South Metro Fire Rescue

Board of Directors

2023 Budget Update
Agenda

- Provide update on 2023 budget process
- Capital programming
# 2023 Draft Budget

<table>
<thead>
<tr>
<th></th>
<th>Audit 2021</th>
<th>Forecast 2022</th>
<th>Budget 2023</th>
<th>2022 v 2023 %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>114,601,105</td>
<td>124,792,165</td>
<td>124,099,364</td>
<td>-0.56%</td>
</tr>
<tr>
<td>Specific Ownership Tax</td>
<td>9,401,888</td>
<td>9,379,240</td>
<td>9,690,565</td>
<td>3.32%</td>
</tr>
<tr>
<td>Ambulance Transport Fees</td>
<td>11,691,509</td>
<td>12,371,288</td>
<td>13,270,944</td>
<td>7.27%</td>
</tr>
<tr>
<td>Medicaid Supplemental Fee</td>
<td>6,191,645</td>
<td>6,951,772</td>
<td>7,368,878</td>
<td>6.00%</td>
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<tr>
<td>Permit/Plan Review Fees</td>
<td>1,822,037</td>
<td>2,480,000</td>
<td>2,554,400</td>
<td>3.00%</td>
</tr>
<tr>
<td>Other Income</td>
<td>3,872,039</td>
<td>5,411,856</td>
<td>3,043,536</td>
<td>-43.76%</td>
</tr>
<tr>
<td>Transfer from Building Rental Fund</td>
<td>2,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abatements</td>
<td></td>
<td>930,882</td>
<td>940,191</td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>149,580,223</td>
<td>162,317,203</td>
<td>160,967,879</td>
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</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>(81,069,656)</td>
<td>(84,448,641)</td>
<td>(90,980,177)</td>
<td>7.73%</td>
</tr>
<tr>
<td>Benefits</td>
<td>(30,557,970)</td>
<td>(34,676,766)</td>
<td>(38,443,398)</td>
<td>10.87%</td>
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<tr>
<td>Overtime</td>
<td>(8,573,639)</td>
<td>(11,250,702)</td>
<td>(11,940,620)</td>
<td>6.13%</td>
</tr>
<tr>
<td>Treasurers fees</td>
<td>(1,720,392)</td>
<td>(1,885,846)</td>
<td>(1,875,593)</td>
<td>-0.54%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(16,695,059)</td>
<td>(21,396,792)</td>
<td>(21,065,186)</td>
<td>-1.55%</td>
</tr>
<tr>
<td>Transfer to Self Insured Med Fund</td>
<td>(1,000,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>(139,616,716)</td>
<td>(153,658,747)</td>
<td>(164,305,974)</td>
<td>6.93%</td>
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<tr>
<td>Gain/Loss</td>
<td>9,963,507</td>
<td>8,658,456</td>
<td>(3,338,095)</td>
<td>-138.55%</td>
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<tr>
<td>Capital Projects</td>
<td>(4,476,756)</td>
<td>(8,807,486)</td>
<td>(15,000,000)</td>
<td></td>
</tr>
<tr>
<td>Change to Fund Balance</td>
<td>5,486,751</td>
<td>(149,030)</td>
<td>(18,338,095)</td>
<td></td>
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<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>59,826,915</td>
<td>59,677,885</td>
<td>41,339,790</td>
<td>-30.73%</td>
</tr>
<tr>
<td>Reserve Threshold (%)</td>
<td>43%</td>
<td>39%</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>
August preliminary numbers show assessed values decreasing 0.56% or $0.7M from 2021 driven by the decreased property tax assessments rates effective tax year 2022
  - Douglas County increasing 0.66%
  - Arapahoe County decreasing 1.52%
  - Jefferson County decreasing 0.85%

AVs will be finalized by December 10th
2023 Budget – Ambulance Transport Fees

- Ambulance transport fees budget increase driven by anticipated 4.0% increase in EMS call volume as well as an increase to the base fee of 5.0% ($63.50) and mileage fee of 10.0% ($1.50/mile)

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<th>Proposed</th>
<th>Change (%)</th>
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<tr>
<td>Base Fee</td>
<td>$1,270</td>
<td>$1,334</td>
<td>5.0%</td>
</tr>
<tr>
<td>Mileage Fee</td>
<td>$15</td>
<td>$17</td>
<td>10.0%</td>
</tr>
<tr>
<td>Total Fee</td>
<td>$1,285</td>
<td>$1,350</td>
<td>5.1%</td>
</tr>
</tbody>
</table>
2023 Budget – Other Income

- Reimbursements: $1,690,594
- Excise Tax: $480,000
- Interest Income: $450,000
- Rental Income: $186,947
- Dispatch Fees: $133,095
- Grant Proceeds: $85,400
- Contracted Services: $17,500

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2023 Budget – Salaries

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- Market increase of 3.0%: $2.5M
- One 40-person academy: $2.0M
- Full cost of salaries of prior academies: $2.0M
- Promotional step increases mid year: $1.0M
- Attrition budgeted at 5.0%: ($1.9M)
2023 Budget – Benefits

- Medical Insurance: $2.2M
  - Overall increase in premiums changed from 12.0% to 5.0% YoY
- Pension: $1.0M
  - Salary increases, new employees, and 0.5% rate increase in FPPA ER contribution
- FPPA Death and Disability: $0.4M
  - 0.2% increase, salary increases, new employees
- Workers Compensation: $0.1M increase

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2023 Budget – Benefits
Stop Loss / Dental

- Staff Recommends switching to Self-Funded for our Dental Plan
  - 2021 & Year-to-Date paid loss ratio = 77% (Delta Dental is profiting 23%)
  - Potential for $75,000 annual savings

- Staff recommends increasing our aggregate stop loss corridor to 125% from 120%
  - District is responsible for 5% more in aggregate claims ($831,000/yr)
  - Realize $45,000 annually in premium savings
  - Exceeded aggregate limit twice in the last 8 years:
    - $105k in 2013; $419k in 2018 ← underwriting error

- Possibly eliminate aggregate stop loss insurance entirely in the future
2023 Budget – Overtime

- Increase driven by one additional vacation day and related staff coverage

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2023 Budget – Operating Fund

- Managing to 2.0% increase (exclusive of treasurer fees) included in the long-term plan
- Rolled over Service Plan ($0.3M) and IT initiatives ($0.3M) that were not completed in 2022

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2023 Budget – Capital Fund

- **Equipment $3.8M:**
  - $3.2M Radio Replacements
  - $0.5M Other Capital Equipment
  - $0.1M Powerload & Pram Leases

- **Facilities $10.5M:**
  - $6.3M Station 15 Rebuild
  - $2.0M Existing Facilities Maintenance/Remodels
  - $1.0M HQ Remodel
  - $0.8M Sleep Hygiene Project
  - $0.4M Logistic Warehouse

- **Vehicles and Apparatus $5.3M:**
  - $1.9M ARFF Apparatus
  - $1.1M 5 Medic Units
  - $0.8M Hazmat
  - $0.8M Dive Unit
  - $0.4M Type III
  - $0.4M 4 Light Duty Units

Total: $19.6M
AV Economic Indicators

• Home values have increased nationwide 18.2% from July 2021 – July 2022
• Values are expected to continue rising – although much slower than originally forecasted
• For the 12 months ending July 2023, home values are predicted will slow to 2.4% (0.5% for Denver-Lakewood-Aurora)
• 2026 revenue is determined in part by home sales between July 1, 2022 – June 30, 2024

Source: The Zillow Group
Reserve Balance – Current Long-Term Plan

Operating Reserve Balance as a % of Operating Expenses

2023 Budget Proposal
Reserve Balance – No Growth (2026)
Reserve Balance – 5% Decrease (2026)
Questions
Cooking Fires

#1 Cause of Residential Fires
Power BI
Residential Fires

- Yellow = Structure Fires
- Blue = Cooking fires contained in a container
Block Group: 11C Metro Fusion

The dominant tapestry segment here is 11C Metro Fusion.
Working with an Advertisement Agency

Scream Agency
Be Seen • Be Heard • Be Good

Certified B Corporation

Scream Agency is a certified B Corporation. We meet higher standards of social justice, environmental performance, transparency, and accountability.

As a B Corp, we can help shape and tell your socially responsible story that resonates with target audiences in a meaningful way.
COOKING: the #1 cause of home fires.
Keep your head in the game.
southmetro.org

Billboard
1 SECOND
DIFFERENCE

COOKING: the #1 cause of home fires.
Stay focused.
southmetro.org
SO. METRO FIRE RESCUE DISTRICT-October Plan

Preseason Games
Sun, Sept 25 @ 2pm
Sun, Sept 25 @ 7pm
Tue, Sept 27 @ 7pm
Wed, Sept 28 @ 8pm
Mon, Oct 3 @ 6pm
Wed, Oct 5 @ 7pm

Regular Season Games
Oct 12 vs Chicago @ 7:30p
Oct 13 vs Calgary @ 7:30p
Oct 17 vs Minnesota @ 7:00p
Oct 19 vs Winnipeg @ 6:00p
Oct 21 vs Seattle @ 7:00p
Oct 22 vs Las Vegas @ 8:00p
Oct 25 vs Rangers @ 5:00p
Oct 28 vs New Jersey @ 5:00p
Oct 29 vs Islanders @ 5:30p

All Game Packages Include:
2 :30 spots in pregame show
1 :30 spot in-game
2 :30 spots in post-game show

SMFRD Pricing
Pre-season - $350/game
Regular season - $700/game

October Game Totals
All Preseason and Oct Reg Season: $8,400*

October KKSE –FM Radio Spot Bank
15 :30 commercials M-F, 6a-7p - $1,350
MATCH: KKSE-FM will match spot bank with 15 :30 commercials M-F, 6a-10p at NO CHARGE

Includes in-game integration announcements
So. Metro Fire Rescue District
Colorado Rapids
Spanish Language Outreach

September/October Games
- Sept 4 vs DC United
  First Kick - 5:30p
- Sept 10 vs Vancouver
  First Kick - 7:30p
- Sept 14 vs San Jose
  First Kick - 8:00p
- Sept 17 vs LA Galaxy
  First Kick 8:30p
- Oct 1 vs FC Dallas
  First Kick - 1:30p
- Oct 9 vs Austin
  First Kick - 3:00p

:30s Recorded Messages
Pre-Game - $40 x 2 spots
Half-time - $40 x 2 spots
Post Game - $40 x 1 spot

5 spots each Game
Total $200 per Game

Total Spots All Games: 30
Total Investment: $1,200

Total Spots Oct Games: 10
Total Investment: $400
Fire Prevention Tour

October 8th
9:30-2:30
<table>
<thead>
<tr>
<th>Time</th>
<th>Location</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:30 a.m.</td>
<td>Ken Carl MS</td>
<td>13s</td>
</tr>
<tr>
<td>10:30 a.m.</td>
<td>Ranch View Middle School</td>
<td>40s</td>
</tr>
<tr>
<td>11:30 a.m.</td>
<td>High Plains Elementary</td>
<td>31s</td>
</tr>
<tr>
<td></td>
<td>Lunch</td>
<td></td>
</tr>
<tr>
<td>1 p.m.</td>
<td>Thunder Ridge MS</td>
<td>23’s</td>
</tr>
<tr>
<td>2 p.m.</td>
<td>Pine Lane Elementary</td>
<td>41s</td>
</tr>
</tbody>
</table>
Geofencing
COOKING: the #1 cause of home fires.

Keep your head in the game.

Thank you