which also affects the individual member fee.
- Fixed or Contract Costs (17.49%)

- Debt Service $4,973,375 (7.79%)
- Tax Payments to RDA/CDA $5,000,000 (7.83%)
- Sandy Contract $1,078,438 (1.69%)
- Herriman/Riverton $101,773 (0.16%)
- Outside Auditor $15,000 (0.02%)

- Tax Revenue Anticipation Note (TRAN) Issuance Costs (1.54%)
  - TRAN issuance costs $984,092 (1.54%)
    - This amount will fluctuate each year.

- Capital Maintenance (1.89%)
  - 2024 Projects $983,010 (1.54%)
  - Seismic Grant Projects $224,748 (0.35%)
    - The seismic project concluded 2024.

- Administrative (1.02%)
  - Admin costs $652,114 (1.02%)
    - UFA admin fee for finance/facilities/clerk, administrator, legal, UASD membership

The board can certainly try to reduce capital maintenance and administrative costs but any real impact on the budget will need to come from the member fee paid to UFA.

Fund Balance Impact

The 2024 budget has a $2.6M draw of fund balance. Using a 5.5% UFA member fee increase as well as a 9.9% tax increase in 2025 and a 0.5% tax increase in 2026, the chart below shows the projected ending fund balance through 2026. A 10.2% increase in 2025 would balance the fund through 2026.

UNIFIED FIRE SERVICE AREA	ENDING FUND BALANCE	FUND BALANCE %
2022 ACTUAL	$14,749,419	27.7%
2023 ACTUAL	$10,815,505	19.6%
2024 BUDGET	$9,046,179	14.8%
2025 PROJECTION	$10,156,924	15.0%
2026 PROJECTION	$10,451,468	15.0%

Budget Needs – 2025 and Beyond

The funding analysis above does not include any expanded budget needs. A plan on if and when these stations are staffed or built needs to be part of the discussion so the property taxes can be sized appropriately. The cost to staff a station with four firefighters is currently $3,107,459 or about an additional 6.3% to the tax increase. For a station with three firefighters, the current cost is $2,617,723 or about an additional 5.3% to the tax increase. To add the fourth firefighter the current additional cost is $489,736 or about 1.0% to the tax increase.

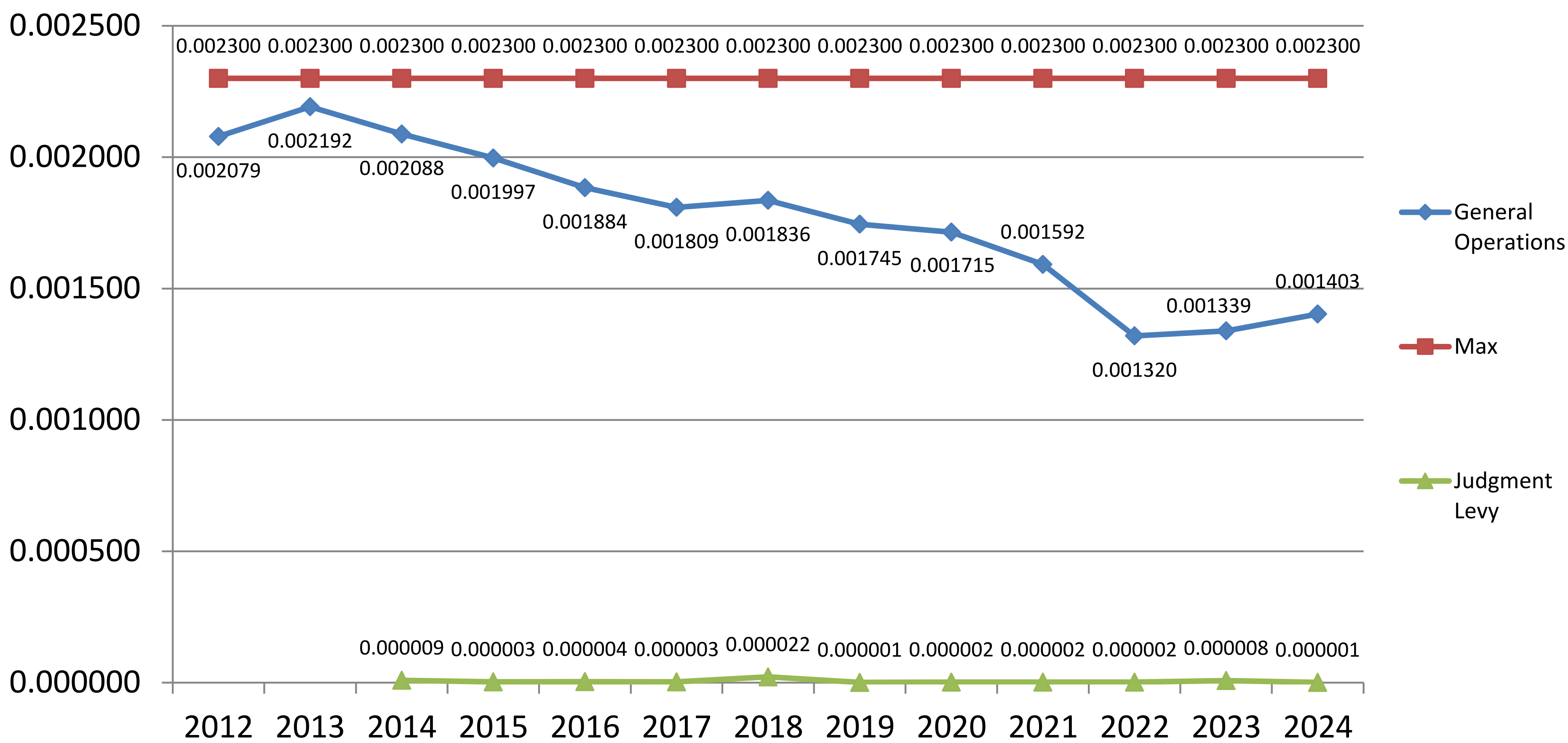
- Station 112 temporary station (house): UFSA continues to hold onto the house in Millcreek that will be used as a temporary station if station 112 is rebuilt on the same site. With delays in the rebuild, does the board want to do anything different with the house?
- Staffing
    - 253 (Eagle Mountain) Staffing: Currently staffed with an ambulance crew
    - 107 (Kearns) Staffing: Ambulance crew to begin in January 2025
    - 4-Handed crews at stations 115 (Copperton) and 119 (Emigration Canyon)
- Station 112 rebuild ($4.2 million remaining on the 2021 bond)
- 2 New stations in Eagle Mountain

2025 Budget Discussion

Identify the priorities for the 2025 budget. Any identified expenditure reductions? What level of property tax increase (if any)?

UNIFIED FIRE SERVICE AREA	Actual		Actual		Budget		Projection		Projection
LONG RANGE PLAN	2022	%	2023	%	2024	%	2025	%	2026
BEGINNING FUND BALANCE	**14,308,692**	**3.08%**	**14,749,419**	**-26.67%**	**10,815,505**	**-16.36%**	**9,046,179**	**12.28%**	**10,156,924**
PRINCIPAL PAYMENTS RECEIVED FROM RELATED PARTY	126,363	4.07%	131,512	4.07%	136,870	4.07%	142,446	4.07%	148,244
TRANSFER TO/FROM CAPITAL PROJECTS FUND									
UNRESTRICTED FUND BALANCE:	**14,435,055**	**3.09%**	**14,880,931**	**-26.40%**	**10,952,375**	**-16.10%**	**9,188,625**	**12.15%**	**10,305,168**
PROPERTY TAXES	43,223,225	1.95%	44,064,328	13.21%	49,883,556	11.90%	55,819,699	2.50%	57,215,192
PROPERTY TAXES - PASS THRU	3,188,017	29.58%	4,131,152	21.03%	5,000,000	10.00%	5,500,000	10.00%	6,050,000
PROPERTY TAXES - INCREMENT REMIT	33,958	56.78%	53,241	55.07%	82,560	10.00%	90,816	10.00%	99,898
PROPERTY TAXES - DELINQUENT	814,253	-6.17%	764,054	17.17%	895,250	0.00%	895,250	0.00%	895,250
JUDGEMENT LEVY	64,015	243.45%	219,860	-92.51%	16,475	0.00%	16,475	0.00%	16,475
FEE-IN-LIEU	2,117,760	2.36%	2,167,771	4.53%	2,266,000	2.00%	2,311,320	2.00%	2,357,546
IMPACT FEES	1,264,248	-4.42%	1,208,364	24.13%	1,500,000	3.00%	1,545,000	3.00%	1,591,350
INTEREST INCOME	192,341	250.02%	673,228	0.26%	675,000	5.00%	708,750	0.00%	708,750
MISCELLANEOUS REVENUE	18,503	4590.29%	867,845	-98.93%	9,264	0.00%	9,264	0.00%	9,264
GRANT REVENUE	1,286,728	-83.94%	206,592	-18.41%	168,561	-100.00%	0	-100.00%	0
INTERGOVERNMENTAL REVENUE	982,874	-21.18%	774,689	0.00%	774,677	0.06%	775,119	-0.06%	774,677
CURRENT REVENUE:	**53,185,922**	**3.66%**	**55,131,124**	**11.14%**	**61,271,343**	**10.45%**	**67,671,693**	**3.02%**	**69,718,401**
UFA CONTRACT FEES	43,518,810	8.42%	47,182,800	5.69%	49,867,671	5.50%	52,610,393	5.50%	55,503,965
SANDY CONTRACT	993,917	4.33%	1,036,959	4.00%	1,078,438	4.50%	1,126,968	4.50%	1,177,681
TAX PAYMENTS TO RDA/CDA	3,188,017	29.58%	4,131,152	21.03%	5,000,000	10.00%	5,500,000	10.00%	6,050,000
ADMINISTRATIVE/OPERATIONS	674,769	14.65%	773,599	-13.76%	667,114	-5.00%	633,758	3.00%	652,771
FUND BALANCE DISTRIBUTION TO HERRIMAN/RIVERTON	101,773	0.00%	101,773	0.00%	101,773	0.00%	101,773	0.00%	101,773
DEBT SERVICE PAYMENT (2016 BOND)	2,577,123	-0.01%	2,576,857	0.50%	2,589,750	0.06%	2,591,250	-0.06%	2,589,750
DEBT SERVICE PAYMENT (2021 BOND)			2,369,327	0.60%	2,383,625	0.39%	2,393,000	0.22%	2,398,365
CAPITAL MAINTENANCE/OUTLAY	130,848	37.44%	179,834	446.62%	983,010	0.00%	983,010	-65.00%	344,054
CAPITAL MAINTENANCE - SEISMIC RETROFIT	1,574,149	-89.07%	171,996	30.67%	224,748				
INTEREST EXPENSE	112,153	499.41%	672,253	46.39%	984,092	0.00%	984,092	0.00%	984,092
TOTAL BUDGET:	**52,871,558**	**11.96%**	**59,196,550**	**7.91%**	**63,880,221**	**4.77%**	**66,924,243**	**4.30%**	**69,802,450**
RESERVE (MINIMUM) 15% OF CURRENT REVENUE	7,977,888		8,269,669		9,190,701		10,150,754		10,457,760
ENDING SURPLUS (PROBLEM):	**6,771,531**		**2,545,836**		**-847,205**		**-214,680**		**-236,640**
TOTAL BUDGETED FUND BALANCE:	**14,749,419**		**10,815,505**		**8,343,497**		**9,936,074**		**10,221,120**
PROJECTED UNDER EXPEND/OVER REVENUE	0	0.00%	0	1.10%	702,682	0.33%	220,850	0.33%	230,348
PROJECTED UNASSIGNED FUND BALANCE	**14,749,419**		**10,815,505**		**9,046,179**		**10,156,924**		**10,451,468**
	27.7%		19.6%		14.8%		15.0%		15.0%

Property Tax Rates



Cost per Average Tax Payer

			2024		2025				
	Market Value	Taxable Value	Tax Rate	Property Tax	Tax Rate	Property Tax	Annual Increase	Monthly Increase	Percent Increase
Residential	$525,300	$288,915	0.001403	$405.35	0.001542	$445.48	$40.13	$3.34	**9.9%**
Commercial	$525,300	$525,300	0.001403	$737.00	0.001542	$809.96	$72.96	$6.08	
Residential	$525,300	$288,915	0.001403	$405.35	0.001571	$453.99	$48.64	$4.05	**12%**
Commercial	$525,300	$525,300	0.001403	$737.00	0.001571	$825.44	$88.44	$7.37	
Residential	$525,300	$288,915	0.001403	$405.35	0.001613	$466.15	$60.80	$5.07	**15%**
Commercial	$525,300	$525,300	0.001403	$737.00	0.001613	$847.55	$110.55	$9.21	

UNIFIED FIRE SERVICE AREA
BUDGET CALENDAR AND PROCESS - 2025 BUDGET

AUG 26, 2024	Finance Committee meeting - Discuss 2025 Budget and Property Tax
OCT 3, 2024	Finance Committee meeting - Review 2025 Tentative Budget
NOV 19, 2024	Tentative Budget approved at board meeting
DEC 10, 2024 (6:00PM)	Truth in Taxation Public Hearing and Final Budget Approval

If going through truth in taxation for 2025:

SEP 2024	Notify County's of date, time, and place of public hearing
SEP 2024	Work with County Treasurer's on parcel specific notices (at least 7 days prior to election)
SEP 2024	Start public education and outreach
OCT 15, 2024	At monthly board meeting, state intent to increase property taxes, dollar amount of increase, purpose of increase, and approximate percentage increase (14 days prior to election)
OCT/NOV 2024	Provide each city and town council information on tax increase
NOV 2024	Begin public notice process - 2 notices (14 and 7 days prior to public hearing)
DEC 10, 2024 (6:00PM)	Truth in Taxation Public Hearing

M E M O R A N D U M

TO: UFSA Finance Committee/Board of Trustees
FROM: Chief Burchett
DATE: August 26, 2024

SUBJECT: Growth and Call Volume – Eagle Mountain/Kearns

Request

Consider additional engine companies in Kearns (Station 107) and Eagle Mountain (Station 253) to improve response times, the Effective Response Force (ERF), and reduce the reliance on neighboring fire departments as part of the 2025 tax increase.

Background

When considering adding additional staffing or apparatus to the service area, the following metrics are used:

- 90th percentile for first due response- How quickly our units can respond to an incident from call processing to arrival on scene.
- Effective Response Force (ERF) 17FF – The time needed to assemble 17 Firefighters on an incident, this eight minute National Fire Protection Association (NFPA) industry standard is necessary to effectively manage a residential structure fire.
- Effective Response Force (ERF) 28FF – The time needed to assemble 28 Firefighters on an incident, this 10 minute, 10 second NFPA industry standard is necessary to effectively manage a commercial structure fire.
- Call volume and the amount of time a unit is committed to a call, resulting in their inability to respond to subsequent emergencies and the burden this puts on neighboring fire departments or surrounding units.

This data, with the corresponding maps for visualization, has been adopted and published in UFA's Standards of Cover document. For quick reference, the top 5 municipalities with the best response times and ERF are listed below using 2023 call data, Eagle Mountain has been added for comparison. Also included below are the 17 and 28 ERF predictive maps taken from the Standards of Cover document.

Municipality (# of heavy apparatus)	Population	Total Incidents	Total Emergent	Emergent 90th PCTL – RESP	Residential ERF	Commercial ERF
Midvale (2)	35,367	3,979	1,696	6:57	7:32	8:49
Magna (2)	29,251	2,160	903	7:06	9:39	11:19
Kearns (1)	37,249	2,324	927	7:14	7:59	8:38
Taylorsville (3)	60,448	5,140	2,179	7:18	6:27	7:37
Millcreek (3)	63,034	5,775	2,000	7:28	8:39	10:03
Eagle Mountain (2)	54,149	1,708	906	10:44	15:46	20:18

While it is my suggestion to consider the addition of both engine companies, they are needed for different reasons.

When looking at the addition of an engine company in Eagle Mountain, the necessity is based on the large geographical area and the lack of nearby resources. The ERF and the 90th percentile response time are far below NFPA standards and other UFA municipalities. Adding another engine company will help reduce the 90th percentile response time as well as improve the ERF for residential and commercial structure fires.

When looking at the addition of an engine company in Kearns, the necessity is based on the high call volume and the subsequent reliance on other fire departments. Adding another engine company in Kearns will drastically reduce the reliance on West Valley and West Jordan Fire Departments. In 2023 West Valley and West Jordan responded into Kearns for roughly 10% of the total call volume within the municipality.

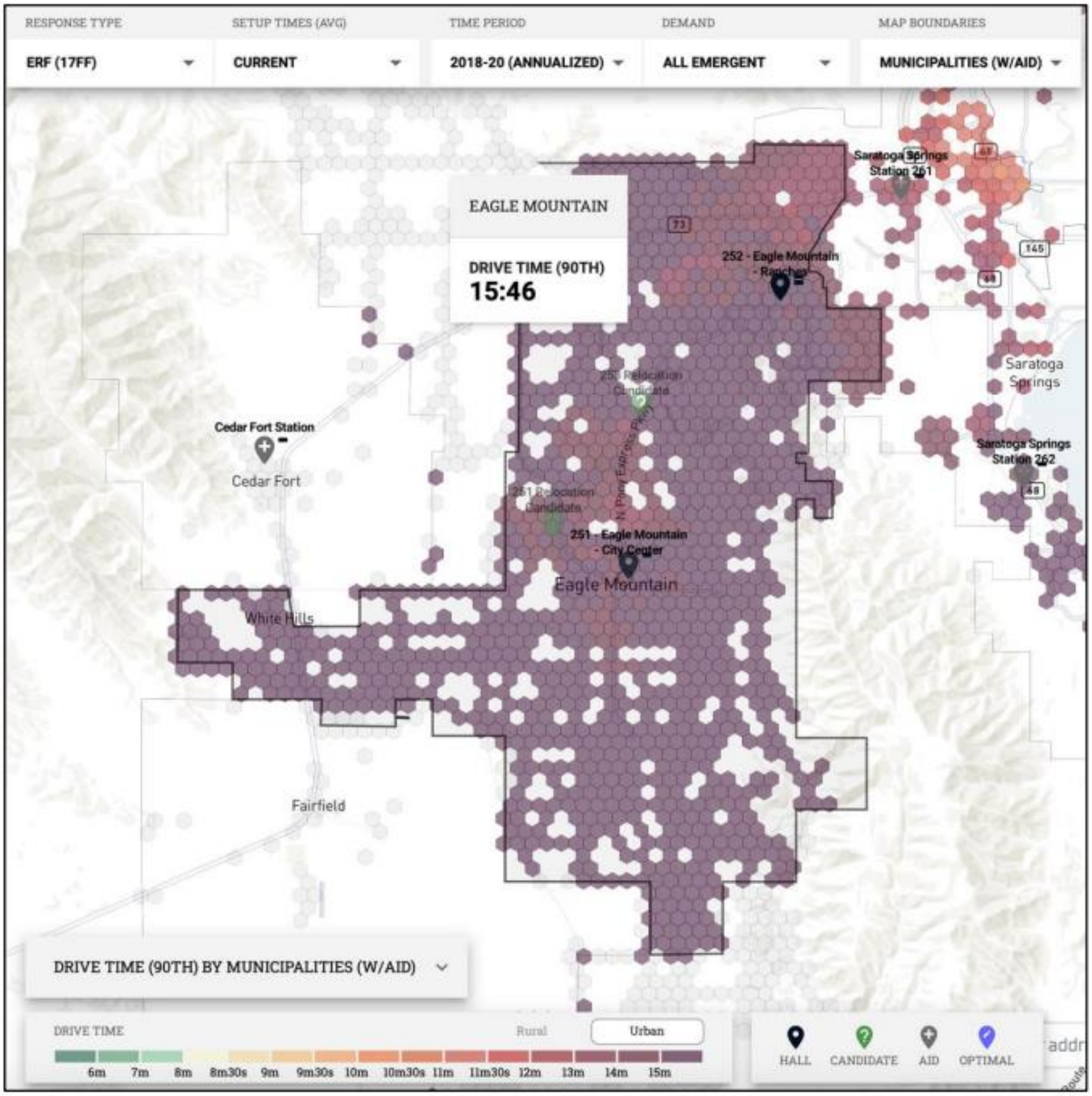
Discussion

Adding two engine companies in one budget year is a challenge from a logistical, staffing, and financial perspective. To reduce some of the burdens, below are a few options to consider.

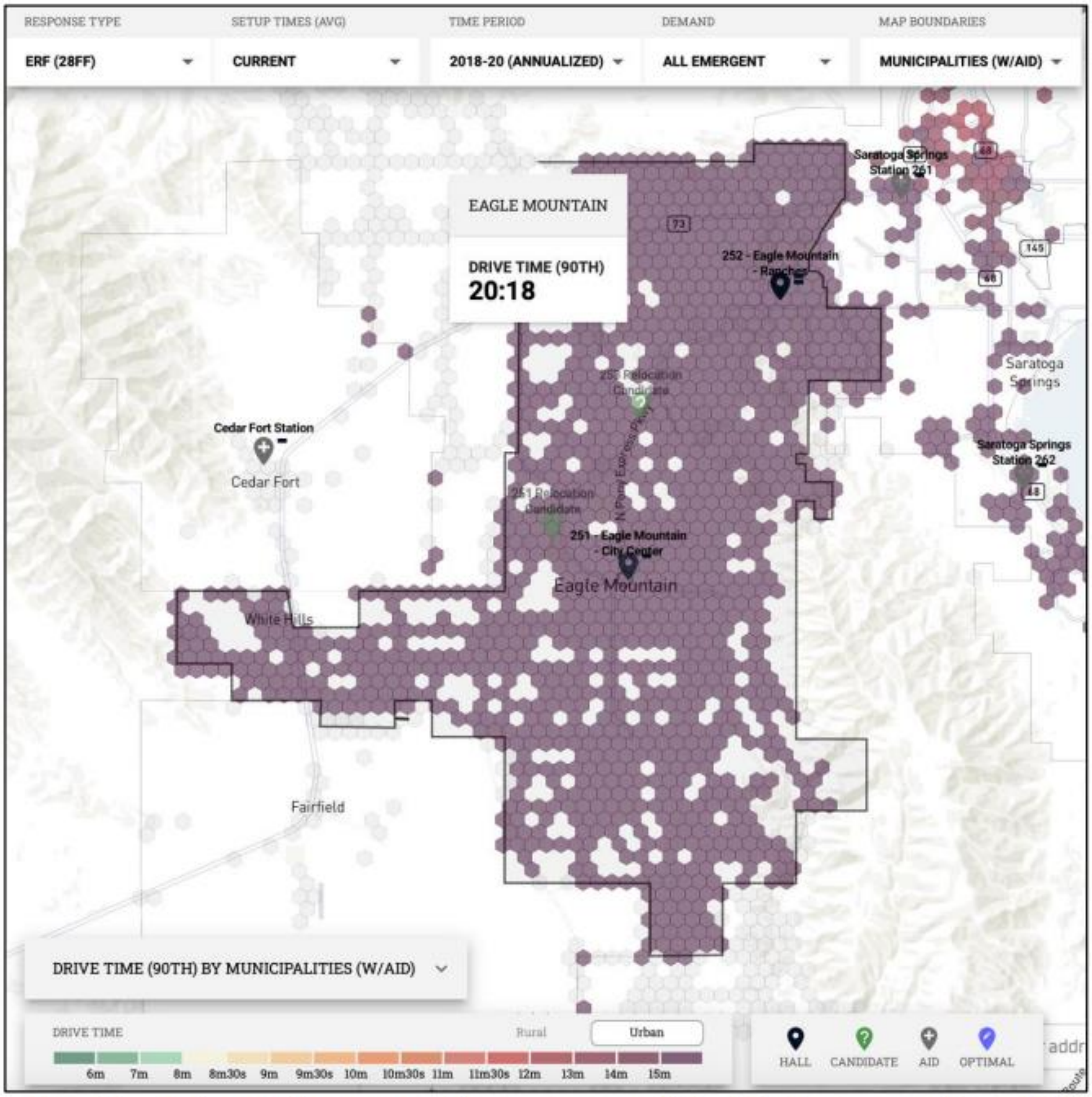
- Add both engine companies in 2025 staffed with **four** personnel. To allow the hiring of the appropriate staff, targeting July 2025 and December 2025 for in service dates. The amount for this option would be $6,214,918, an additional 12.6% to the tax increase.
- Add both engine companies in 2025 staffed with **three** personnel with the intention of adding the fourth person in future years. The in-service dates would be July 2025 and December 2025. The amount for this option would be $5,235,446, an additional 10.6% to the tax increase.
- Add both engine companies in 2025 with **three** personnel but reduce the current staffing of Station 251 to a **three**-person engine company. This would result in two three-person engine companies and one four person ladder company in Eagle Mountain. Again, the intention would be to increase the staffing to four person staffing in future years. The in-service dates would be July 2025 and December 2025. The amount for this option would be $4,745,710, an additional 9.6% to the tax increase.
- Add one engine company in 2025 and one in 2026. This would result in another tax increase in 2026. The amount for the 2025 increase would be $3,107,459 an additional 6.3% to the tax increase.

Closing

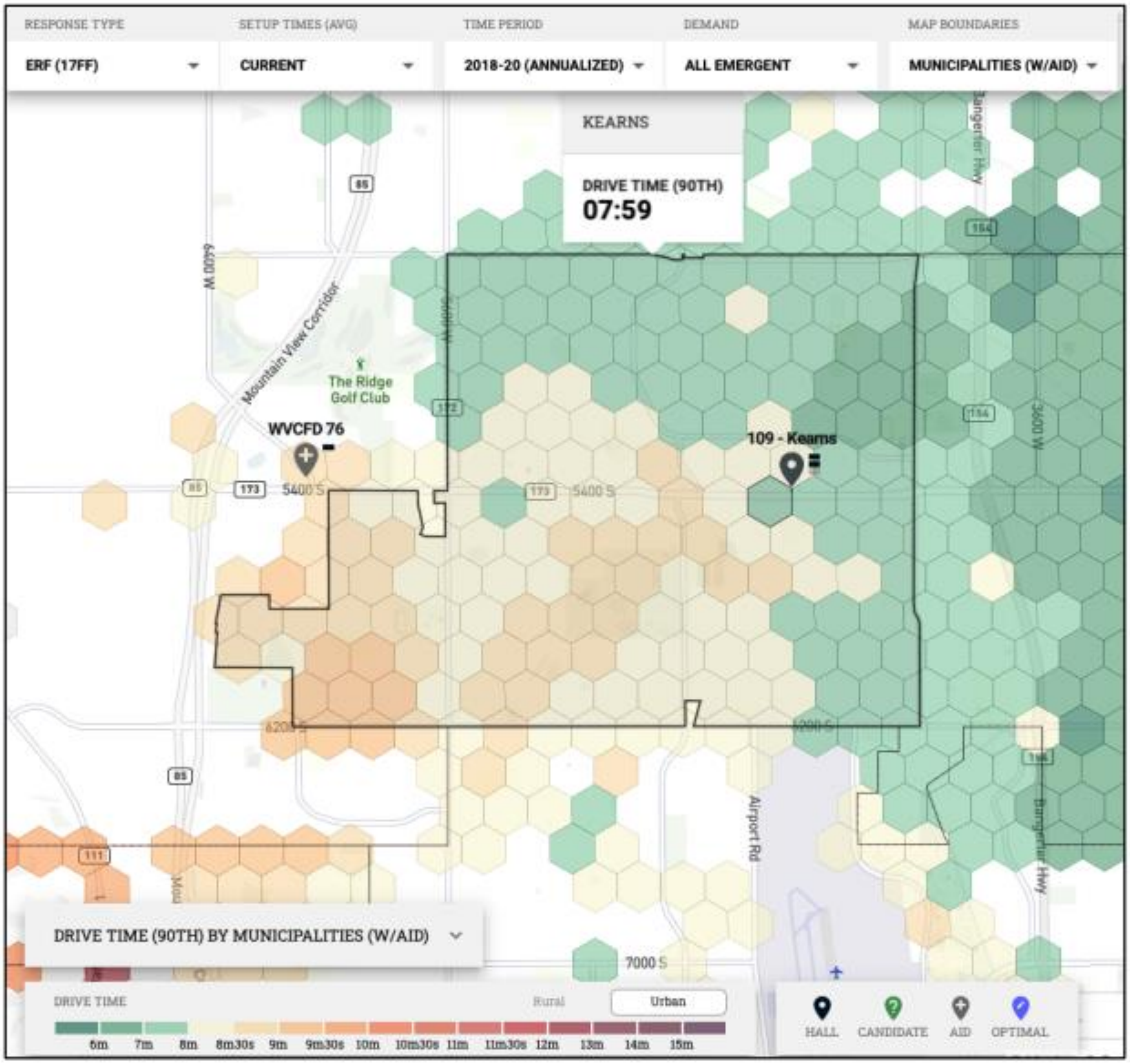
While increasing taxes is always a challenging discussion, the need to provide adequate services to all members of the service area is a necessity. With the growth in Eagle Mountain and the high call volume in Kearns, the need for these additional resources is becoming critical.



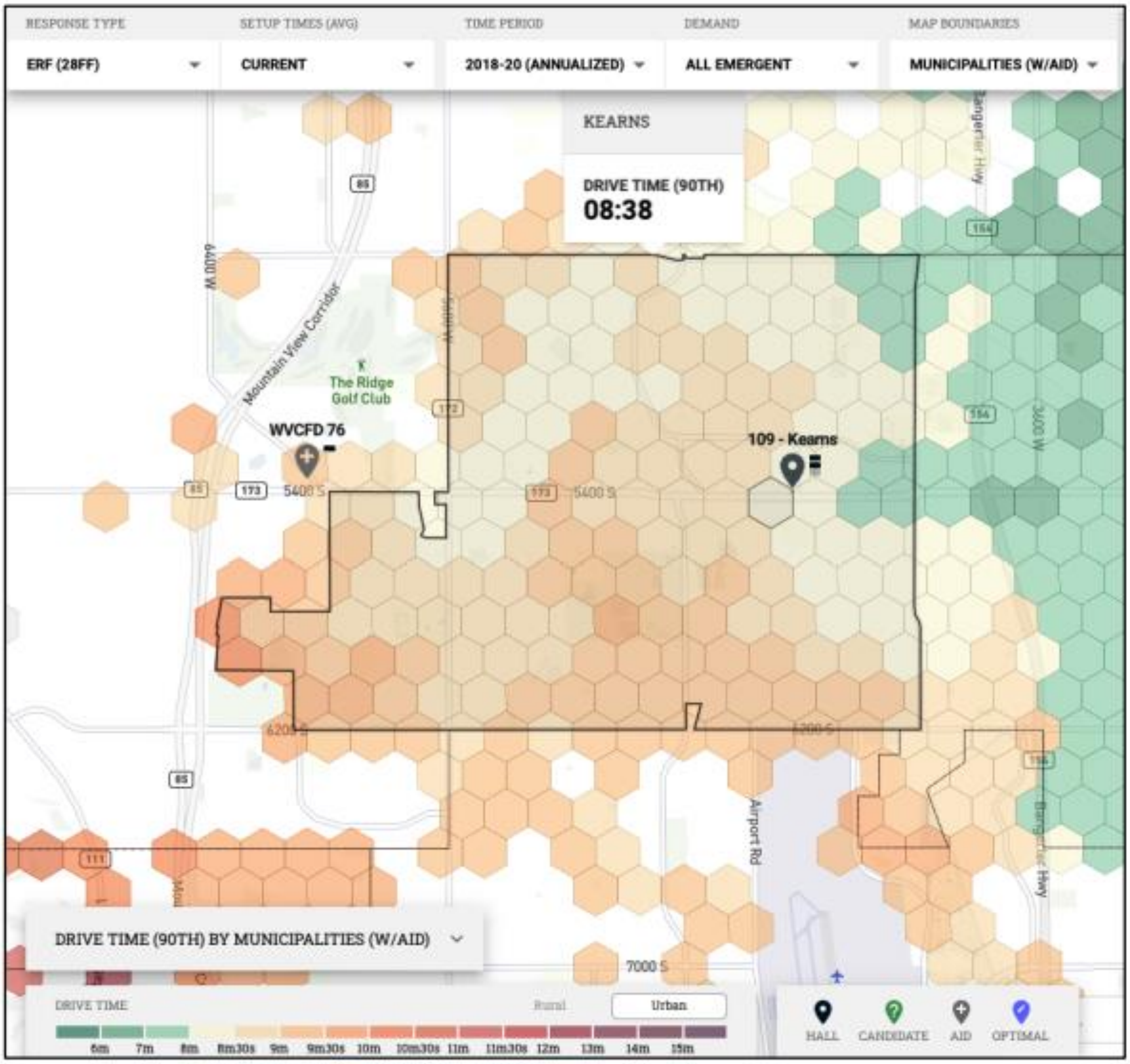
Map 121 – Eagle Mountain Response Times – Residential Fire Effective Response Force (17 ERF)



Map 122 – Eagle Mountain Response Times – Commercial Fire Effective Response Force (28 FF)



Map 158 – Kearns Response Times – Residential Fire Effective Response Force (17 ERF)



Map 159 – Kearns Response Times – Commercial Fire Effective Response Force (28 FF)