



2017 BUDGET MESSAGE

Attached is the 2017 Budget for the Frederick-Firestone Fire Protection District (“the District”). The budget was prepared by the Fire Chief and management staff of the District and is based on the modified accrual basis of accounting. The initial budget draft was presented to the Board of Directors on October 10, 2016 with a public hearing and subsequent adoption by the Board on December 12, 2016.

Background

The District is a quasi-municipal corporation and a political subdivision of the State of Colorado. The District is located in southwest Weld County, Colorado, and provides emergency services to the Town of Frederick, the Town of Firestone, and portions of unincorporated Weld County. These services are provided through Intergovernmental Agreements with both the Towns of Frederick and Firestone that establish FFFPD as the sole emergency services provider to the corporate limits of both towns. These IGAs were established in 2003 and require the District to align its boundaries with the Towns’ whenever the Towns’ boundaries expand through annexations. The coverage area includes 4 ½ miles of Interstate 25, five miles of State Highway 52, three miles of State Highway 119 and St. Vrain State Park. The District was created in 1975 by order and decree of the District Court in Weld County, Colorado. The District’s jurisdiction consists of approximately 32 square miles of southwest Weld County. The population served by the District is approximately 23,500 residents. The District is governed by an elected Board of Directors and operated by paid staff, paid and reserve Paramedic and EMT Firefighters.

The District provides fire suppression, fire prevention, public education, technical rescue, water & ice rescue, hazardous material response, and advanced life support emergency medical transport services within its boundaries. The District also provides these services outside its boundaries pursuant to numerous mutual aid agreements and automatic aid agreements with other fire protection districts and municipal fire departments. Pursuant to these agreements, each emergency service agency pledges to assist the others when necessary in providing additional fire, rescue and emergency medical equipment and personnel for the purpose of delivering fire fighting, specialized rescue and emergency medical care within the jurisdiction of the other emergency service agency. These services are provided through four fire stations, each having bays for housing vehicles and living areas for Firefighters, EMTs and Paramedics. In addition, the District purchased an existing unoccupied commercial building in 2011 located at 8426 Kosmerl Place in Frederick for the purpose of housing all administrative, training and public education functions.

The District currently owns four Type I Pumpers with an additional unit on order with an expected delivery of February 2017, one Aerial Apparatus, one Heavy Rescue, one Type VI Brush Truck, one Water Tender, three ALS Ambulances, and eight additional support vehicles. Over the past three years, the District has responded to an average of more than 1,700 calls annually. The District's final incident tally for 2015 was 1,959 and the District estimates the total number of calls for service in 2016 to exceed 2,100.

The following table provides a history of the population of the Towns of Frederick and Firestone, Weld County, and the State. In the Census period of 2000 and 2010, the populations of the Town of Frederick increased by 251.8%, the Town of Firestone increased by 431.8%, Weld County increased by 39.7% and the population of the State of Colorado increased by 16.9%.

Table 1: Population Changes 1970-2010

Year	Town of Frederick	Percent Change	Town of Firestone	Percent Change	Weld County	Percent Change	Colorado	Percent Change
1970	696	--	570	--	89,297	--	2,209,596	--
1980	855	22.8%	1,204	111.2%	123,438	38.2%	2,889,735	30.8%
1990	988	15.6	1,358	12.8	131,821	6.8	3,294,394	14.0
2000	2,467	149.7	1,908	40.5	180,936	37.3	4,301,261	30.6
2010	8,679	251.8	10,147	431.8	252,825	39.7	5,029,196	16.9

Sources: United States Department of Commerce, Bureau of Census.

Assessed Values

The following table, based on the 2016 Final Assessed Valuation (2017 Collections) displays the specific classes of real and personal property within the District:

Table 2: 2016 Assessed Valuation of Classes of Property in the District

Class	2015 Final AV	2016 Final AV	% of AV	\$ Change	% Change	Budget \$ Change
Vacant Land	\$12,515,730	\$9,545,570	2.14%	(\$2,970,160)	-23.73%	(\$33,741)
Residential	\$160,327,880	\$172,607,130	38.77%	\$12,279,250	7.66%	\$139,492
Commercial	\$80,569,190	\$82,487,310	18.53%	\$1,918,120	2.38%	\$21,790
Industrial	\$22,197,850	\$23,359,960	5.25%	\$1,162,110	5.24%	\$13,202
Agricultural	\$1,838,340	\$2,108,430	0.47%	\$270,090	14.69%	\$3,068
Minerals	\$1,192,890	\$1,366,030	0.31%	\$173,140	14.51%	\$1,967
Oil & Gas	\$109,891,660	\$122,207,930	27.45%	\$12,316,270	11.21%	\$139,913
State Assessed	\$33,713,300	\$31,553,880	7.09%	(\$2,159,420)	-6.41%	(\$24,531)
Exempt Property	\$28,611,490	\$29,219,390	N/A	\$607,900	2.12%	\$6,906
Total Value	\$422,246,840.00	\$445,236,240.00	100.00%	\$22,989,400.00	25.55%	\$261,159.58

Figure 1: 2016 Assessed Valuation by Category

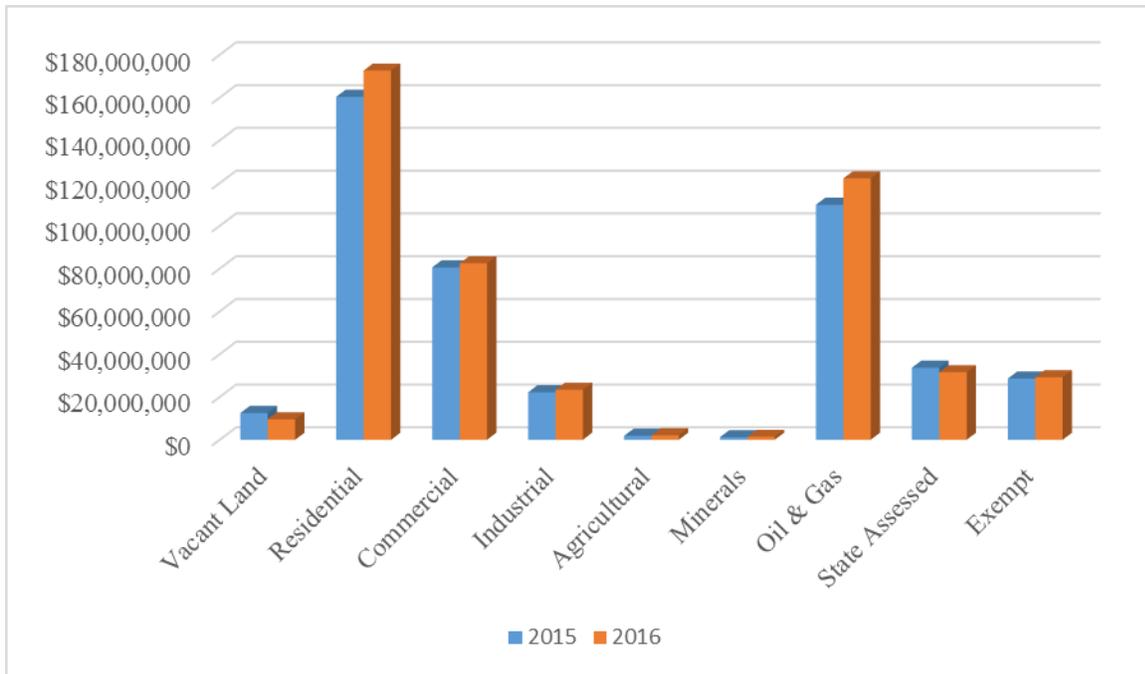
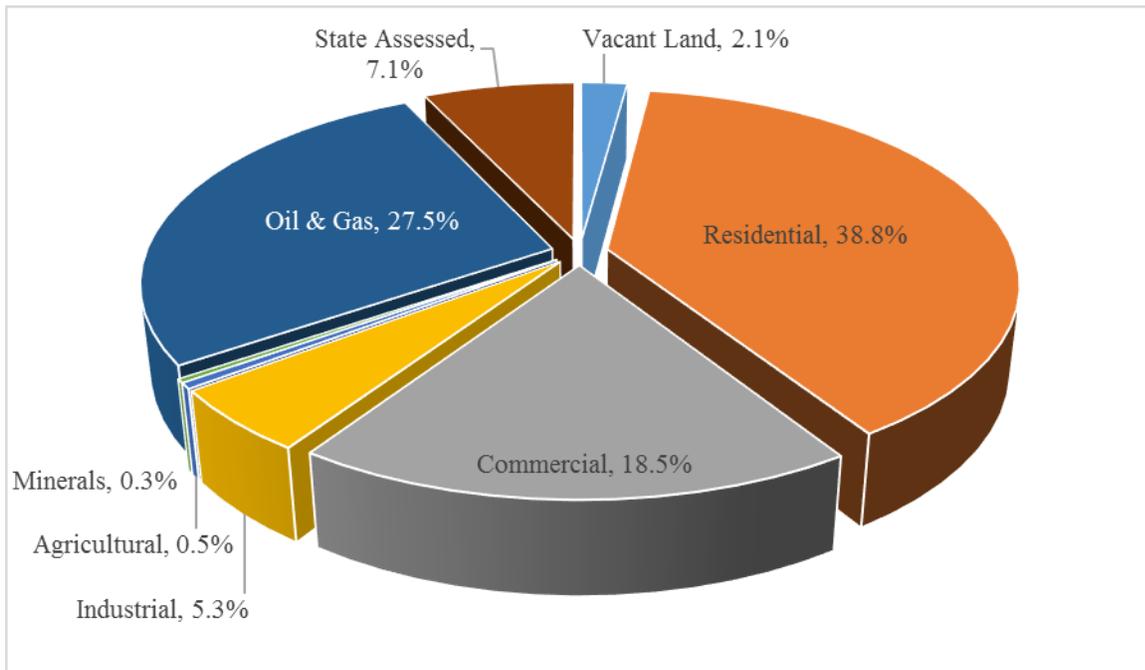


Figure 2: 2017 Property Category by Percentage of Budget



The certified Mill Levy for 2017 is 11.360 mills for all general operating purposes, which represents the 2006 voter authorized level. An additional 0.698 mills is levied for debt service for General Obligation Bonds approved by voters in 2002 and refinanced in 2011. The District maintains Intergovernmental Agreements with both the Towns of Frederick and Firestone and both the Frederick and Firestone Urban Renewal Authorities (FURAs) that provides for a 100%

pass through of the District’s mill levy for any funds collected by the FURAs in several Tax Increment Financing (TIF) areas.

Based on a gross Assessed Valuation of \$445,236,240, which includes the FURA TIF areas’ valuation of \$6,169,820, the total property tax and TIF pass through revenue for the District in 2017 will be \$5,369,955 for both General and Bond Funds, an increase of \$249,035 (4.9%) over 2016 property tax revenue. An additional \$805,221 in revenue is anticipated from other revenue sources including Specific Ownership taxes and fees for services. The District will transfer \$2,118,938 from Reserve Funds established in 2007 and funded through an annual General Fund allocation for the purpose of replacing or adding capital equipment and facilities. For 2017, those capital projects include; the construction of the new facility for Fire Station 4, the replacement of two staff/support vehicles, the addition of wildland firefighting equipment, an addition of an ALS ambulance for Station 4, the replacement and lease of EMS capital equipment, and life cycle replacements for firefighting breathing apparatus, gas monitoring equipment, thermal imaging cameras, and emergency radio hardware. An additional \$152,781 will be transferred from the District’s Fund Balance Reserve Account for the purpose of paying for costs related to abatements and boundary alignment and legal costs.

Budget Allocations

The following tables and figures detail comparisons between the 2016 and 2017 Budgets categorically:

Table 3: 2016 & 2017 Revenue Comparison

Revenue (Less Bond & Capital)		Difference
2016	\$5,658,640	
2017	\$5,864,401	\$205,761

Table 4: 2016 & 2017 Expense Comparison

Expenses (Less Bond & Capital)		Difference
2016	\$5,361,551	
2017	\$5,582,381	\$220,830

Figure 1: 2016-2017 Revenues & Expenses Comparison



Table 5: 2016 & 2017 Reserve Fund Contribution Comparison

Investments		
		Difference
2016	\$470,039	(\$44,870)
2017	\$425,169	

Table 6: 2016 & 2017 Reserve Fund Balance Comparison

Reserve Fund Balance		
		Difference
2016	\$5,442,863	(\$1,508,581)
2017	\$3,934,282	

Table 7: 2016 & 2017 Outstanding Debt Principle Comparison

Outstanding Debt		
		Difference
2016	\$1,710,000	(\$260,000)
2017	\$1,450,000	

Figure 2: 2016-2017 Investment to Debt to Reserve Fund Comparisons

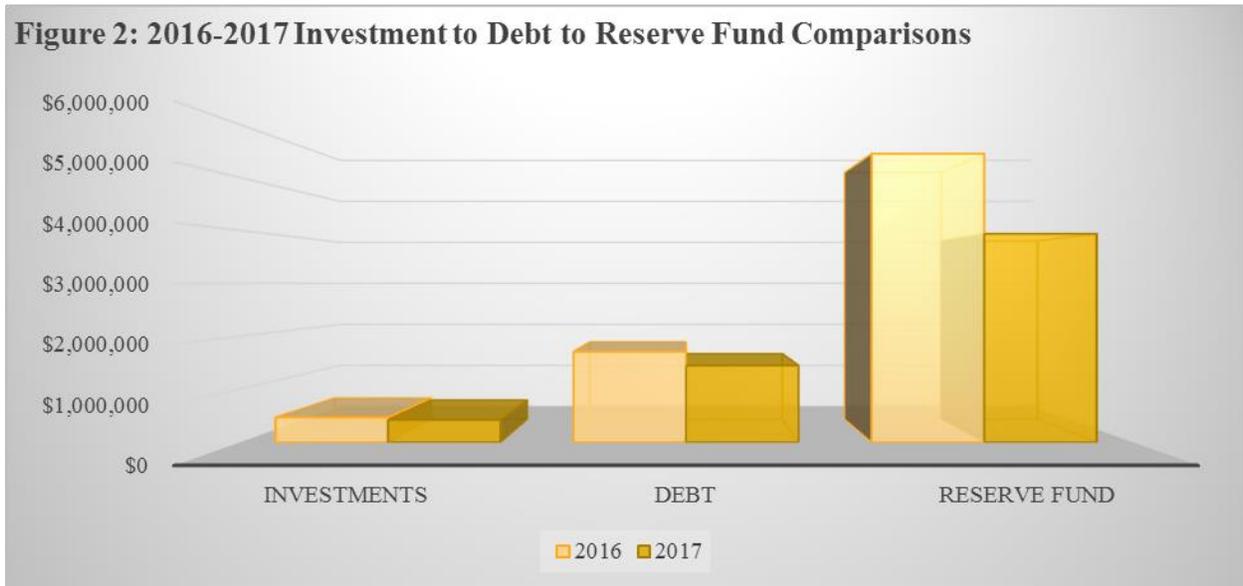


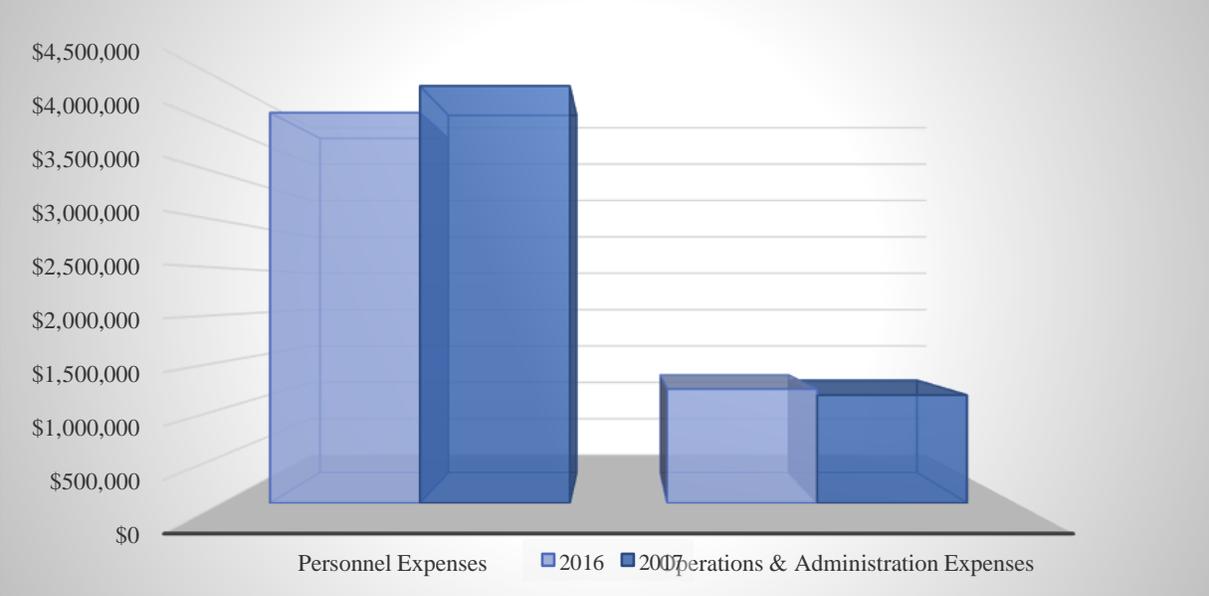
Table 8: 2016 & 2017 Personnel Services Expense Comparison

Personnel Expenses		
		Difference
2016	\$4,149,508	\$284,819
2017	\$4,434,327	

Table 9: 2016 & 2017 Operations & Administration Services Expense Comparison

Administration & Operations Expenses		
		Difference
2016	\$1,212,043	(\$63,989)
2017	\$1,148,054	

Figure 3: 2016-2017 Personnel vs. Operations Expense Comparison



Budget Appropriations

Copies of the 2017 Certification of Mill Levies for both the General Fund and Bond Fund are attached. The worksheets attached to the budget spreadsheet explain expenses and revenues for each line item in the budget. The 2017 Budget reflects a balance of expenses and revenues with a revenue total of \$6,175,177 with an additional transfer of \$2,271,718 from Reserve Funds for capital and special projects. This revenue is applied to the following expense categories:

Personnel Expenses:	\$ 4,424,324
Volunteer Pension Fund:	\$ 10,003
Administrative and Operations Expenses:	\$ 838,778
Education and Training Expenses:	\$ 99,782
Equipment Maintenance Expenses:	\$ 209,494
Capital / Reserve Fund Investments:	\$ 435,238
Capital Projects/ Equipment:	\$ 2,118,938
General Obligation Bond Expenses:	\$ 310,338
2017 Total Expenditures:	\$ 8,446,895

The District maintains a pension fund for qualified and vested volunteer firefighters. The fund is administered by the Fire and Police Pension Association of Colorado (FPPA) in accordance with state and federal regulations. In 2010, the District's last volunteer retired and therefore there will not be additional payees added in the future. The projected Volunteer Pension Fund balances for 2017 are as follows:

Volunteer Pension Fund

2017 Pension Fund District Contribution	\$	10,003
2017 Pension Fund State Contribution	\$	9,003
2017 Pension Fund Income	\$	1,676
2017 Pension Fund Distributions	\$	(31,200)
2017 Pension Fund Expenses	\$	(1,500)
2016 Pension Fund Carry-Over	\$	119,924
2017 Ending Pension Fund Balance:	\$	107,906

The District maintains restricted, assigned, and unassigned reserve funds in order to satisfy statutory requirements as well as fund specific future capital and life cycle replacement projects needed to maintain service levels into the foreseeable future. The District's reserve funds are divided into the following categories:

Restricted Reserve Funds

2016 TABOR Reserve Carry-Over:	\$	155,331
2017 TABOR Reserve Contribution:	\$	10,069
2017 TABOR Reserve Withdrawal:	\$	0
2016 Operating Contingency Carry-Over	\$	1,724,327
2017 Operating Contingency Contribution	\$	0
2017 Operating Contingency Withdrawal	\$	0
2016 Bond Contingency Carry-Over:	\$	391,002
2017 Bond Contingency Contribution:	\$	0
2017 Bond Contingency Withdrawal:	\$	0
Category Total:	\$	2,280,729

Assigned Reserve Funds

2016 Facilities Reserve Carry-Over:	\$	2,162,276
2017 Facilities Reserve Income:	\$	14,463
2017 Facilities Reserve Contribution:	\$	0
2017 Facilities Reserve Withdrawal:	\$	(1,695,100)
2016 Equipment Reserve Carry-Over:	\$	641,286
2017 Equipment Reserve Contribution:	\$	425,169
2017 Equipment Reserve Withdrawal:	\$	(423,838)
Category Total:	\$	1,124,256

Unassigned Reserve Funds

2016 Fund Balance Carry-Over:	\$	682,078
2017 Fund Balance Contribution:	\$	0
2017 Fund Balance Withdrawal:	\$	(152,781)
Category Total:	\$	529,297

Noteworthy Projects

In addition to funding normal operations required to maintain current service delivery levels, the 2017 Budget reflects the following notable projects:

Staffing & Personnel:

- Due to continuing increases in community development, the demand of community development programs such as plan reviews and inspection activities as well as emergency service demands continue to increase workloads on existing staff. Since the District is a small organization, any workload increase at one level has an overflow and backlog effect on other areas and positions. Compounding the growth in service demands, assessed values remain volatile mainly due to oil & gas pricing instability and any new revenues below 4% are only sufficient to sustain services and programs, not grow them, a result of this increase in demand at a pace higher than that of revenues has had the cost of increased workloads on existing staff. In order to address these workload issues, for 2017 the District will implement the following Staffing Plan enhancements:
 1. Increase available staff hours in the Fire Prevention Division to offset plan review and inspection activities. This will primarily be accomplished through hiring a part time Fire Prevention Specialist that will create redundancy within those functions of the Division and reduce task workloads on the Fire Marshal and operations crews. This position will work approximately 24 hours per week and be created at a Staff Captain grade. This will be a non-benefitted and non-pensioned position, and will transition to a full time position over the next 2-3 years, keeping pace with workload increases from development. It is projected that this position will reduce annual inspection activities on operations crews by 150-200 inspection events per year. This added capacity will also reduce the task level workloads currently assigned to the Fire Marshal, which in turn will allow that position to focus on more strategic, planning, and oversight functions.
 2. In order to begin to address the overflow and backlog at the executive and command staff levels, Staff is proposing the upgrade of the Division Chief positions to Assistant Chiefs; one of Planning and one of Operations. The current Division Chief position has evolved into more executive level needs, even though in the near future as this next phase of transition of the organization evolves, there will be a need to add mid-level managers to the Division functions. This new structure that was discussed at the June Orientation Workshop will serve to provide for a more efficient span of control at the executive level and provide more responsive and efficient oversight and supervision to the District's four Divisions.
 3. The effects of increased workloads and program complexities are also evident in the Administrative Division, which many times becomes a "catch all" for task overloads in the other Divisions. In order to address market competitiveness and be proactive with retention of high quality employees, Staff is proposing upgrading the two Administrative Assistant I positions to Administrative Assistant II. The Administrative Assistant I position was intended as an entry level clerical position with the primary responsibilities of general financial, reception and filing task assignments. Since the addition of transport services and many other programs and regulations over the past several years, these two positions have evolved into higher responsibility tasks, primarily focused on complex financial tasks and procedures. Again, as

this organizational transition continues, there will be a need to backfill the Administrative Assistant I functions; primarily the reception, correspondence, and filing needs of the organization.

Fleet & Equipment:

- Lease of Power Prams and Auto Loaders. This is a continuation and expansion of a project initiated in 2015 to install power prams and power auto loaders lease in all District ambulances in order to increase patient and crew safety. In 2018 the District will add an additional power loader for the new ambulance after it is delivered. The lease agreement will include service and maintenance of the equipment for the life of the lease. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Lifecycle replacement of one Thermal Imaging Camera. A lifecycle replacement program for these essential firefighting and rescue tools was established in 2016 in order to replace and upgrade each device over a five-year period. These devices are inventoried on each front line firefighting apparatus. For 2017, we will be replacing one TIC. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Life Cycle replacement of SCBA equipment. Most of this equipment was bulk purchased as part of a grant, and is now at the end of its lifecycle according to NFPA Standards. A replacement program was started in 2015 and will continue in 2017. In order to spread out the replacement schedules and to comply with new NFPA standards regulating breathing apparatus, the District will be replacing five air packs in 2017. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Lifecycle replacement of Radio Equipment. Motorola discontinues support for several platforms of portable and mobile radios from 2018-2019. The District established a lifecycle replacement program for these assets several years ago in order to spread out purchases each year. For 2017, we will be replacing three mobile and eight portable radios. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Life Cycle replacement of Fit Test Machine. This equipment was purchased in partnership with local Police Departments and is now at the end of its lifecycle. The District uses this equipment to provide mandatory SCBA and medical mask fit testing to ensure secure face sealing with masks for operations in IDLH and respiratory hazardous environments. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Life Cycle replacement of Carbon Monoxide Monitors. These devices are used to monitor CO in a person's bloodstream. The District currently has two of these devices that are at the end of their lifecycles. We will be replacing these and adding an additional unit all to be inventoried on the District's ambulances for both patient use at CO incidents and firefighter rehab at structure fires. This project will be funded out of the Equipment & Fleet Reserve Fund.

- Additional Wildland Firefighting Equipment. The District currently maintains one Brush Truck for grass and wildland firefighting operations. We also participate in deployments to regional and statewide wildland fires. Adding this equipment which will be stored when not in use, will allow us to place an additional brush truck in service in District during wildland fire season should our primary unit be requested to deploy or for multiple or larger wildfires in district. This project will be funded out of the Equipment & Fleet Reserve Fund.
- Additional and Replacement Staff Support Vehicles. The 2007 Dodge Durango was purchased used in 2008 and was up for lifecycle replacement in 2016. Due to higher priority fleet needs and an initial uncertainty of funding for 2017, that project was put on hold last year. With the continued funding available in 2017 as presented in the Revenue Section of the Budget on October 10, we will add this project to the 2017 Fleet Replacement Budget. The vehicle will be replaced with a like kind vehicle off of the State Bid Contract. The 2007 Durango will be rotated to motor pool use until surplus.

With the addition of the proposed Fire Prevention Specialist position, an additional vehicle will be purchased in order to provide continuity of business and inspection needs. The current Dodge Dakota has less than 70,000 miles and will be reassigned from the Fire Marshal to the Fire Prevention Specialist. Given this position will not be an “on-call” position, the vehicle will not be a take home asset. The new vehicle will be a half-ton pickup purchased off of the State Bid Contract and similar in configuration to the 2012 Dodge Ram Pick-up. The new vehicle will be assigned to the Fire Marshal as an on-call, take home asset.

Both projects will be funded out of the Equipment & Fleet Reserve Fund.

- Ambulance Addition. The District will a new Ambulance similar to the Ambulance purchased in 2017-2018. The new chassis will have a gasoline motor rather than diesel. Because the District shifted to a two primary ambulance operation in 2016, we will establish two functional reserve ambulances moving forward to maintain four ambulances in the fleet. This project will be funded out of the Equipment & Fleet Reserve Fund with prepayment being made in 2017 for a delivery in 2018.

Facilities:

- Design and Construction of Station 4. The District will continue the construction phase for the new facility for Fire Station 4 located at 10706 Weld County Road 7 between Weld County Road 22 and Highway 119. Currently those services are being provided from a leased facility located in St. Vrain State Park at 3525 Highway 119 in Firestone. This new facility is necessary to maintain response time benchmarks and ISO requirements due to the development and inclusion of new property within the District’s boundaries along the Highway 119/Firestone Boulevard corridor. The District purchased the property on which this station will be located in 2008 as part of its strategic planning process which identified future service needs in the corridor. To date, site development and preparation have been completed including; annexation into the Town of Frederick, completion of a floodplain study, demolition of existing structures, design concepts, dedication

of utility easements, and acquisition of water shares and tap. The expected remaining cost of the facility is approximately \$1,650,000. This project will be funded out of the Facilities Reserve Fund.

General Obligation Bonds.

- The District will continue paying down the 2003 General Obligation Bonds in 2017 with two interest payments and one principal payment. The total of the payments will be \$310,338, and the remaining outstanding debt at the end of 2016 will be \$1,450,000 down from the original \$4,045,000 in 2003. The Bond Fund mill levy will be decreased in 2017 to account for the increase in property tax revenue and make the 2016 minimum debt payment. The adjustment is from .761 in 2016 to .698 in 2017.

Reserve Funds:

- The Reserve Fund was established in 2007 to provide for three main purposes:
 1. To provide for emergency funding of unanticipated expenses resulting from natural or manmade emergencies, unanticipated revenue shortages, additional expenses not anticipated with approved projects;
 2. To provide for capital planning and life cycle replacement/cost recovery funds through an annual General Fund contribution for fleet, capital equipment, and facilities purchasing;
 3. To provide for a holding account for unanticipated bond revenues collected in above bond expenses in 2008 in order to eliminated the Bond Mill Levy 1.5 years earlier than the expiration of the Bond.
- All funds designated as Reserve Funds are maintained in either a ColoTrust Account (Plus or Prime), Checking Account, or Savings Account. All funds in the ColoTrust Account or any investment account must be maintained, secured and invested only in investments specifically authorized by Federal and State standards. For 2017, additional restrictions on Money Market Accounts were added to those requirements. The District uses three types of Reserve Accounts that meet GASB standards:
 1. Unassigned Reserve Accounts – These are reserve funds such as the Fund Balance Account in which funds may be used for unspecified or unanticipated projects or shortfalls to the General Fund, or for other purposes determined by the Board or Fire Chief.
 2. Assigned Reserve Accounts – These are reserve funds used for specific purchasing purposes such as lifecycle replacement of equipment or station construction and renovation projects.
 3. Restricted Reserve Funds – These are reserve funds that are only allowed to be used for a declared emergency or specific statutory items. Regulations regarding the use of these funds are established by

constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Transfers made from these accounts require specific Board action through Resolution and may require repayment within strict timeframes.

- The District will maintain the following Reserve Fund Accounts in 2017:
 1. Fund Balance Unassigned Reserve Account. This fund was moved to a ColoTrust Plus Account in 2016. It exists to provide a holding account to maximize interest revenues for monthly collections of surplus revenues over expenses and to fund General Fund expenses in periods of excess monthly expenses over collected revenues. It is also used to fund specific General Fund Expenses that are considered extraordinary, sporadic, or temporary in nature so as not to interrupt funding for reoccurring General Fund programs and projects.
 2. Operational Contingency Restricted Reserve Account. This fund was established in 2016 as a ColoTrust Prime account to allow for funding flexibility during short periods of economic downturns and to provide for funding of unforeseen expenses that occur during a budget year. The District targets to retain 25% of its operating budget in Restricted Reserve, not including assigned capital replacement funds or restricted debt service funds. This is accomplished through two accounts; the restricted 3% Emergency Contingency (TABOR) Account and the restricted Operating Contingency Account. The TABOR Account reserves 3% of that target and the Operating Contingency Account targets the remaining 22% reserve amount. Each year since 2007, the District has added surplus revenue to this account which has increased the funding level above the 22% target. The projected 2017 year-end balance of this fund will be \$1,724,327. The total Restricted Cash Reserve for year-end 2017 is projected to be 34% of the overall Operating Budget, or 9% over targeted levels.
 3. 3% Emergency TABOR Restricted Reserve Account. The District is required by statute to hold 3% of its operating budget in an emergency reserve. These funds can only be accessed in times of a declared emergency and only for certain restricted purchases. The used funds are required to be repaid in the following budget year. A transfer of \$10,069 will be made from the Fund Balance account into the TABOR fund in order to maintain this funding level.
 4. Bond Fund Restricted Reserve Account & Debt Service. The Debt Service Schedule displays the Bond principle, interest, and fee payments from 2003 to maturity in 2023. Prior to 2008, the maximum authorized mill levy of 2 mills was not sufficient to make the minimum principle and interest payment, and the shortage was taken from General Fund revenues. In 2008, the Bond Surplus Account was established. Once the General Fund was reimbursed for 2003-2007 bond expenses, the account was

designated to eliminate the Bond Mill Levy 1.5 years earlier than the Bond maturity.

5. Equipment Cost Recovery Assigned Reserve Account. The Equipment Cost Recovery worksheet displays the estimated replacement cost of fleet and capital equipment assets at the end of their life cycle. This schedule is adjusted annually for projected inflationary increases. Therefore, an engine purchased in the current year with essentially the same equipment and capabilities will have a higher annual investment amount than an engine purchased last year. The 2016 contribution will be decreased to \$425,169. The contribution required to fully fund the account in 2017 is \$508,623. The projected 2017 year-end balance of this fund will be \$642,617.
6. Facility Cost Recovery Assigned Reserve Account. For 2017, the District has budgeted a withdrawal for construction of the new facility for Station 4. Also, each year any needed maintenance or renovation projects at existing facilities are budget out of this account. The projected remaining funds in this account at the end of 2017 will be \$481,639.

Financial information provided includes all sources of revenue and expenditures as well as beginning and ending fund balances. This budget is implemented by the District's Board of Directors to guide priorities and planning for the delivery of emergency and prevention services to the citizens of Frederick, Firestone, and portions of unincorporated Weld County. This budget may be amended for unforeseen circumstances or unanticipated revenues or expenses. The District complies with all State of Colorado statutes requiring a yearly independent financial audit, and all audits are available upon request. All audits comply with the most current Government Accounting Standards Board (GASB) requirements. For further information or questions, please do not hesitate to contact the District's Administrative Office.

Respectfully Submitted,



Theodore M. Poszywak,
Fire Chief