



AREA FIRE & RESCUE SERVICES

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To: Ben Martig, Jerry Anderson, John McCarthy

Date: August 3, 2016

Subject: NAFRS Budget for 2017

At its meeting on July 28 the NAFRS Board approved the organization's 2017 budget as follows:

- Operations: \$525,000
- Capital Equipment: \$0

We request that your respective Councils approve the NAFRS Operating Budget of \$525,000 for 2017 by September 30, 2016. The payments for each of the JPA Parties will be:

- Northfield: \$379,155.00
- Rural Fire District: \$117,652.50
- Dundas: \$28,192.50

We also request that you inform your respective Councils that the NAFRS Board anticipates 2017 expenditures on the following non-operational items:

- Engineering and consulting fees in preparation for a 2018 upgrade of the facility estimated at \$150,000,
- Consulting and legal fees for taxing district legislation, estimated at \$20,000.

We expect that NAFRS will end 2016 with a surplus of approximately \$140,000 in its operating account. The Board may authorize the use of some of those funds to meet these extraordinary expenses. The Board may also decide to request additional funds from the JPA parties.

Gerry Franek
Fire Chief

Glen Castore
Chair, NAFRS Board

NAFRS**OPERATING FUND BALANCE AND BUDGET HISTORY
FOR THE PERIODS ENDED JUNE 30, 2016**

	<u>2017 PROPOSED</u>	<u>2016 (6 MON)</u>	<u>2015</u>	<u>2014 (4 MON STUB)</u>
OPERATING BUDGET (ALL ANNUALIZED)	\$507,500	\$525,000	\$507,500	\$507,000
(all periods include substantial start up/one time costs)				

OPERATING FUND BALANCE STATUS:

Actual operating fund balance, 6/30/16	\$163,000
2004 truck payment/Op Fund Contribution	(\$35,000)
Additional op. surplus generated Jul-Dec 2016	\$0
Planned budget deficit-2017	<u>(\$32,500)</u> (a)
ESTIMATED OPERATING FUND BALANCE, 12/31/17	\$95,500

**NOTE: NAFRS Operating Fund balance of approximately \$100,000 (20% of budget) is probably sufficient "cushion" (not considering possible bonding requirements-tax district concept)
[Current Board goal was 30% of budget, approximately \$157,500]**

NOTE:

(a) NAFRS Board to consider planned operating budget deficit in 2017 to reduce operating fund balance:

Proposed Budget-2017	\$507,500
Proposed NAFRS Party Funding-2017	\$475,000
Planned 2017 operating deficit	<u>(\$32,500)</u>

(Additional Party funding request may occur in 2017 for possible facility "soft costs" which may or may not be reimbursed to Parties via final facility financing package)

NAFRS
OPERATING BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017

FOR NAFRS BOARD & AD HOC MEMBERS 7-28-16
 (from NAFRS Finance Committee/Chief Franek)

	ACTUAL 2015	BUDGET 2016	BUDGET 2017	2017 PARTY ALLOCATION-BUDGET				2016 PARTY ALLOCATION-ACTUAL			
REVENUES:				NFLD	RURAL	DUNDAS	TOTAL	NFLD	RURAL	DUNDAS	TOTAL
Misc. Revenues	\$21,049.62	\$0	\$0	\$343,045.00	\$106,447.50	\$25,507.50	\$475,000.00	\$379,155.00	\$117,652.50	\$28,192.50	\$525,000.00
Member contributions-Operations	\$507,500.25	\$525,000	\$475,000	\$0.00	\$0.00	\$0.00	\$0.00	\$638,359.80	\$198,084.23	\$47,465.97	\$883,910.00
Member contributions-Capital	\$232,114.00	\$883,910	\$0	\$343,045.00	\$106,447.50	\$25,507.50	\$475,000.00	\$1,017,514.80	\$315,736.73	\$75,658.47	\$1,408,910.00
Total Revenues	\$760,663.87	\$1,408,910	\$475,000	72.22%	22.41%	5.37%	100.00%	72.22%	22.41%	5.37%	100.00%
EXPENSES:				\$ CHANGE		CHANGES SINCE JUNE BOARD REPORT BUDGET		2016 "ACTUAL" INCLUDES TWO TRUCK PURCHASES-NEW PUMPER & USED (2014) AERIAL PLATFORM			
Human Resources-											
Gross payroll	\$144,064.39	\$150,000	\$160,000	\$5,000			reflects 2016 actual response counts (estimated)				
less, Elko Speedway Personnel Reimb.	(\$8,437.42)	\$0	\$0								
FICA	\$11,589.82	\$13,000	\$12,500	\$500			due to increase in gross payroll				
PERA retirement contribution	\$1,627.31	\$2,000	\$2,000								
Fire Relief Pension	\$0.00	\$0	\$0								
Workers Compensation Insurance	\$36,156.36	\$40,000	\$42,000	\$2,000			Insurance estimates yet to come.				
Group Disability Insurance	\$1,020.42	\$1,000	\$1,500								
Background checks	\$0.00	\$0	\$0								
Employee vaccinations/annual tests	\$0.00	\$0	\$5,000								
Recruiting		\$2,000	\$10,000								
Other, misc. including recruit gear/testing	\$3,019.26	\$5,000	\$10,000	\$10,000			gear and training costs-4 new recruits				
Total Human Resources	\$189,040.14	\$213,000	\$243,000								
Facility-											
Utilities-electricity	\$12,064.19	\$16,000	\$14,000								
Utilities-natural gas	\$8,321.80	\$12,000	\$10,000								
Utilities-water/sewer/storm	\$2,366.32	\$2,000	\$3,000								
Outside services-refuse	\$1,966.34	\$2,000	\$3,000								
Outside services-lawn/snow removal	\$3,258.75	\$5,000	\$5,000								
Outside services-cleaning	\$3,717.83	\$5,000	\$4,000								
Building maintenance & repairs	\$15,363.13	\$35,000	\$20,000								
Security Monitoring	\$690.00	\$1,000	\$1,000								
Supplies	\$2,820.02	\$3,000	\$3,000								
Insurance	\$12,106.09	\$12,000	\$14,000	\$0			Insurance estimates yet to come.				
Facility Rent	\$20,003.33	\$20,000	\$20,000								
Other, misc.	\$0.00	\$0	\$0								
Total Facility	\$82,677.80	\$113,000	\$97,000								
Equipment-											
Small equipment purchases	\$13,536.67	\$15,000	\$15,000	\$0			Radio batteries & new pagers required				
General supplies	\$8,082.08	\$12,000	\$10,000								
Repairs & maintenance-general	\$902.75	\$3,000	\$2,000								
Equipment rent	(\$28.62)	\$0	\$0								
Other, misc.	\$0.00	\$0	\$0								
Total Equipment	\$22,492.88	\$30,000	\$27,000								

Fleet-				
Fuel/oil/lubricants	\$5,657.58	\$6,000	\$6,000	
Repairs and maintenance	\$17,582.15	\$20,000	\$20,000	
Insurance	\$12,636.90	\$12,000	\$13,000	\$0 Insurance estimates yet to come.
Small equipment purchases	\$0.00	\$0	\$0	
Supplies	\$115.28	\$0	\$0	
Other, misc.	\$0.00	\$0	\$0	
Total Fleet	\$35,991.91	\$38,000	\$39,000	
Education & Training-				
Conference & Seminar/School Fees	\$7,611.02	\$0	\$10,000	
Lodging	\$2,561.67	\$0	\$3,000	
Per Diems, mileage, other travel	\$1,898.34	\$0	\$2,000	
Other education & training costs	\$63.05	\$20,000	\$1,000	
	\$12,134.08	\$20,000	\$16,000	
Communications/I.T.-	\$8,110.97	\$12,000	\$10,000	
General Insurance (liab/excess)-	\$2,890.80	\$4,000	\$3,500	
General & administrative-				
Professional Services-HR/Payroll	\$28,763.73	\$30,000	\$28,000	
Professional Services-Legal	\$11,946.50	\$15,000	\$10,000	
Professional Services-Accounting & Audit	\$7,751.85	\$12,000	\$9,000	
Professional Services-Other	\$30,070.40	\$0	\$15,000	\$15,000 NAFRS administrative structure study (consultant)
Memberships & Dues	\$644.00	\$0	\$1,000	
Office Supplies	\$4,101.54	\$1,000	\$4,500	
Small Equipment purchases	\$0.00	\$0	\$0	
Equipment leases	\$0.00	\$0	\$0	
Business software	\$149.60	\$0	\$0	
Postage/Delivery	\$188.00	\$1,000	\$500	
Subscriptions	\$0.00	\$0	\$0	
Board expenses	\$1,374.58	\$3,000	\$2,000	
Miscellaneous (advertising, promotion.)	\$1,804.61	\$3,000	\$2,000	
Contingency Reserve	\$0.00	\$30,000	\$0	
Total general & administrative	\$86,794.81	\$95,000	\$72,000	
TOTAL EXPENSES-OPERATING	\$440,133.39	\$525,000	\$507,500	\$32,500 net increase from previous 2017 operating budget draft
EXCESS (DEF) OF REVENUES OVER EXPENSES-OPS	\$88,416.48	\$0	(\$32,500)	
EXCESS OF REVENUES OVER EXPENSES-CAP	\$226,312.00	\$918,910	\$0	
TOTAL	\$314,728.48	\$918,910	(\$32,500)	

NAFRS

SPECIFIC CAPITAL BUDGET-FLEET & FACILITY

FOR THE NINE YEARS ENDING DECEMBER 31, 2025

FOR NAFRS BOARD & AD HOC MEMBERS , 7/28/16

(from NAFRS Finance Committee/Chief Franek)

	COST	YEAR ACQUIRED	2016 (act.)	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fleet:												
Pumper (#8125)	\$550,000	2016	\$553,211									
Pumper (#8115)	\$550,000	1987				\$550,000						
Aerial Platform (#8128)	\$366,000	2016	\$365,699									
Tanker (8126)	\$250,000	2005						\$250,000				
Tanker (8116)	\$250,000	2008									\$250,000	
Grass Rig (8113)	\$70,000	2013				\$70,000						
Heavy Rescue*	\$0											
Total Fleet			\$918,910	\$0	\$0	\$620,000	\$0	\$250,000	\$0	\$0	\$250,000	\$0
Facility Improvements	\$3,300,000	2018		\$0	\$50,000	\$232,192	\$232,192	\$232,192	\$232,192	\$232,192	\$232,192	\$232,192
TOTAL CAPITAL BUDGET	\$5,336,000		\$918,910	\$0	\$50,000	\$852,192	\$232,192	\$482,192	\$232,192	\$232,192	\$482,192	\$232,192

Fleet Financing Assumptions

NO Fleet Financing in above plan assumed

* Heavy Rescue-"Community" Financing assumed

Facility Financing Assumptions

Interest Rate 3.5%

Years 20

2018 costs represent estimated engineering costs (which can be wrapped into long-term financing)

NAFRS
OPERATING & CAPITAL BUDGET RECAP
FOR THE NINE YEARS ENDING DECEMBER 31, 2025

FOR NAFRS BOARD & AD HOC MEMBERS, 7/28/16
(from NAFRS Finance Committee/Chief Franek)

	2016 (act.)	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operations	\$525,000	\$507,500	\$507,500	\$522,725	\$538,407	\$554,559	\$571,196	\$588,332	\$605,982	\$624,161
Capital - Equipment	\$918,910	\$0	\$0	\$620,000	\$0	\$250,000	\$0	\$0	\$250,000	\$0
Capital Equipment Fund		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital - Facility		\$0	\$50,000	\$232,192	\$232,192	\$232,192	\$232,192	\$232,192	\$232,192	\$232,192
Op/Cap Fund Reserve	\$0	\$0								
Total Cash Requirements	\$1,443,910	\$507,500	\$557,500	\$1,374,917	\$770,598	\$1,036,751	\$803,387	\$820,523	\$1,088,173	\$856,353

<u>\$868,411</u>	<i>Annual avg: 2017 thru 2025</i>
<u>\$194,611</u>	<i>Rural Fire District</i>
<u>\$627,167</u>	<i>City of Northfield</i>
<u>\$46,634</u>	<i>City of Dundas</i>

Inflation rate starting 2019	3.0%
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