

# Central Whidbey Island Fire-Rescue



## 2018 Adopted District Budget

Professionalism • Integrity • Compassion • Excellence



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Central Whidbey Island Fire & Rescue  
Washington**

For the Fiscal Year Beginning

**January 1, 2017**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a fourth consecutive Distinguished Budget Presentation Award to Central Whidbey Island Fire & Rescue for its annual budget for the Fiscal year beginning January 1, 2017. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for one year only.

CWIFR will be submitting its 2018 Adopted Budget for review by the GFOA for the Distinguished Budget Presentation Award.

## **2018 Annual Budget**

Prepared for the citizens of our District and the Central Whidbey Island Fire & Rescue Board of Fire Commissioners:

- Board Chairperson Cheryl Engle
- Commissioner Paul Messner
- Commissioner Steve Hutchinson

This 2018 Adopted District Budget was prepared by District staff:

- Fire Chief Ed Hartin, MS, EFO, FiFireE, CFO
- Deputy Chief Charlie Smith, CEMSO
- Finance Officer Kim Harpe
- Captain Jerry Helm, FO, Recruitment and Training Division Manager
- Lieutenant Jen Porter, Community Risk Reduction Division Manager
- Lieutenant James Meek, Operations Division Manager
- Lieutenant Derik Vrable, Facilities Maintenance Division Manager
- Firefighter/Mechanic Mike Matros, Fleet Maintenance Division Manager
- Firefighter Dillon Rogers
- Firefighter Alex Majestic
- Firefighter Jim Huff

Editorial Review

Linda Sue Hartin

Citizen Review

- William Wiegand, MBA
- Chris Geiger, EMPA, EFO
- Susan Geiger

The 2018 Central Whidbey Island Fire & Rescue Budget was adopted by the Board of Fire Commissioners on November 9, 2017.

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## **Readers' Guide to the Budget**

This guide is intended to aid understanding the format of this document and information presented in the budget. The 2018 Budget Document is available in Portable Document Format (PDF) and may be downloaded or read on-line from the District's web site ([www.cwfire.org](http://www.cwfire.org)).

### **Purposes of the Budget**

The District Budget Document serves two purposes. The first is to provide our community and the Board of Fire Commissioners with a clear picture of the services provided by Central Whidbey Island Fire & Rescue, the cost of those services, and the policy decisions underlying the District's financial decisions. The second purpose of the Budget Document is to provide the District's management with a financial and operating plan that complies with regulatory requirements for fire districts in the state of Washington and exemplifies best practices in budgeting and financial reporting.

### **Organization of the Budget Document**

CWIFR's budget is divided into the following sections:

#### ***Table of Contents***

A table of contents is provided to simplify navigation. In the PDF version of the budget, the table of contents is hyperlinked to the related sections of the budget.

#### ***Readers' Guide to the Budget***

The readers' guide provides an overview of the Budget Document and its organization.

#### ***Budget Message***

The Budget Message is an introduction to the budget and identifies important fiscal issues from the perspective of the Fire Chief and Financial Officer.

#### ***Budget Summary***

This section of the Budget Document provides a high level view of the District Budget at the fund level and examines changes in fund balance. The summary provides data on revenue and expenditures in 2016, budgeted revenue and expenses for 2017, and the adopted budget for 2018 inclusive of both revenue and expenses.

#### ***District Overview***

This section of the Budget Document provides an overview of the district including governance; values, mission, and vision for the future; services provided; boundaries, organization and staffing; and an overview of the District's strategic plan.

#### ***Integrated Comprehensive Planning***

The District Budget is closely coupled to the District's Integrated Comprehensive Plan which includes an overview of the District, its Strategic Plan, Standard of Coverage and Community Risk Reduction Plan, Fire and Emergency Services Self Assessment Manual, Capital Projects Plan, and Long Term Financial

Plan. The relationship between these plans, ensures that the budget is consistent with the District's policies, long term goals, and priorities.

### ***Budget Process***

The Budget Process section of this document provides an outline of methods used to develop the District's budget, financial assumptions used in both budget development and long term financial planning, organization and structure of the budget and the basis of budgeting and accounting.

### ***Revenue***

This section of the budget examines the District's revenue streams and revenue trends over a three-year period. A long-term view on revenue is provided in the District's Long Term Financial Plan which is summarized in Appendix D.

### ***General Fund***

This section of the Budget Document provides an overview of the General Fund and specific information on each Division including a description of programs and responsibilities, performance measures, division budget, major expenditures, and the strategic goals and initiatives that will be addressed in 2018.

### ***Contingency Fund***

This section of the budget provides an overview of the Contingency Fund and detail of fund transfers in the preceding two years.

### ***Capital Projects Fund***

This section of the budget provides an overview of the Capital Projects Fund, a schedule of capital projects, and current year capital projects justification.

### ***Bond Fund***

The Bond Fund section of the budget delineates the revenue and expenses related to the Unlimited Tax General Obligation (UTGO) bond approved by the voters in November 2017 for renovation and expansion of Station 53 and purchase of three Type 1 Fire Engines.

### ***Debt Service Fund***

The Debt Services Fund budget section of the document outlines fund transfers and debt service payments based on the District's UTGO bond.

### ***Compensated Absences Fund***

This section of the budget defines the District's liabilities for compensated absences and provides an overview of the Compensated Absences Fund.

### ***Grants Management Fund***

The Grants Management Fund budget delineates the budget for the Districts Fire Prevention and Safety Grant that will be used to support Home Safety Surveys in homes constructed prior to 1984.

### ***References***

The reference section documents the source material cited in the Budget Document.

### ***Budget Adoption***

Copies of the District's levy certification, tax increase resolution, and budget adoption resolutions are included in Appendix A.

### ***Glossary of Terms***

A glossary of terms is provided in Appendix B.

### ***Financial Policies***

Appendix D provides a consolidated view of the District's financial policies.

### ***Long Term Financial Plan***

A summary of the District's long term financial plan is provided in Appendix D. The complete Long Term Financial Plan can be downloaded from the District's web site.

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## Budget Message

### Fire Chief

Central Whidbey Fire & Rescue has seen a dramatic increase in demand for service over the last seven years with call volumes increasing by 50%. However, the District has been able to meet this demand with modest budget increases that are within the District's Long Term Financial Plan (CWIFR, 2017a). The 2018 Adopted District budget is 1.38% higher than in 2017 and budgeted funds provide for improvement over current service delivery levels with continued efforts to increase volunteer staffing. Overall, the District is fiscally healthy, maintains a balanced budget, and has sufficient revenue to meet current operational needs and maintain an adequate ending balance in the General Fund.

Central Whidbey Island Fire & Rescue's Strategic Plan (CWIFR 2016a) defined two strategic goals that directly impact on the District's fiscal management and budget process:

- To be fiscally responsible and operate with transparency, and
- Ensure adequate and sustainable funding

Each of the District's strategic goals is supported by initiatives guiding the work necessary to move our organization forward in a direction that is consistent with the Strategic Plan.

### *Fiscal Responsibility*

As an element of the District's initiative to develop, maintain, and operate under sound fiscal policy and procedure, the Board of Fire Commissioners has adopted an updated set of financial policies and guidelines to provide a solid basis for fiscal responsibility. These policies reflect best practices identified by the Government Finance Officers Association and Category 4 Fiscal Resources criteria as specified in the Commission on Fire Accreditation International (CFAI) Fire & Emergency Service Self-Assessment Manual (2015). The District's achievement of a AAA bond rating from Standard and Poor's in 2017 reflects the District's sound financial policies and fiscal management.

### *Transparency*

The District's initiative to engage the community in building awareness and understanding of the District's fiscal and policy making processes is supported by ongoing communication with our citizens and other stakeholders. The District provides a [Budget Summary](#) to District residents via the District's newsletter, web site, and social media. In addition, the complete Budget Document is also available for download on its website. In addition, the Monthly Budget Position Report, Annual Financial Reports, and Audit Reports are posted monthly and are available for download from the District's web site.

The District received its fourth consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its annual budget for the fiscal year beginning January 1, 2017. This award reflects the ongoing commitment of our Board of Fire Commissioners and District staff to meeting the highest principles of governmental budgeting. The District's budget was evaluated against nationally recognized guidelines for effective budget presentation. The GFOA assessors examined how well the District's budget serves as a: Policy document, financial plan,

operations guide, and communications device. CWIFR continues this commitment to excellence by improving the 2018 Budget Document based on feedback from the GFOA.

### ***Adequate Funding***

The Assessed Value (AV) of taxable property within the District decreased 16.35% between 2010 and 2014. Since, 2014, AV increased 12.78% because of rebounding property values and new construction. Based on historical data, we anticipate that AV will continue to increase at a modest rate which will maintain district current tax revenue and continue to reduce the District's regular levy rate. However, Washington State's 1% constitutional limitation on increases in tax revenue continues to challenge the District in keeping pace with increased demand for service.

The District's Interlocal agreement with Whidbey Island Hospital District (dba WhidbeyHealth) to staff a Basic Life Support (BLS) Ambulance has been level funded for five years. This agreement provides funding necessary to maintain the District's part-time operational staffing. Initiative 1433 passed by Washington state voters in 2016 will increase the minimum wage by 42.55% between 2017 and 2020. Increases to the minimum wage significantly impacts expense of maintaining the District's part-time staffing. Negotiations with WhidbeyHealth are anticipated in the fall of 2017 to address the intersecting issues of increases to the minimum wage and funding levels specified in the Interlocal agreement for staffing of the BLS ambulance.

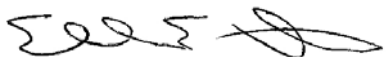
The District has made considerable progress in ensuring an adequate level of funding for capital apparatus and equipment, but has not previously had sufficient revenue to address capital facility projects identified in the Districts' Facilities Plan.

### ***Fiscal Sustainability***

Due to constitutional and statutory limits on taxation, the District has faced a challenge in maintaining current service delivery levels beyond 2023 and has not had sufficient revenue to address important capital facility needs. The District's Long Term Financial Plan, updated and adopted by the Board of Fire Commissioners in 2017 presented a strategy to address these issues. The most effective way to address these capital and operational funding requirements was through a voter approved bond for major capital projects. In November 2017, the District's voters passed a \$7,376,000 bond measure to fund the District's most pressing capital facilities improvements and replacement of major fire apparatus. Passage of this bond measure allows the District to borrow funds for major capital expenditures with a separate tax levy to fund the debt service (payment on borrowed funds). This reduces demand on current revenue for capital expenditures and preserves the general levy to meet the expense of ongoing operational requirements. Additional detail is provided in the Long Term Financial Plan section of the budget.

We welcome feedback on our budget document. Please contact me via e-mail ([ehartin@cwfire.org](mailto:ehartin@cwfire.org)), telephone (360) 678-3602, or stop by our headquarters station at 1164 Race Road.

Sincerely,



Chief Ed Hartin, MS, EFO, FIFireE, CFO

## Finance Officer

The 2018 Proposed District Budget is submitted in accordance with the requirements of Revised Code of Washington (RCW) 52.16.030 and District policies as specified in the Board of Fire Commissioners Policy Manual (CWIFR, 2017c) and Standard Operating Guideline 1.3.1 Budget (CWIFR, 2014).

## Audit

As with all municipal entities in Washington State, Central Whidbey Island Fire & Rescue (CWIFR) is regularly audited by the Washington State Auditor. Based on Washington State Auditor's policy, municipal entities that exceed \$2,000,000 in revenue must receive a regularly scheduled financial audit.

In 2015, the District successfully completed its first financial audit by the Washington State Auditor. This audit examined the District's financial reports and records for 2010 through 2014 to provide a five-year examination of the District's finances and financial practices. This audit was completed successfully and in the fall of 2017 the District completed a successful audit of financial reports and records for 2015 and 2016.

The auditor rendered an adverse opinion on fair presentation regarding Generally Acceptable Accounting Principles (GAAP). This opinion resulted from the District's preparation of financial statements using the Cash Basis of Accounting prescribed by Washington State statutes, and the *State Auditor's Budgeting, Accounting and Reporting System (BARS) Manual* (2015). Cash basis accounting is considered an Other Comprehensive Basis of Accounting (OCBA). The effects on the financial statements of the variances between GAAP and cash basis accounting, although not reasonably determinable, were presumed to be material.

Interestingly, while cash basis accounting is permitted by state law, all financial audits conducted by the Washington State Auditor are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), published by the United States Government Accountability Office (GAO). These standards fully incorporate Generally Accepted Auditing Standards (GAAS) published by the American Institute of Certified Public Accountants (AICPA) (SAO, n.d.). As a result, any local government using cash basis accounting, as permitted by State Law and the State Auditor's Office, will receive an adverse opinion on their financial statements (as they do not comply with GAAP). This means that the financial statements do not fairly present financial position, results of operations and (when applicable) cash flows in conformity with generally accepted accounting principles (GAAP) while they may be fully compliant and accurate with the requirements set forth in in the BARS manual for cash basis accounting.

Central Whidbey Island Fire & Rescue's Annual Audit Reports are accessible from the District's web site (<http://www.cwfire.org/finance/financial-audit-reports/reports>) or through the State Auditor's Local Government Finance Reporting System (LGFRS). (<http://portal.sao.wa.gov/LGCS/Reports/>)

### **Financial Reporting**

All local governments, including fire districts must file an annual financial report with the State Auditor in accordance with Revised Code of Washington (RCW) 43.09.230.

At the highest level, the District's finances are organized by fund. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Each of the District's funds serves a specific financial purpose and has a separate budget. For example, the General Fund receives most types of revenue and is used for maintenance and operations while the Capital Projects fund is used specifically for capital projects. Funds are discussed in detail in the Budget Process section of this document.

The District uses fund accounting to provide a higher level of transparency and accountability (the structure and purpose of the District's funds is described in Overview of Budget Structure later in this Budget Document). One function of the Washington State Auditor's Budgeting and Reporting System is to allow comparison of financial data across similar municipal entities (who may or may not have the same fund structure). As such financial reporting is required to be submitted in a simplified format not fully inclusive of fund structure. Funds established to aid in management functions are combined within the General Fund as illustrated in Table 1.

Table 1. Fund Reporting

CWIFR's Fund Structure	As Reported to the Washington State Auditor
General Fund	General Fund
Contingency (Administrative) Fund	
Compensated Absences Fund	
Grant Management Fund	
Capital Projects Fund	Capital Projects Fund
Bond Fund	Bond Fund
Debt Service Fund	Debt Service Fund

Central Whidbey Island Fire & Rescue's Annual Financial Reports are accessible from the District's web site (<http://www.cwfire.org/finance/financial-audit-reports/reports>) or through the State Auditor's Local Government Finance Reporting System (LGFRS). (<http://portal.sao.wa.gov/LGCS/Reports/>)

### **Bond Rating**

In December 2017, the District received the highest bond rating grade of AAA from Standard and Poor's. This was a great accomplishment for the District and its citizens! A rating grade of AAA is considered the highest quality and it is unheard of for junior taxing districts such as CWIFR to receive a AAA rating. The AAA bond rating grade was based on the following key factors: 1) Demonstrated track record of very strong fund balances in the General Fund; 2) Strength of the local economy; 3) Growth in assessed value; 4) Financial management practices and policies; and 5) Experienced management in operating the District in an efficient manner



We welcome feedback on our budget document. Please contact me via e-mail ([cwfire@cwfire.org](mailto:cwfire@cwfire.org)), telephone (360) 678-3602, or stop by our headquarters station at 1164 Race Road.

Sincerely,

A handwritten signature in cursive script that reads "Kim Harpe".

Finance Officer Kim Harpe

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## Budget Summary

This summary provides an overview of CWIFR's annual budget and financial position in an easy to understand and simplified format. In addition to inclusion in the budget document, the summary is distributed to District residents in the District's Newsletter and is available for download in Portable Document Format (PDF) from the 2018 Budget Process page on the District website.

### Budget by Fund and Fiscal Performance Measures

Table 2 provides a summary of actual District revenues and expenditures in 2016 as well as the budgeted revenues and expenditures in the 2017 Adjusted Budget, and 2018 Adopted Budget for all. Additional detail is provided in the fund specific sections of this Budget Document.

Table 2. 2018 Financial Summary

<b>General Fund</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Beginning General Fund Balance</b>	\$2,331,498	\$2,628,225	\$2,541,748
Contingency (Administrative) Fund (10% of M&O)	\$190,745	\$227,410	\$230,532
Beginning GF Balance (Less Contingency)	\$2,140,753	\$2,400,815	\$2,311,216
<b>Revenue</b>			
Taxes	\$2,228,270	\$2,282,958	\$2,305,765
State Generated Revenue	\$10,601	\$14,476	\$14,476
Charges for Service	\$217,959	\$219,515	\$219,515
Miscellaneous Revenue	\$25,217	\$16,784	\$13,599
Other Revenue	\$12,894	\$2,500	\$2,500
Investment Interest	\$6,921	\$2,500	\$5,701
Total Operating Revenues	\$2,501,863	\$2,538,733	\$2,561,556
<b>Expenditures</b>			
Regular Budgeted Expenditures (M&O General Fund)	\$1,907,446	\$2,274,096	\$2,305,317
Contingency Expenditures	\$0	\$0	\$0
Investment Fee	\$249	\$300	\$300
Total Expenditures	\$1,907,696	\$2,274,396	\$2,305,617
<b>Interfund Transfers</b>			
To General Capital Projects Fund	\$288,000	\$349,000	\$203,745
To Compensated Absences Fund	\$9,440	\$1,814	\$1,431
To Grants Management Fund	\$0	\$0	\$1,186
To Debt Service Fund	\$0	\$0	\$0
Total Transfers From General Fund	\$297,440	\$350,814	\$206,362
<b>Ending General Fund Balance</b>			
Contingency (Administrative) Fund Ending Balance	\$190,745	\$227,410	\$230,532
Ending GF Balance (Less Contingency)	\$2,437,480	\$2,314,338	\$2,360,792
<b>Total Ending General Fund Balance</b>	\$2,628,225	\$2,541,748	\$2,591,324

Table 2. 2018 Financial Summary (Continued)

<b>Capital Projects Fund</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Beginning Capital Projects Fund Balance</b>	\$1,074,998	\$1,331,031	\$1,573,738
<b>Revenue</b>			
Investment Interest	\$4,535	\$0	\$3,364
<b>Interfund Transfers</b>			
From General Fund	\$288,000	\$349,000	\$203,745
<b>Expenditures</b>			
Investment Fee	\$92	\$92	\$92
Vouchers (Capital Projects Fund)	\$36,410	\$106,200	\$337,000
<b>Ending Capital Projects Fund Balance</b>	\$1,331,031	\$1,573,738	\$1,443,755
<b>Bond Fund</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Beginning Bond Fund Balance</b>	\$7	\$7	\$7,424,544
<b>Revenue</b>			
Bond Revenue	\$0	\$7,424,537	\$0
Investment Interest	\$0	\$0	\$15,603
<b>Interfund Transfers</b>			
To Debt Service Fund			\$2,337
<b>Expenditures</b>			
Vouchers (Bond Fund)	\$0	\$0	\$376,327
<b>Ending Bond Fund Balance</b>	\$7	\$7,424,544	\$7,045,880
<b>Debt Service Fund</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Beginning Debt Service Balance</b>	\$0	\$0	\$0
<b>Revenue</b>			
Property Taxes (Voter Approved Debt)	\$0	\$0	\$361,769
<b>Interfund Transfers</b>			
From Bond Fund	\$0	\$0	\$2,337
<b>Expenditures</b>			
Vouchers (Debt Service)	\$0	\$0	\$361,769
<b>Ending Debt Service Balance</b>	\$0	\$0	\$2,337



Table 2. 2018 Financial Summary (Continued)

<b>Compensated Absences Trust Fund</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Beginning Compensated Absences Balance</b>	\$17,684	\$27,170	\$29,047
<b>Revenue</b>			
Investment Interest	\$45	\$64	\$67
<b>Interfund Transfers</b>			
From General Fund	\$9,440	\$1,814	\$1,431
<b>Expenditures</b>			
Investment Fee	\$1	\$25	\$25
Vouchers (Compensated Absences)	\$0	\$0	\$0
<b>Ending Compensated Absences Balance</b>	\$27,170	\$29,047	\$30,545
<b>Grants Management Fund</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Beginning Grants Management Balance</b>	\$0	\$0	\$23,734
<b>Revenue</b>			
Grants	\$0	\$23,734	\$0
<b>Interfund Transfers</b>			
From General Fund	\$0	\$0	\$1,186
<b>Expenditures</b>			
Vouchers (Grants Management)	\$0	\$0	\$24,920
<b>Ending Grants Management Balance</b>	\$0	\$23,734	\$0
<b>All Funds</b>	<b>Actual 2016</b>	<b>Adjusted 2017</b>	<b>Adopted 2018</b>
<b>Total Ending Balance (All Funds)</b>	\$3,986,425	\$4,144,533	\$4,065,624

Table 2. 2018 Financial Summary (Continued)

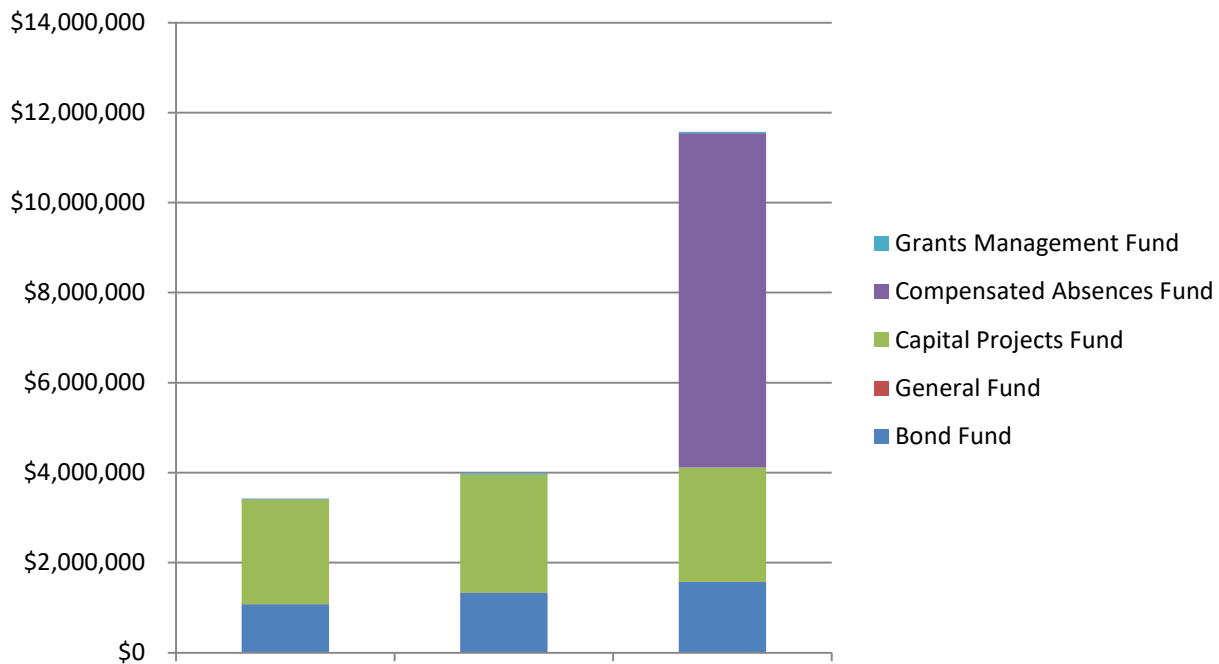
Fiscal Performance Measures	2016	2017	2018
<b>Fiscal Responsibility</b>			
General Fund Revenue-General Fund Expense	\$594,167	\$264,337	\$255,939
Expenditure/Capita	\$233.13	\$275.19	\$276.21
% Change in General Fund Balance	12.73%	-3.29%	1.95%
& Change in Capital Projects Fund Balance	23.82%	18.23%	-8.26%
% Change in Compensated Absences Fund Balance	53.64%	6.91%	5.16%
General Fund Cash Flow/General Fund Revenue	23.75%	10.41%	9.99%
General Fund Ending Balance/General Fund Revenue	105.05%	100.12%	101.16%
Long Term Debt/Assessed Value	n/a	n/a	0.36%
Debt Service/Operating Revenue	n/a	n/a	14.12%
% Full Funding of Contingency (Administrative) Fund	100.00%	100.00%	100.00%
% Full Funding of Capital Projects Fund	44.47%	48.88%	117.00%
% Full Funding of Compensated Absences Fund	126.43%	95.29%	100.00%
<b>Adequacy &amp; Sustainability of Funding</b>			
General Fund Balance as a % of GF Expense	122.22%	115.56%	110.24%
Revenue/Capita	\$305.74	\$307.17	\$309.93
Intergovernmental Revenues/Total Revenues	8.54%	8.42%	8.34%
Property Tax/Total Revenues	89.06%	89.93%	90.01%
General Levy Rate/Maximum Levy Rate	89.88%	86.33%	84.24%

Note: Per Capita Performance Measures are based on an anticipated 1% annual increase in population.

### Changes in Fund Balance

Changes in beginning fund balance and short-term trends are illustrated in Figure 1. Overall beginning fund balances are healthy with the total of all funds increasing between 2016 and 2018. Additional detail on projected changes in beginning fund balances is provided in the Long Term Financial Plan (Appendix D).

Figure 1. Fund Balances 2016-2018



### General Fund

The General Fund beginning balance increases in 2018 and will continue to do so until 2019. In 2019 the General Fund beginning balance will decrease annually (absent an increase in revenue). This change was anticipated based on constitutional limitations in property tax increases and is discussed in detail in the District's Long Term Financial Plan.

### Capital Projects Fund

The Capital Projects Fund beginning balance shows continued increases between 2016 and 2019. The beginning balance of the Capital Projects Fund will increase substantially in 2019 due to an influx of bond revenue, but the balance in this fund will fluctuate considerably over the next several years based on the schedule of capital projects.

### Bond Fund

The Bond Fund beginning balance was \$7 (residual from prior Limited Tax General Obligation (LTGO) bond retired in 2011). Proceeds from an Unlimited Tax General Obligation Bond approved by the voters in November 2017 were deposited prior to the end of 2017 providing a beginning balance of \$7,424,544

in 2018. This balance will be drawn down as capital projects funded by the bond are completed between 2018 and 2020.

***Debt Service Fund***

The Debt Service fund was created by the District following passage of the UTGO bond in November 2017. Bond levy funds will be deposited in the Debt Service Fund and expended for debt service in the year that funds are received. Beginning fund balance will be relatively level with any changes resulting from the timing of the receipt of tax revenue and payment of debt service.

***Compensated Absences Fund***

The beginning fund balance for the Compensated Absences Fund shows a slow increase between 2016 and 2018 and this trend will continue to maintain pace with the District's liability for compensated absences.

***Grants Management Fund***

This fund shows no beginning balance in 2016 through 2017 as the District did not receive any grant funding during this timeframe. The District received a federal grant in 2017 with a one-year period of performance. But no funds were disbursed to the District before the end of 2017. For the District's current grant, expenditures must be made within 30 days of disbursement, resulting in a fluctuating balance in this fund. Future beginning fund balances will be impacted if additional grant funding is received by the District.

## **District Overview**

Central Whidbey Island Fire & Rescue (CWIFR) operates as a legally organized fire protection district under the Revised Code of Washington (RCW) Title 52 and is governed by a three-member Board of Fire Commissioners, each serving a six-year term. As a fire protection district, CWIFR is a municipal corporation that is independent from Island County and the Town of Coupeville. However, CWIFR provides fire and rescue services to the town as well as unincorporated areas of Island County within the District's boundaries.

### **Governance**

By statute, the Board of Fire Commissioners is responsible for management of the affairs of the District. To that end, the Board establishes policy and provides direction to the Fire Chief who is responsible for the day-to-day operations and fiscal management of the District.

The Board of Fire Commissioners has considerable longevity. Commissioner Paul Messner has served since 1985, Commissioner Cheryl Engle has served since 1990 and Commissioner Steve Hutchinson has served since 2014. Commissioner Messner served as a firefighter from 1976 until his election as a Fire Commissioner in 1985 and Commissioner Steve Hutchinson served as a firefighter from 1988 until 2015.

### **Historical Perspective**

Central Whidbey Island Fire & Rescue (CWIFR) traces its roots to the Coupeville Volunteer Fire Department, formed in 1928 to provide fire protection for the Town of Coupeville. In 1952, the residents of the surrounding area formed Island County Fire District #5 to expand fire protection beyond the borders of the town. The District eventually expanded to six stations serving Central Whidbey Island. In 1987, the Town of Coupeville entered into an intergovernmental agreement with the Fire District to provide fire protection for the town, and over the next ten years, the district consolidated four smaller stations constructing larger facilities on Race Road in Coupeville and Day Road in Greenbank. In 1990 the Town of Coupeville annexed into the fire district which was renamed Central Whidbey Island Fire & Rescue (CWIFR). In 2011, the District further consolidated emergency response operations into three stations located on Main Street in Coupeville, on Race Road, and on Day Road in Greenbank.

## The District

Central Whidbey Island Fire & Rescue (CWIFR) serves an area of 50 square miles with a 2015 population of approximately 8,164 (WA OFM, 2016a, 2016b, 2016c) from three fire stations. CWIFR's response stretches from just south of Libby Road to just north of Mutiny Bay road and spans the breadth of the island (see Figure 2). This predominantly rural area includes the Town of Coupeville and the unincorporated community of Greenbank.

Figure 2. Central Whidbey Island Fire & Rescue Locus Map



## Coupeville

Coupeville is the second oldest town in Washington and is predominantly a residential community. However, Coupeville serves as the Island County Seat and the commercial center for the surrounding residential area. The town's area of just over one square mile is divided into two distinct areas divided by State Route (SR) 20. The older commercial district, which also contains county offices, and health care facilities is located north of SR 20. The area south of SR 20 includes schools and newer commercial development.

The Town of Coupeville also contains a majority of the District's target hazards<sup>1</sup>

- Front Street (several blocks of old, wood frame commercial buildings and Coupeville wharf)
- Commercial Buildings
- Island County Complex (e.g., court, jail, county offices)
- WhidbeyHealth Medical Center (Whidbey Island Hospital District)
- Careage Nursing Home
- Apartment Complexes
- Churches
- Manufactured Home Communities
- Bed and Breakfast Hotels
- Island County Museum
- Coupeville Elementary, Middle, and High Schools
- Multiple Historic Buildings
- Home Health Care/Group Home Facilities

### ***Ebey's Reserve***

Ebey's Reserve is the nation's first historical reserve, created in 1978 to protect a rural working landscape and community on Central Whidbey Island. The reserve includes 17,500 acres, 17 farms, over 400 historic structures, native prairies, two state parks, and the Town of Coupeville.

Target hazards in Ebey's reserve (outside the Town of Coupeville) include:

- Jacob Ebey House (National Park Service)
- Ferry House (National Park Service)
- Multiple Historical Agricultural Facilities and Homes

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<sup>1</sup> Target hazards present a higher level of risk than the typical residential structures found throughout the District.

### ***Other Areas of the District***

Areas of the District outside the Town of Coupeville are predominantly rural residential. However, there are multiple target hazards based on fire and non-fire risks.

- Seattle Pacific University Conference Center/Camp Casey
- United States Navy Coupeville Outlying Field (OLF)
- Greenbank Farm
- Washington State Ferry (Coupeville) Terminal
- Fort Casey State Park
- South Whidbey State Park
- Penn Cove Shellfish

### ***Transportation Infrastructure***

The primary transportation routes through the District are provided by State Routes 20 and 525. A limited number of major and secondary arterials parallel SR 20 and 525 in some areas of the District. However, there is not a secondary route of travel between Fire Management Zones (FMZs) 53 and 54. The Washington State Ferry connects with SR 20 at the Coupeville (Keystone) Ferry Terminal.

### ***Demographics and Geography***

The District is predominantly rural with a 2015 average population density of 163.28 people per square mile (mi<sup>2</sup>) with pockets of higher density throughout the District. However, the majority of CWIFR's response area is extremely rural.

As illustrated in Table 3 and Figure 3, the median age of the District's population is considerably higher than that of the state of Washington and of that for residents within the Oak Harbor (North Whidbey) zip code. The population within the Coupeville zip code has a slightly lower median age than that of residents in two of the three South Whidbey zip codes, and the median age of residents in the Greenbank zip code is substantially higher than in any other area on Whidbey Island.

The population and age-related demographics of the District have an impact on workload and ability to recruit volunteer members. The large number of District residents over the age of 50 results in a substantial demand for emergency medical services and a higher potential risk of injury and death from fire incidents. In addition, the limited number of residents in the age group typical of volunteer firefighters (particularly in Greenbank) presents an ongoing challenge to maintaining adequate staffing.

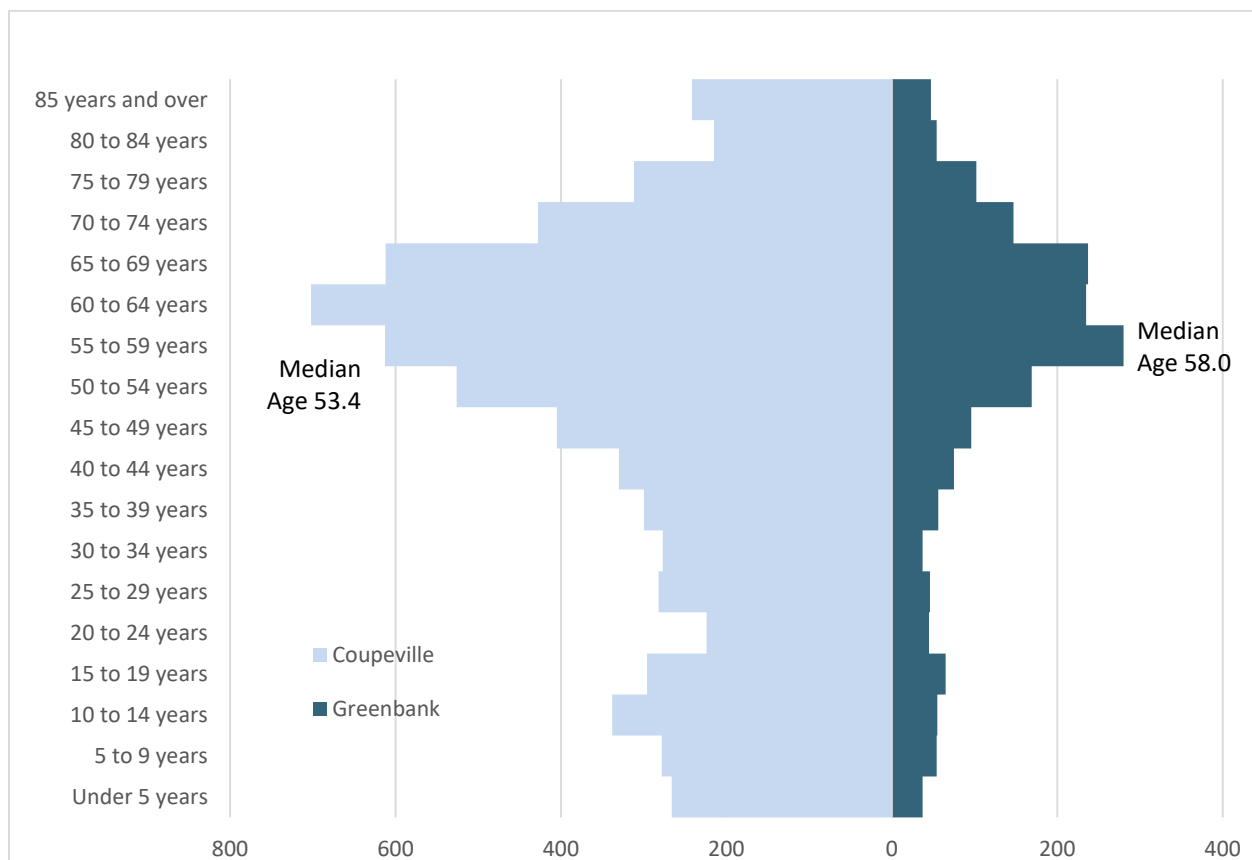


Table 3. Population and Median Age for Washington State and Whidbey Island

Area	Total Population	Median Age
Washington State	6,724,540	37.3
Oak Harbor/North Whidbey (98277)	37,823	33.0
Coupeville (98239)	6,646	53.4
Greenbank (98253)	1,837	58.0
Freeland (98249)	4,561	54.9
Langley (98260)	5,278	54.4
Clinton (89235)	5,635	51.2

*Note:* Developed from 2010 Census Data (US Census Bureau, 2015) American Fact Finder, Community facts [zip code] 98277, 98239, 98253, 98249, 98260, 98253, and [state] Washington.

Figure 3. Population Distribution by Age in Coupeville and Greenbank Zip Codes



*Note:* Developed from 2010 Census Data (US Census Bureau, 2015) American Fact Finder, Community Facts [zip code] 98239 and 98253.

### Description of Services Provided

Since the establishment of the Coupeville Volunteer Fire Department in 1928, fire and rescue services in Central Whidbey Island have changed considerably. Initially formed by community members as a defense against fire, we are now an all hazards service providing fire protection, emergency medical services, hazardous materials response, and rescue services. In addition, we have moved towards establishing prevention at the core of our service to the community.

Community Risk Reduction (CRR) involves both proactive prevention and education along with effective emergency response to reduce harm from fire, accidents, illness, and natural hazards. Table 4 illustrates CWIFR's proactive and response services.

Table 4. CWIFR Services

Prevention & Education	Response
<ul style="list-style-type: none"> <li>• Fire and Medical Community Education</li> <li>• Fire and Life Safety Inspections (Commercial)</li> <li>• Home Fire Safety Surveys</li> <li>• Address Sign Program</li> <li>• Hydrant Inspection and Testing</li> <li>• Pre-Incident Planning</li> <li>• Community Preparedness</li> </ul>	<ul style="list-style-type: none"> <li>• Fire Suppression (Structural and Vegetation)</li> <li>• Emergency Medical Services (EMS) in partnership with WhidbeyHealth EMS</li> <li>• Technical Level Marine Rescue</li> <li>• Operational Level Hazardous Materials Response</li> <li>• Operational Level Technical Rescue (rescue from height, confined spaces, trenches, or collapsed buildings)</li> <li>• Non-Emergency Services</li> </ul>

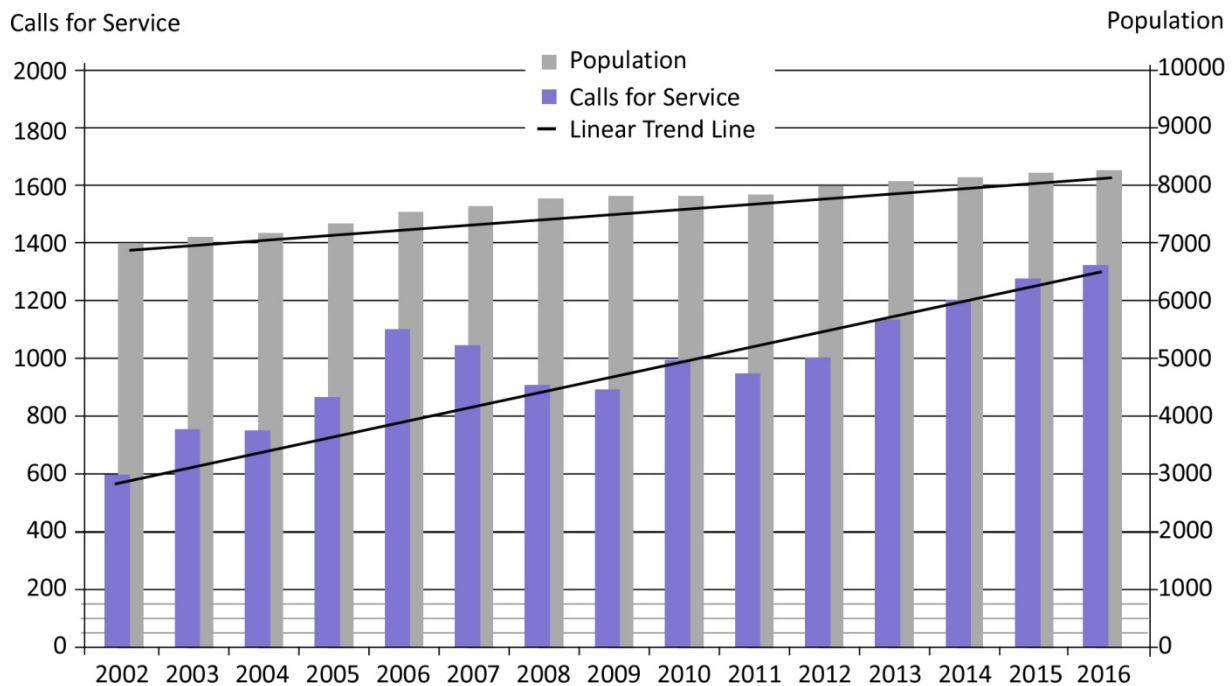
CWIFR maintains Interlocal Agreements with the Town of Coupeville and Island County to provide commercial fire and life safety inspections throughout the District.

Many of the response services provided by CWIFR are done in partnership with other agencies. CWIFR has automatic and mutual aid agreements in place with each fire agency on Whidbey Island to ensure the delivery of timely and effective emergency services. Additionally, the department routinely interacts with the Island County Sheriff's Office (ICSO), WhidbeyHealth Emergency Medical Services (WH EMS), and the United States Coast Guard (USCG). Response to large scale disasters often begins with fire, rescue, & EMS services, but expands to include a wider range of resources. During large scale emergencies such as landslides, CWIFR also works closely with the Island County Department of Emergency Management.

### Population and Demand for Emergency Services

Central Whidbey Island Fire & Rescue (CWIFR) has seen a slow, but steady increase in population over the last 15 years. During that same timeframe the total number of calls for service has also increased. During the last six years the demand for service has increased dramatically and consistently as illustrated in Figure 4.

Figure 4. Calls for Service and Population



Examining the linear trend lines for both population and total calls for service illustrates call volume is increasing substantially faster than the District's population. Based on 2017 year-to-date data, the District has experienced a 50% increase in call volumes since 2011.

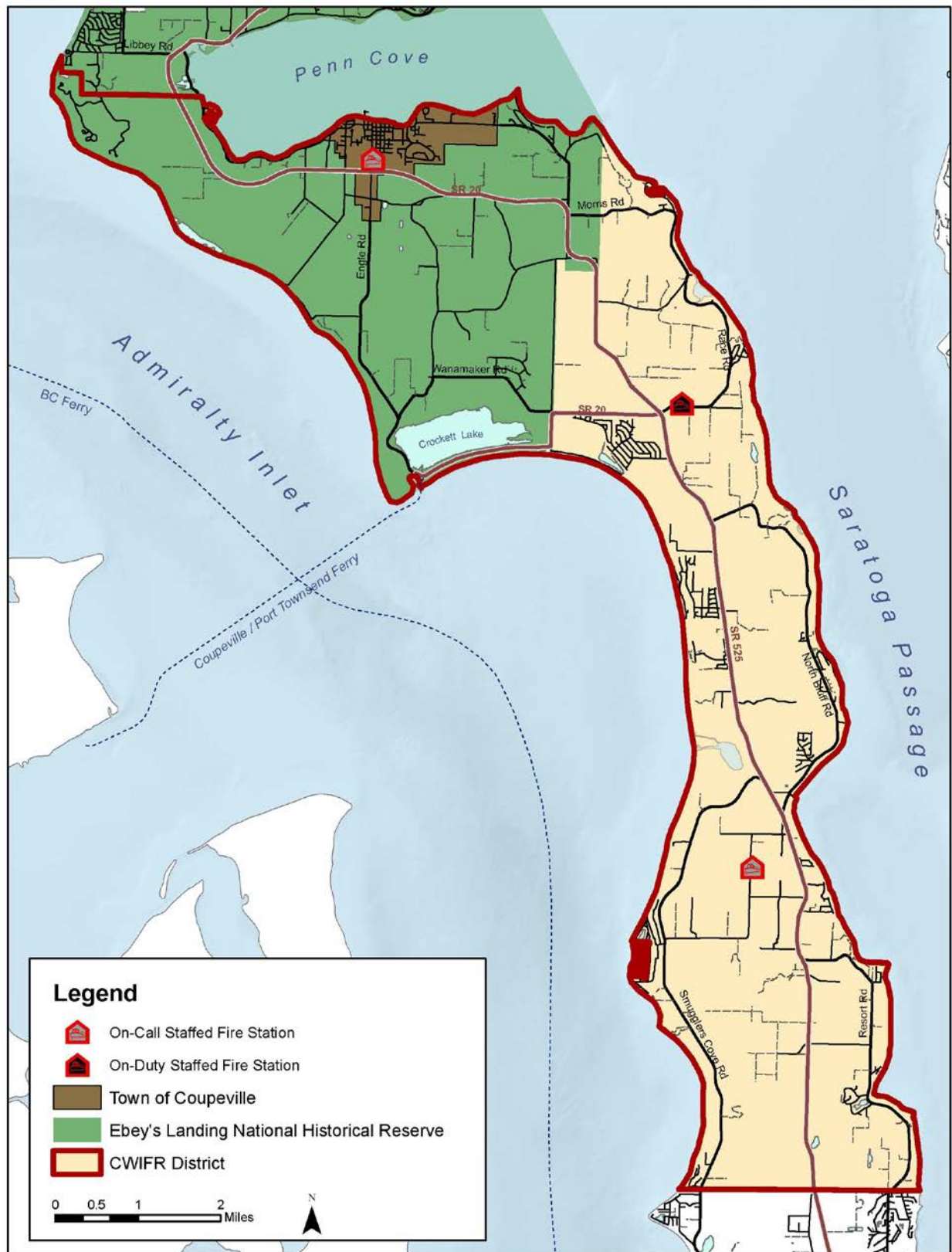
### **Non-Emergency Services**

District staff is engaged in a wide range of proactive risk reduction work, completing 231 fire and life safety inspections of commercial occupancies and inspection and/or flow testing 356 fire hydrants on an annual basis. In 2018, the District will be expanding these efforts beginning to develop pre-incident plans of approximately 200 target hazards and conducting a survey of long driveways that present a significant response and water supply challenge within the District.

### **District Boundaries and Fire Station Locations**

The District's northern boundary is just south of Libby Road and its southern boundary is just north of Mutiny Bay Road. The District is bounded on the east by Saratoga Passage and on the west by Admiralty Inlet (see Figure 5).

Figure 5. District Map





The District's three fire stations in Coupeville and Greenbank (see Figures 5-8) are geographically placed to limit travel time (see Figure 5). However, volunteer staffing and the geography of the District (long and narrow with limited travel routes) has a significant impact on second and third unit response times.

Figure 6. Station 51-Main Street, Coupeville



Figure 7. Station 53-Race Road, Coupeville



Figure 8. Station 54-Day Road, Greenbank



In 2011, Station 52 on Morris Road (see Figure 9) was decommissioned as a fire station and use shifted to serve as a logistics facility, providing space for storage of equipment and supplies. This decision was based on analysis of response data, and limited volunteer staffing for this station. Since, decommissioning this station, the District improved the fire insurance rating throughout the District.

Figure 9. Station 52 (Logistics Facility)



In 2015, the District completed a facilities study that concluded that the District's fire stations (51, 53, and 54) were in effective locations, but each need renovation and expansion to meet current and projected operational requirements and to provide a safe and effective work environment. The Board of Fire Commissioners prioritized renovation and expansion of Station 53 as the most important facilities improvement. Facilities requirements are addressed in detail in the section of the budget dealing with the Capital Projects Fund.

The extreme southern and northern ends of the District, which boarder South Whidbey Fire/EMS and North Whidbey Fire Rescue are served jointly through automatic aid agreements with both Districts. Based on these agreements, the closest station or stations with the shortest travel time are dispatched to emergency incidents. These partnerships allow all three districts to receive the benefit of reduced travel time based on station location regardless of jurisdiction.

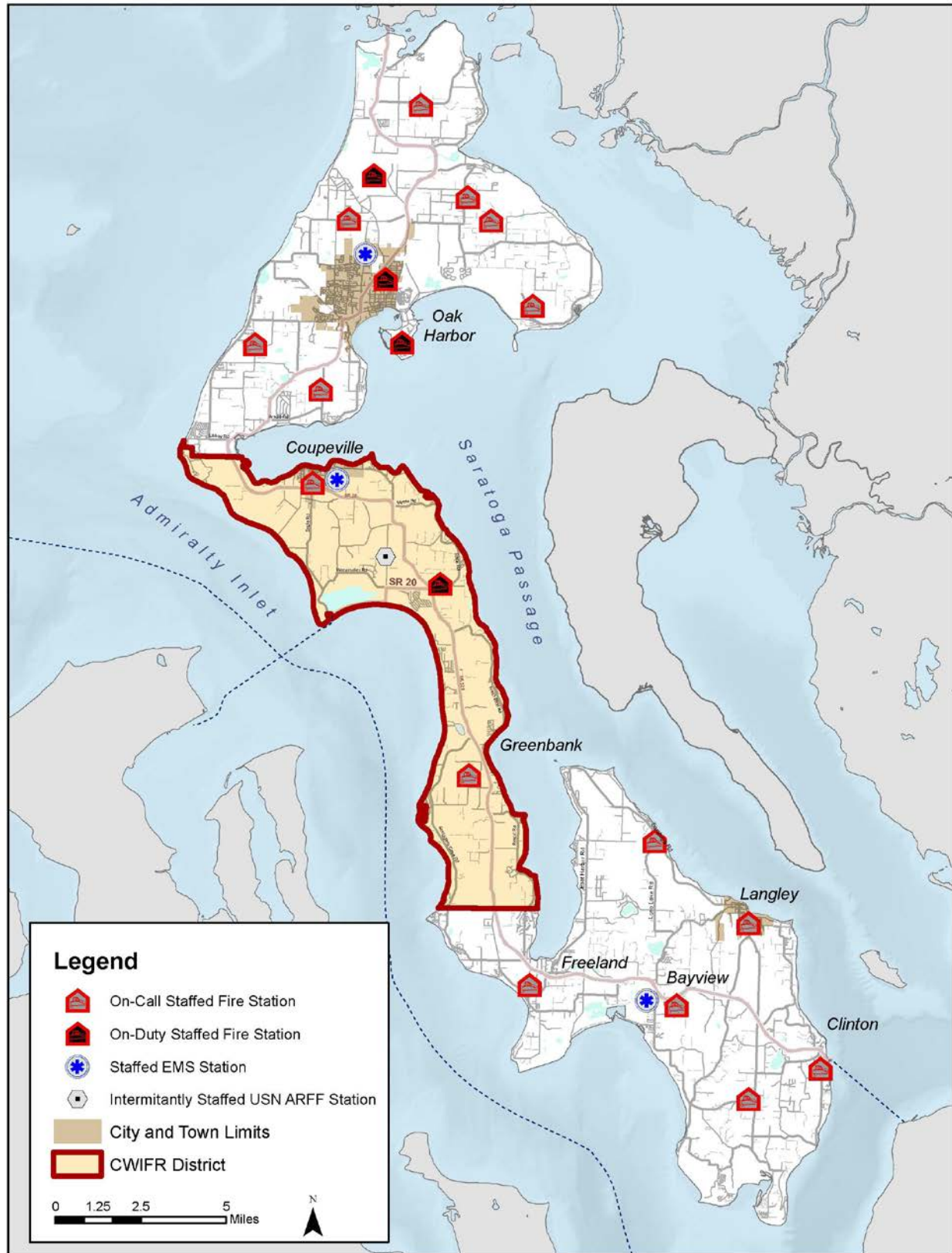
In addition to automatic aid (dispatched immediately), CWIFR maintains mutual aid agreements with all emergency service agencies on Whidbey Island under which agencies may request assistance needed for larger incidents or if resources are committed to another incident.

Ambulance service is provided from three WhidbeyHealth Ambulance Stations, one in Coupeville, the others are in Oak Harbor and Bayview. In addition, CWIFR operates a Basic Life Support Ambulance from the Race Road Fire Station

The location of automatic aid and mutual aid stations is illustrated in Figure 10.



Figure 10. Whidbey Island Fire Station Locations



### District Organization and Staffing

CWIFR serves the community with a combination of volunteers and paid (full and part-time) personnel. We refer to this as *The Three-Legged Stool* (see Figure 11). A three-legged stool is stable, even on an uneven surface if each of the legs is sufficiently strong. The same holds true for the District's staffing.

Figure 11. CWIFR's Three-Legged Stool



CWIFR staffs Station 53 on Race Road 24-hours per day, 365 days per year with an average of three personnel, using a combination of full-time, part-time, and volunteer members. A full-time Lieutenant (or full-time Firefighter acting as a Lieutenant) supervises the on-duty staff. In addition, the District ensures that a command officer (Chief or Captain) is either on-duty or on-call (available for immediate response from within the District). This limited on-duty staffing provides rapid response, but is not adequate to deal with incidents such as a cardiac arrest, motor vehicle accidents with multiple patients or which require extrication, or structure fires which require considerably more personnel. When faced with a major incident or with multiple concurrent calls for service (which happens several times per month), CWIFR relies on volunteer members as well as off-duty full and part-time members to provide adequate staffing. Figure 12 illustrates the District's organization and lines of accountability and Table 5 provides a summary of personnel by classification and Division.

In addition to emergency response duties, our full-time Firefighters and Fire Officers are responsible for a wide range of program and project work that is necessary to support District operations. Figure 13 illustrates the District's functional organization.



Figure 12. CWIFR Organization/Lines of Accountability

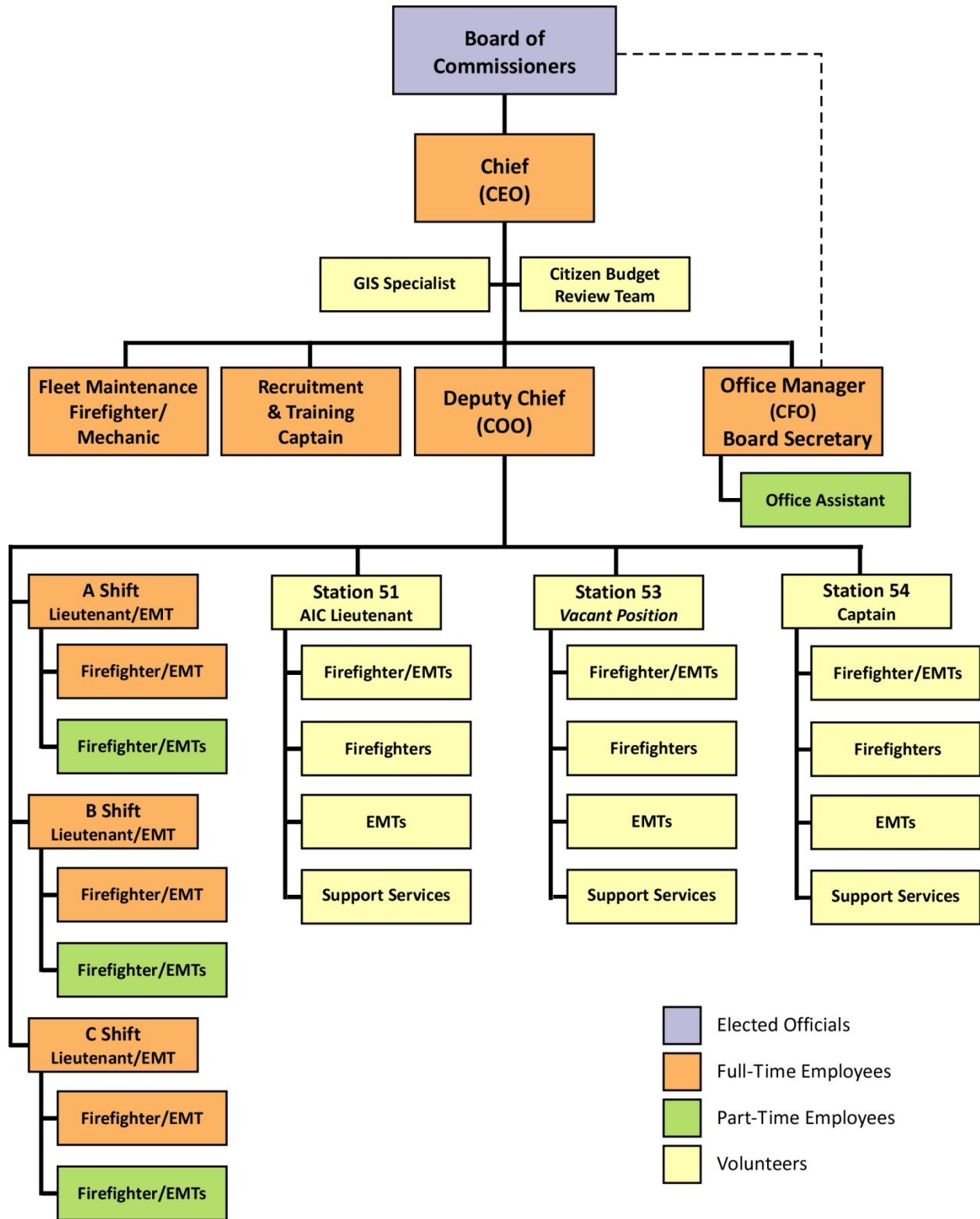


Table 5. Summary of Personnel

2016 Personnel	Administration	Operations	Life Safety/CRR	Training	Facilities	Vehicle Maintenance	Total District Staff
Full-Time	3.00	0.00	6.00	1.00	0.00	1.00	11.00
Part-Time	0.50	10.00	0.00	0.00	0.00	0.00	10.50
Volunteer	0.00	17.00	1.00	0.00	0.00	0.00	18.00
Subtotal	3.50	27.00	7.00	1.00	0.00	1.00	39.50

2017 Personnel	Administration	Operations	Life Safety/CRR	Training	Facilities	Vehicle Maintenance	Total District Staff
Full-Time	3.00	0.00	6.42 <sup>2</sup>	1.00	0.00	1.00	11.42
Part-Time	0.50	9.58 <sup>1</sup>	0.00	0.00	0.00	0.00	10.08
Volunteer	0.00	22.00	1.00	0.00	0.00	0.00	23.00
Subtotal	3.50	32.00	7.00	1.00	0.00	1.00	44.50

2018 Personnel	Administration	Operations	Life Safety/CRR	Training	Facilities	Vehicle Maintenance	Total District Staff
Full-Time	3.00	0.00	6.17 <sup>1</sup>	1.00	0.00	1.00	11.17
Part-Time	0.50	9.83 <sup>1</sup>	0.00	0.00	0.00	0.00	10.33
Volunteer	0.00	27.00	7.00	0.00	0.00	0.00	35.00
Subtotal	3.50	38.83	13.17	1.00	0.00	1.00	56.50

<sup>2</sup> The manager of the CRR Division was on light duty for five months in 2017 and will be on light duty for two months in 2018, requiring increase in full-time staffing in the CRR Division for that period of time (promoting a Part-Time Firefighter to temporary Full-Time Firefighter). Additional detail is provided in the CRR Division Budget. This reduced part-time staffing and increased full-time staffing during this time period.

Figure 13. Functional Organization



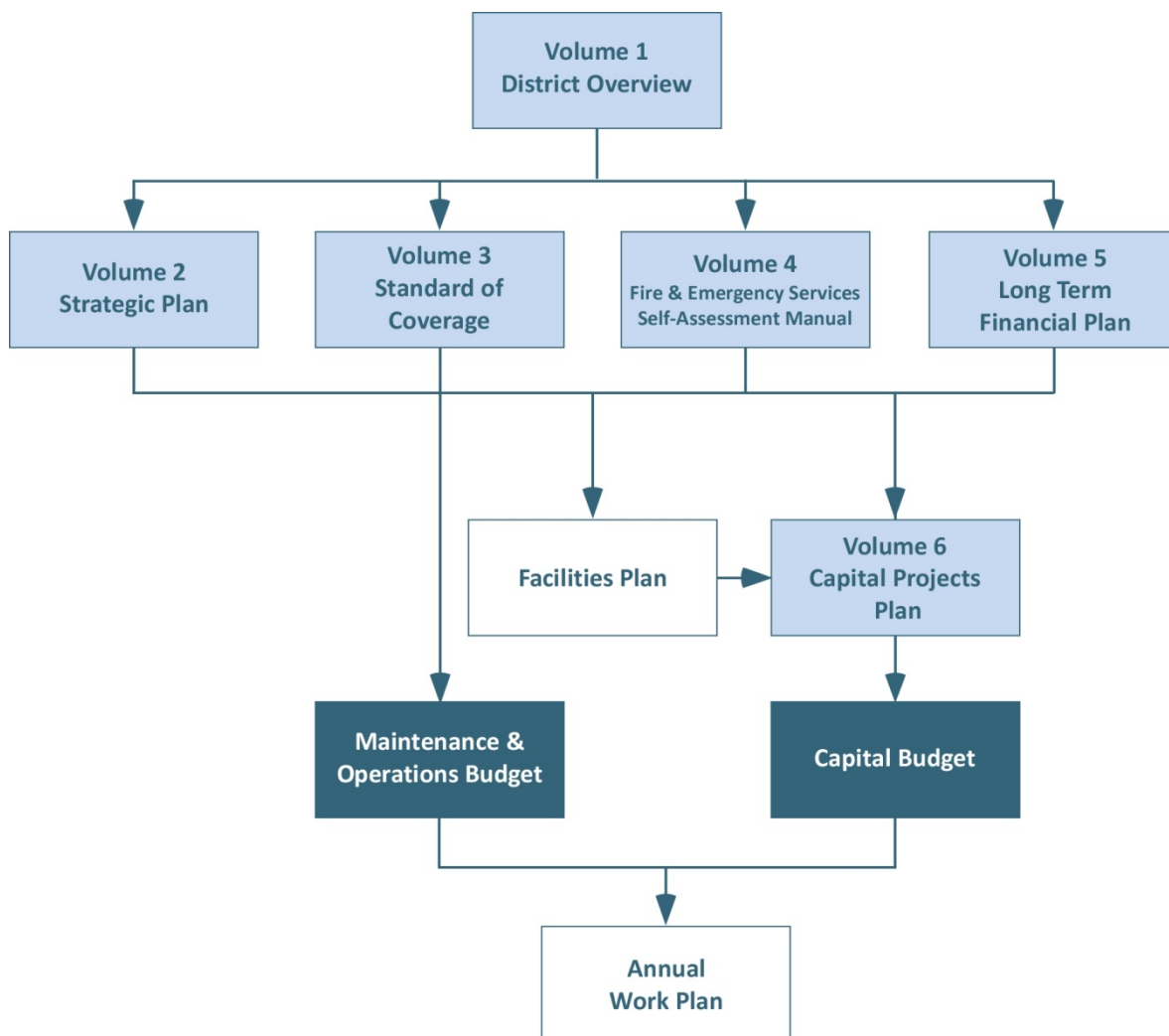
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## Integrated Comprehensive Planning

Central Whidbey Island Fire & Rescue (CWIFR) maintains several strategic level plans to guide its ongoing operations with a forward-looking orientation. Each of these plans is a component of the District's Integrated Comprehensive Plan (ICP). Use of integrated comprehensive planning reduces duplication of effort and maximizes the effectiveness of the District's planning process.

The ICP provides direction to the District's annual budgeting and work planning process which provides the mechanism to translate strategic level plans into action to address the District's goals and initiatives. Figure 14 illustrates the components of the Integrated Comprehensive Plan, their relationships to one another and connection to the District's annual budget process and work plan.

Figure 14. CWIFR Integrated Comprehensive Plan & Annual Budgets



**Volume 1-District Overview (CWIFR, DRAFTa):** Each element of the District’s comprehensive planning process is rooted in a sound understanding of the nature and characteristics of the community, and the District’s service delivery system. This volume of the Comprehensive Plan provides an overview of the community including demographics, geography, economic profile, and critical infrastructure. In addition, it examines the District’s legal basis for existence, history, services provided, facilities, resources, staffing, organization, and deployment model. Download [Volume 1 District Overview](#).

**Volume 2-Strategic Plan (CWIFR, 2016):** CWIFR’s Strategic Plan sets our organizational direction by establishing goals, but identifies specific initiatives necessary to accomplish these goals and a means for measuring progress. This plan is a living document, intended to guide and support ongoing operations and is solidly integrated with the District’s budgetary and operational business planning processes. Download [Volume 2 Strategic Plan](#).

**Volume 3-Community Risk Assessment, Standard of Coverage, & Community Risk Reduction Plan (CWIFR, DRAFTb):** The District’s Community Risk Assessment (CRA), Standard of Coverage (SOC) and Community Risk Reduction (CRR) Plan provides a rational and systematic method of examining risk and strategies to reduce and respond to those risks. This document provides an assessment of community fire and non-fire risks, establishes baseline and benchmark response performance standards, provides a basis for measuring service delivery performance, and identifies strategies and performance measures for proactive risk reduction. Download [Volume 3 CRA, SOC, and CRR Plan](#).

**Volume 4-Fire and Emergency Services Self-Assessment Manual (DRAFTc):** The Fire and Emergency Services Self-Assessment Manual (FESSAM) (CPSE, 2015) provides a structured approach to examining the District’s current performance, assessment of this performance against criteria established by the Center for Public Safety Excellence (CPSE) Commission on Fire Accreditation International (CFAI) and developing a plan for continuous improvement. While this document is one of the key elements in fire department accreditation, the District has used this self-assessment process for six years prior to formally moving forward in the accreditation process. Download [Volume 4 FESSAM](#).

**Volume 5-Long Term Financial Plan (CWIFR, 2017a):** Long term financial planning involves financial forecasting and strategizing how to meet both current and future needs of the community. This volume of the Integrated Comprehensive Plan provides a financial forecast projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Download [Volume 5 Long Term Financial Plan](#)

**Volume 6-Capital Projects Plan (CWIFR 2017b):** This volume of the Integrated Comprehensive Plan establishes a long term, prioritized schedule of capital investments to ensure that the District has sufficient resources to fulfill its mission and that critical assets are repaired or replaced before they reach their end of useful life. The Capital Projects Plan provides a basis for development of the District’s annual Capital Budget. Download [Volume 2 Capital Projects Plan](#).

## Overview of the District's Strategic Plan

The District updated and revised its Strategic Plan in 2016. This process reaffirmed CWIFR's values, mission, and vision and resulted in refinement and revision of the District's strategic goals, initiatives, and performance measures.

- **Strategic Goals:** Six strategic goals were established to provide a clear enterprise-wide strategy.
- **Initiatives:** Two to three initiatives were developed for each of the six strategic goals. These initiatives provide an organizing framework for performance improvement.
- **Performance Measures:** Performance measures were refined and revised to provide specific and measurable evidence of progress towards meeting the District's strategic goals.

As with initial development of the District's Strategic Plan, the process of revision was as important as the end product. CWIFR continued use of the Balanced Scorecard (Kaplan & Norton, 2004) concept and the Applied Strategic Planning Model (Nolan, Goodstein, & Goodstein, 2008) to refine and revise its strategic goals, initiatives, and performance measures that focused on the community, fiscal stewardship, internal process, and resource requirements. Elements of this important and ongoing planning process included:

- Political, Fiscal, and Operational Monitoring
- Definition of the District's Values, Mission, & Vision
- Strategic Business Modeling
- Performance Audit
- Identification of Critical Issues and Service Gaps
- Action Planning
- Scenario Based Contingency Planning

The Strategic Plan continues to be a working document, with its content integrated into all aspects of District operations. For example, our Values, Mission, and Vision are an essential part of the District's recruitment and hiring, promotional process, and performance feedback system. Our strategic goals and initiatives serve as a roadmap for continuous improvement and are woven into our budget process.

## CWIFR's Organizational Values

CWIFR and its members are committed to this common set of values that drive our interactions with the community and one another. As illustrated in Figure 15, *Integrity* and *Compassion* are at the core of CWIFR's values and surrounded by *Professionalism* and *Excellence*.

Figure 15. CWIFR Organizational Values



Our values are fully integrated into our recruitment process for volunteers as well as part-time and full-time employees, performance feedback to our members, promotional process, and many other aspects of District operations.

### **Mission**

CWIFR's mission defines our purpose for existence:

***Central Whidbey Island Fire & Rescue's mission is to partner with our community to proactively reduce risk from fire, illness, injury and other hazards.***

Fire districts were originally conceived to respond to and control fires. This role has expanded over time to include considerably more diverse types of emergency response services including care of the sick and injured, rescue from dangerous conditions, control of utility hazards and hazardous materials releases. However, once an emergency has occurred, harm has already occurred and likely will increase without intervention. The best way to mitigate the risk of harm is to prevent the emergency.

### **Vision**

An organizational vision is a clear and succinct description of what the organization or community should look like after it successfully implements its strategies and achieves its full potential. Ideally, the vision creates tension between this ideal, the current state of affairs, and what is possible. During CWIFR's community based strategic planning process, members of the working group crafted the following vision:

***Central Whidbey Island Fire & Rescue: World class fire and rescue services***

World class may mean many things. To provide clarity for this simple, but audacious vision, the working group described what this would look like in our community:

***CWIFR has implemented fiscally sustainable, fire and rescue services best practices. Working with, not simply for the community, we have developed Central Whidbey Island into a safe and resilient place to live and work. The community has trust and ownership of their fire and rescue services as we serve with openness and transparency.***



### Strategic Themes and Outcomes

Strategic themes are the focus of CWIFR's strategy, or key areas in which we must excel to achieve our mission and vision. While themes are expressed in general terms, each is intended to achieve a specific and explicitly stated outcome. Table 6 outlines the District's strategic themes and outcomes.

Table 6. Strategic Themes & Outcomes

<b>Strategic Theme: Community Risk Reduction</b>
<b>Outcomes:</b> CWIFR's services provide a safer and more resilient community by reducing the rate at which emergency incidents occur and reducing the severity of those that do occur.
<b>Strategic Theme: Community Partnerships</b>
<b>Outcomes:</b> CWIFR works effectively with our partners to maintain a close relationship with the community and provide effective and efficient service delivery.
<b>Strategic Theme: Organizational Excellence</b>
<b>Outcomes:</b> CWIFR consistently provides services needed by the community in a timely, effective, and efficient manner.

### Critical Perspectives

Each strategic theme is examined through four different lenses: from the perspective of the community, financial stewardship, internal processes, and physical and human resources. As illustrated in Table 7, each perspective provides answers to an important question.

Table 7. Critical Perspectives

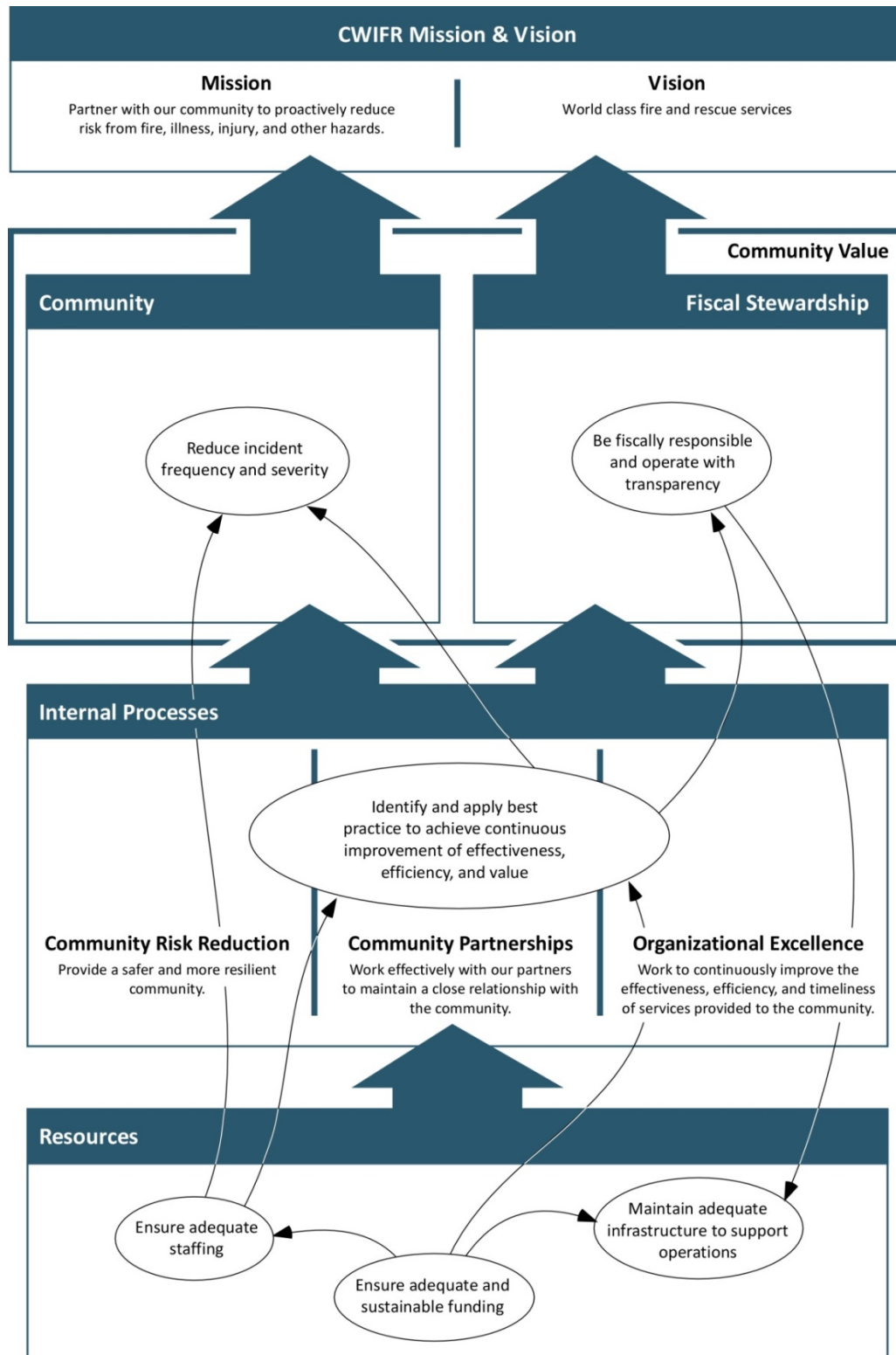
Perspective	Questions Answered	
Community	How will we achieve or exceed the community’s risk reduction outcome objectives?	How will we provide the greatest value to the community?  (Outcomes/Cost Effectiveness)
Fiscal Stewardship	How will we provide the most cost-effective service to the community?	
Internal Processes	In what internal processes must we excel to exceed the community’s expectations?	
Physical and Human Resources	What resources and capabilities are required to exceed the community’s expectations?	

### Enterprise Wide Strategy

CWIFR's three themes: Community Risk Reduction, Community Partnerships, and Organizational Excellence provide structure and a solid foundation for the District's Strategic Plan. Each theme may be

examined individually; however, there are several strategic goals that cross two or even all three themes. Figure 16 illustrates how these goals relate to our Strategic Themes, Mission, and Vision.

Figure 16. Enterprise Wide Strategy Map



As CWIFR's Enterprise Wide Strategy is based on integration of its strategic goals, it serves as the District's strategic bull's eye.

### Strategic Goals and Initiatives

Each Strategic Goal is supported by specific initiatives that continue for the duration of the plan (2017-2021). In most cases, Strategic Goals and in some cases, initiatives involve more than one Division. Table 8 illustrates responsibility for strategic goals and initiatives by Division.

Table 8. Division Responsibility for Strategic Goals and Initiatives

◆ Primary Responsibility

◆ Supportive Responsibility

Goals & Initiatives	Administration	Operations	CRR	Training/ Recruitment	Facilities	Fleet
Reduce incident frequency and severity. [Community]	◆	◆	◆	◆	◆	◆
<i>Focus prevention and public education on community risks.</i>			◆			
<i>Improve operational capability to address community risks.</i>		◆		◆		
Be fiscally responsible and operate with transparency. [Fiscal Stewardship]	◆	◆	◆	◆	◆	◆
<i>Develop, maintain, and operate under sound fiscal policy and procedure.</i>	◆					
<i>Engage the community in building awareness and understanding of the District's fiscal and policy making processes.</i>	◆					
<i>Develop and maintain a capital projects plan to meet the District's capital infrastructure needs.</i>	◆	◆			◆	◆
Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. [Internal Process]	◆	◆	◆	◆	◆	◆
<i>Maintain the District's Strategic Plan.</i>	◆					
<i>Develop and maintain the District's Community Risk Assessment, Community Risk Reduction Plan, and Standard of Cover.</i>	◆	◆	◆			
<i>Complete and maintain the District's Fire and Emergency Services Self-Assessment (FESSAM)</i>	◆	◆	◆	◆	◆	◆
<i>Integrate the Strategic Plan, Community Risk Assessment, Community Risk Reduction Plan, and Standard of Cover; and the FESSAM into the District's annual planning cycle and budget process.</i>	◆					
Ensure adequate and sustainable funding. [Resources]	◆					
<i>Develop alternative (non-property tax) revenue sources consistent with the District's mission.</i>	◆					
<i>Develop and present property tax funding alternatives (e.g., lid lift, voter approved bond measure) to the Board of Fire Commissioners as necessary to meet and continue established service delivery levels.</i>	◆					

Table 8. Division Responsibility for Strategic Goals and Initiatives (Continued)

◆ Primary Responsibility						
◆ Supportive Responsibility						
Goals & Initiatives	Administration	Operations	CRR	Training/ Recruitment	Facilities	Fleet
Ensure adequate staffing [Resources]	◆	◆		◆		
<i>Engage in effective recruitment to strengthen volunteer staffing to meet the District's operational requirements.</i>	◆			◆		
<i>Provide the tools and support necessary to develop and maintain a competent workforce.</i>	◆			◆	◆	◆
<i>Engage our members in a comprehensive effort to develop and maintain health, wellness, and physical capacity.</i>	◆	◆	◆	◆	◆	◆
Maintain adequate infrastructure to support operations. [Resources]	◆				◆	◆
<i>Maintain District facilities to minimize operational cost over their lifecycle.</i>	◆				◆	
<i>Maintain the District's apparatus and equipment to minimize operational cost over their lifecycle.</i>	◆					◆

### Performance Measurement

Why measure performance? “Neither the act of measuring performance nor the resulting data accomplishes anything itself; only when someone uses these measures in some way do they accomplish something” (Behn, 2003, p. 586). Measuring performance is essential to both defining a starting point and for evaluating progress. As Kaplan and Norton (2004) observe, “You can’t manage what you can’t measure...You can’t measure what you can’t describe” (p. xiii).

Effective organizational performance requires measurement to first establish a baseline and subsequently to evaluate progress toward established goals. However, performance management provides benefits beyond checking progress (Neely, 2002).

Performance measurement supports continuous learning in which feedback is used for identifying achievements and adjusting agreed-upon strategies or initiatives. This process is critical to continued progression towards the attainment of organizations’ mission and vision. It also can provide a balanced and systematic attempt to assess the effectiveness of operations from different points of view: financial, operational performance, community, and members.

### Strategic Performance Measures

One of CWIFR’s enterprise-wide Strategic Goals is to identify and apply best practices to achieve continuous improvement of effectiveness, efficiency, and value. Performance measurement is essential in assessment of progress towards this goal.

In the end, performance is measured after the fact. For example, success in treating a patient that is in cardiac arrest can only be determined after the patient survives to leave the hospital and return to a

normal life (or they do not). Similarly, community fire safety can be measured based on death, injury, and property loss. These are lagging (after the fact) or outcome measures. In most cases, outcomes are influenced by multiple factors, some of which are directly controlled or influenced by the District and others which are outside the District's direct control or influence. For example, emergency medical outcomes are influenced by the patient, the patient's primary care physician, CWIFR, WhidbeyHealth Emergency Medical Services (WH EMS), and the definitive care provided by WhidbeyHealth or another hospital. Fire safety outcomes are similarly complex.

Leading indicators or performance drivers measure factors that are critical to achievement of specified goals or successful performance as measured by lagging indicators (outcome measures). For example, in both cardiac arrest and structure fire response, response time is an important factor and may serve as a useful leading indicator or performance driver when assessing emergency response effectiveness.

### ***CWIFR's Balanced Scorecard***

The District's 2017-2021 Strategic Plan (CWIFR, 2016) refined and clarified measures to ensure close alignment with the District's strategic goals and provide a Balanced Scorecard examining performance through the community, fiscal stewardship, internal process, and resources lenses.

Starting with this year's 2018 Budget Document, performance measures are presented within General Fund Budget by Division. This approach provides a stronger connection between Division responsibilities, performance, and budgeted funds. Table 9 specifies the location and provides links to the performance measures for each Division.

Table 9. Performance Measures Reference

Division	Page Reference
Administration	<a href="#">Pages 73-76</a>
Operations	<a href="#">Pages 85-87</a>
Community Risk Reduction	<a href="#">Pages 97-99</a>
Training and Recruitment Division	<a href="#">Pages 107-108</a>
Facilities	<a href="#">Pages 116-115</a>
Fleet Maintenance	<a href="#">Pages 123-124</a>

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## Budget Process

CWIFR strives to maximize effectiveness, efficiency, and value to the community. In addition, we endeavor to be transparent in our decision-making and financial affairs to allow our taxpayers and the District's voters to have the ability to assess if we are making efficient use of public funds and providing good value for the cost of our services. This section of the budget provides an overview of our budgeting, accounting, and financial management processes.

### Budget Philosophy

The District maintains a conservative fiscal philosophy and endeavors to make financial decisions in the best interests of its taxpayers. The annual operating and capital budgets provide the financial basis for implementing the District's Integrated Comprehensive Plan (ICP) and meeting our mission of partnering with the community to reduce risk.

The budget is based on clearly articulated policies. It is realistic and includes adequate resources to accomplish identified goals and objectives. Once adopted, the Fire Chief is given spending authority consistent with policy guidance and within budgeted funds.

### Bottom Up Budgeting

CWIFR uses a bottom up budget process that engages project and program managers in developing budgets for each functional area of District operations. These budgets are consolidated, reviewed, and refined to produce the Proposed District budget.

In addition to building its budget from the bottom up, CWIFR uses Modified Zero Based Budgeting. In this process, it is not assumed that the current year's spending for a program or function is justified.

Expenditures are examined to identify answers to the following questions:

- Is this expenditure or level of expenditure in the best interest of the community that we serve?
- Are the goals and objectives of the program or function identified in the District's strategic plan?
- Are there other less costly and/or more effective ways of achieving the desired outcomes?
- Would overall achievement of the District's strategic goals be improved if funding was shifted from the program under review to another area of District operations?

As illustrated in Table 10, this bottom up, modified zero based budgeting process has both advantages and disadvantages.

Table 10. Advantages and Disadvantages of Bottom Up Budgeting

Advantages/Reinforcing Strategy	Disadvantages/Mitigating Strategies
<p><b>Participative Process:</b> Bottom up budget development is a participative process in which the members involved develop a greater sense of ownership and commitment to the budget as a financial plan.</p> <p><b>Reinforcing Strategy:</b> The District's budget is used as an ongoing tool by all members with program or project management responsibility. Integration of the budget into program and project management as well as real time access to financial data increases commitment to the budget as the District's working financial plan.</p>	<p><b>Time Required:</b> Development of the District budget from the bottom up takes a significant commitment of staff time for developing program, project, and division budget proposals, executive review, and refinement of the Adopted District budget.</p> <p><b>Mitigation Strategy:</b> The District's Budget Calendar is designed to provide adequate staff time for budget development and integrates the budget development process into ongoing staff work.</p> <p><b>Lack of Expertise:</b> This approach requires individuals who may have limited experience and expertise to develop detailed budget projections.</p> <p><b>Mitigation Strategy:</b> Professional development includes training and ongoing coaching in budget development and use of the budget as an ongoing financial management tool.</p>
<p><b>Accuracy:</b> A bottom up budget has potential to be more accurate as those involved are closest to the work that will be performed.</p> <p><b>Reinforcing Strategy:</b> Integration of the budget into program and project management along with accurate accounting by expense category provides ongoing improvement in budget accuracy.</p>	<p><b>Overestimation:</b> Competition for scarce resources may lead to overestimation of budget needs.</p> <p><b>Mitigation Strategy:</b> Budget review at the Division and District level along with the use of a modified zero-based budgeting process, controls for overestimation of budget needs.</p>
<p><b>Improved Communication and Coordination:</b> Budget development from the bottom up improves communication and coordination between project and program managers and District Executive Staff.</p> <p><b>Reinforcing Strategy:</b> Regular fiscal reporting and ongoing conversation between the District's Executive Staff and members responsible as Program and Project Managers maintains a focus on the budget as a working document.</p>	<p><b>Lack of Context:</b> In many organizations, rank and file members and first or second line supervisors do not have knowledge of strategic level organizational goals that impact budget development.</p> <p><b>Mitigation Strategy:</b> The District's mission, values, and vision are integrated with ongoing operations. Within the budget process, Project, Program, and Division Budgets must be tied closely to specific strategic goals and initiatives.</p>

### **Budget Calendar and Workflow**

The District's budget process begins in April with review of the District's Strategic Goals, Capital Projects Plan, and other major policies, followed by development of Project, Program, and Division Budgets and concludes in November with adoption of the budget by the Board of Fire Commissioners and submittal to the Island County Auditor. Table 11 details the timeline for specific budget development activity taking place over the course of the year.



Table 11. CWIFR Budget Calendar

Month	Activity
April	Board of Commissioners major policy review <ul style="list-style-type: none"> <li>• Strategic Goals</li> <li>• Capital Projects Plan</li> <li>• Other Major Policies</li> </ul> Executive Staff Multi-Year Fiscal Projections
June	Community Budget Review Working Group review of budget assumptions Development of Division Budgets
July	
August	Review & revision of Division Budgets Draft District Budget input (BIAS)
September	Executive review & revision of the Proposed District Budget Community Budget Review Working Group review of Proposed District Budget
October	Submittal of the Proposed District Budget to the Board of Fire Commissioners Public Budget Hearing Budget accepted, or revisions specified by the Board of Fire Commissioners
November	Adoption of the Budget by the Board Adopted Budget submitted to the Island County Auditor Board of Fire Commissioners, Executive Staff, and Community Budget Review Working Group review and discussion of the budget process and recommendations for improvement.
December	Adopted budget submitted to the Government Finance Officers Association (GFOA) Distinguished Budget Award Program for review.

### ***Development of Division Budgets***

Just as the Division Budgets are the foundation for development of the overall District Budget, Program Budgets provide the basis for development of Division Budgets.

**Budget Requests:** Division and Program Managers must be able to speak to the reason for each specific budget request, why this expenditure is in the best interest of the community, how the expenditure supports achievement of the District's strategic goals and initiatives, and what alternatives were considered in determining that this expenditure was the most cost-effective approach. Within the operating budget, any expenditure that reflects a significant change (increase/decrease in expense or addition or elimination of a service or program) must be accompanied by a narrative explanation or justification.

**Division Business Plan:** Division Managers must review the District's adopted strategic goals and related initiatives and submit a Business Plan along with their Division Budget Detail Worksheet including:

- Division Title
- Purpose of the Division (explanation of why the Division exists)
- Programs within the Division's area of responsibility
- Strategic Goals supported by Division activities
- Accomplishments achieved in the prior year
- Projects that will be implemented or in progress during the budget year

Each Division's project is tied to specific Strategic Goals, Initiatives, and Commission on Fire Accreditation International (CFAI) Accreditation Criteria. Developing these Business Plans ensures alignment between the District's Strategic Plan and Budget.

#### ***Capital Projects Plan and Budget***

Capital projects are defined as having a cost of greater than \$5,000 and a useful life of more than three years. Capital projects may include real property, equipment, or software. Annual transfers between the General Fund and Capital Projects Fund are based on amortized expense of specific capital projects as defined by the Board of Fire Commissioners.

The District maintains a detailed ten-year capital projects plan which serves as the foundation for the annual Capital Budget. The capital projects plan is reviewed by the Board of Fire Commissioners in April of each year prior to the start of the budget development process. The plan consists of

- Capital Projects Fund Cash Flow and Overview of Scheduled Projects
- Individual Capital Project Request and Estimates of Cost
- Capital Projects Amortization Schedule

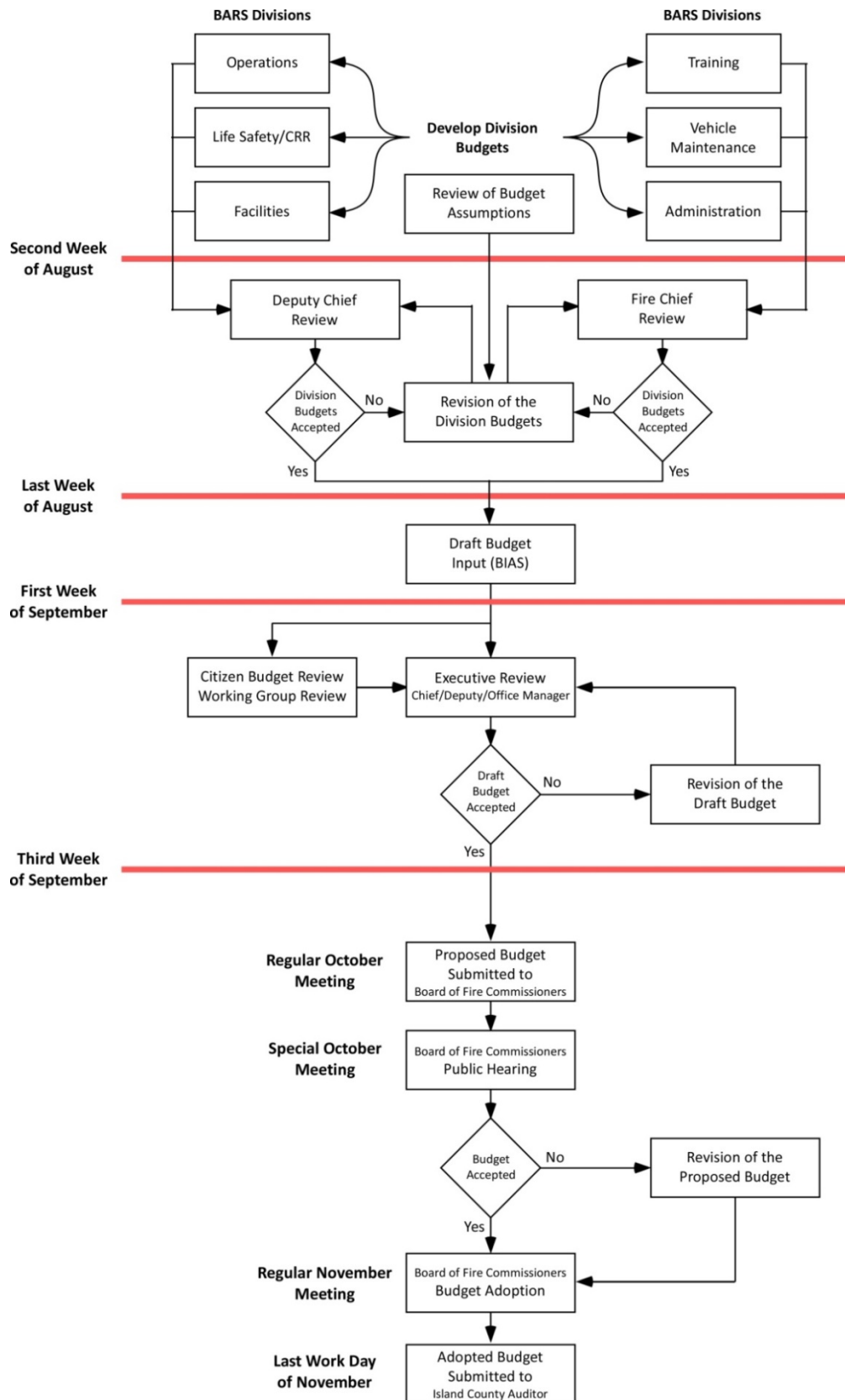
Most capital projects are included in the Capital Project Fund. However, the capital projects for renovation of Station 53 and purchase of three Type 1 Fire Engines were moved to the Bond Fund at the end of 2017 with passage of a voter approved bond measure. Therefore separate capital budgets for the Capital Projects Fund and Bond Fund are included in the annual budget document.

#### ***Community Budget Review***

A working group composed of community members is selected by the Fire Chief to serve in an advisory capacity, providing input to the Fire Chief and Finance Officer on the budget and Budget Document from a community perspective to ensure transparency and clarity. The working group is engaged throughout the budget process including review and discussion of budget assumptions, draft budget documents, participation in the budget hearing, and review of the final Budget Document.

Figure 17 illustrates the workflow and key milestones for budget development and approval.

Figure 17. Budget Development Workflow



### ***Budget Adjustment***

There are two types of budget adjustment. The first is simply a transfer between line items within a given fund (e.g., reduction in one or more lines and an increase in one or more other lines) while maintaining the same overall appropriation (adopted budget amount). The second type of adjustment is a transfer between funds and change in the appropriated amount within those funds (e.g., transfer from the Contingency Fund to the General Fund).

Line item expenditures that exceed the adopted amount may be approved by the Fire Chief provided that the budget remains balanced at the Division and Fund levels. If line item expenditures would result in a deficit (within the line) of greater than \$2,000, the Board of Fire Commissioners must be notified at its next regular meeting and funding of the line increased through the budget adjustment process.

Budget adjustment will generally be performed (if needed) in April and October. However, under exigent circumstances, the Fire Chief may request that the Board of Fire Commissioners adjust the budget at any time.

The District's Finance Officer enters adopted budget changes in the accounting system as they are identified. This entry includes the adopted amount of the line item, the Adopted (adjusted) amount of the line item, the difference, percentage difference, and justification of the Adopted changes. The Fire Chief submits a narrative report outlining the need for the budget adjustment (increases/decreases in individual lines and/or transfer between funds) with line item level detail along with the BIAS Adopted Budget Changes report to the Board of Fire Commissioners in advance of the meeting at which the budget adjustment will be considered.

### ***Financial Assumptions Used in the Budget Process***

CWIFR maintains a Long Range Financial Plan (Appendix D) and the Board of Fire Commissioners and the District's executive staff engage in scenario based financial planning to consider the impact of current economic conditions and potential changes in revenue and expense on a multi-year basis. Drawing on this fiscal planning process, the following assumptions have been used in development of the 2018 District budget.

### ***Revenue***

The following three givens and seven expense assumptions were used in developing the District Budget.

The Washington State constitution and related laws strictly limit the amount of property tax that local taxing districts can levy. While tax limitations are complex, there are three particularly important limitations for fire districts. These limitations are accepted as given within the context of the financial planning process:

**Constitutional Limitation:** Initiative 747, passed by the state's voters in 2001 which changed the state constitution to limit annual increases in property taxes levied to 1%, plus revenue from new construction added to the tax rolls in the previous year (Washington State Constitution Amendment 95 Article 7 Section 2).

*Washington House Bill (HB) 1764 was under consideration in the 2017 legislative session and proposed replacement of the 1% property tax limitation with a limitation tied to cost drivers such as inflation and increases in population and a cap of 5%. This bill did not pass in the current session, but this bill indicates that there is awareness in the legislature of the negative impacts of the 1% limitation on the ability of local governments to meet the service delivery requirements of their respective communities.*

**Statutory Limitation-Fire Districts:** The Revised Code of Washington (RCW) limits fire districts to a maximum regular property tax rate of \$1.50/\$1000 of assessed value (RCW 52.16.130, 140, 160).

**Statutory Limitation Emergency Medical Services (EMS):** The RCW allows an EMS levy to a maximum regular property tax rate of \$0.50/\$1000 of assessed value (RCW 458.19.060). The Whidbey Island Public Hospital District levies this tax and other taxing districts with the hospital district's boundaries are precluded from levying a tax for EMS services.

Additional detail is provided on property tax limitations in the Revenue section of this budget document.

The following seven revenue assumptions were used in developing the District Budget.

**Assumption R1:** The District's Assessed Value (AV) has stabilized and will likely increase moderately over the next year (2018).

**Assumption R2:** The District's AV will continue to increase over the next several years, reducing the District's levy rate while maintaining a maximum 1% increase in the District's maximum tax levy.

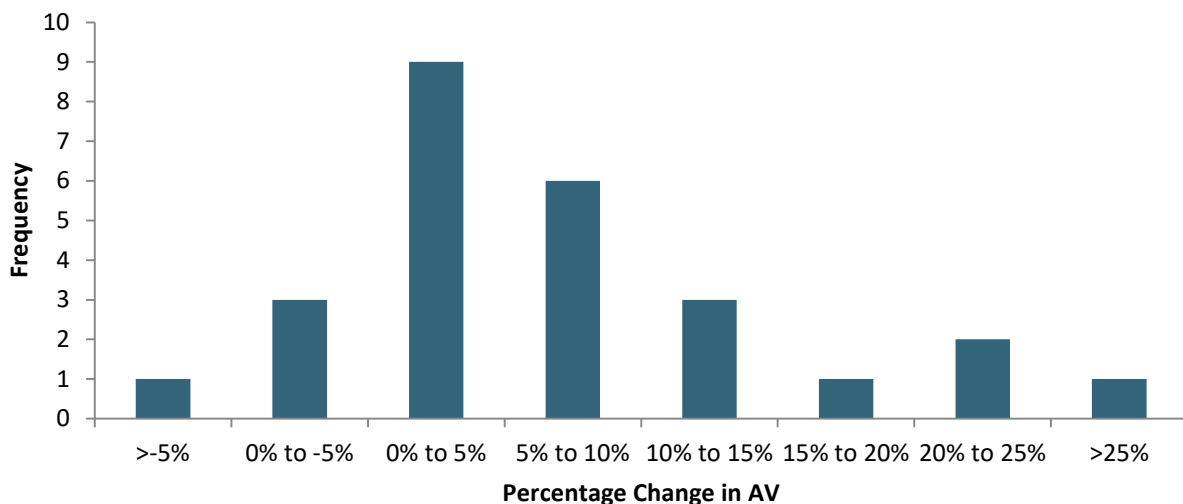
The following data support Assumptions R1 and R2. In 25 of the last 27 years, assessed valuation within the District has increased. The magnitude of the change in assessed valuation has varied widely over this time (-10.72% to 38.57%). Over this 27-year period, the average change in AV has been an increase of 8.01%. The assessed value (AV) of taxable property within the District decreased 16.35% between 2010 and 2014. AV increased 12.78% between 2015 and 2017, returning to a similar rate of increase seen historically as illustrated in Figure 18.

Figure 18. Change in Assessed Value (AV) within the District's Boundaries



The average change in AV of 8.01% between 1990 and 2017 is a bit misleading as it is substantially influenced by the increase occurring between 2007 and 2009 and subsequent decrease from 2009 to 2014 and several other years in which AV saw an increase. It is more useful to examine the frequency with which ranges of percentage change occurred. As illustrated in Figure 19, it has been most common for AV to experience an increase ranging from 0% to 5%, but if AV changed to a greater extent, it was typically in a positive direction.

Figure 19. Histogram of Percentage Change in AV 1990-2017



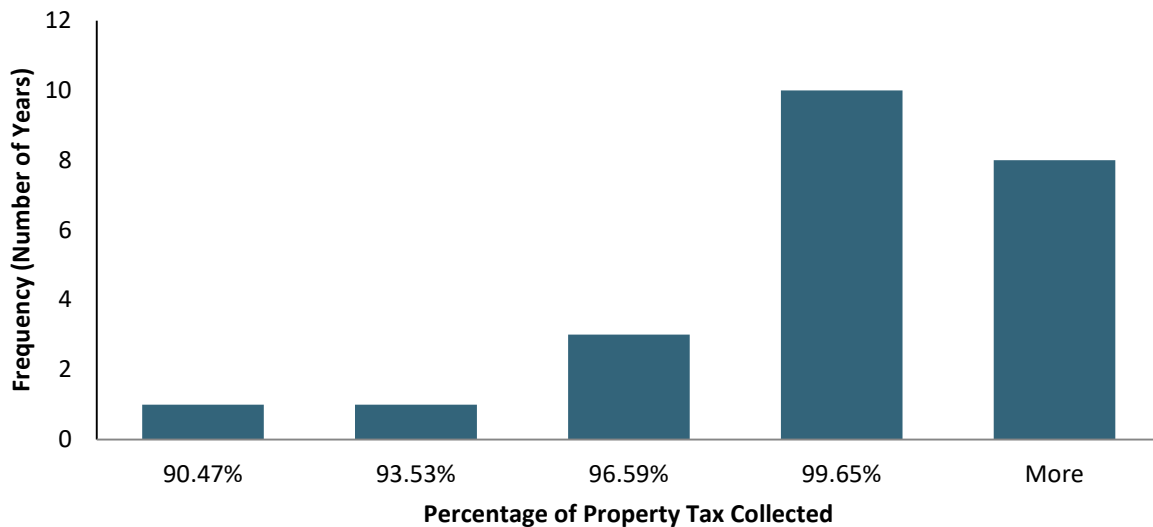
Over the last year (2016-2017), the median price for all homes (detached, townhouses, condominiums) sold has increased 23.5% (Windermere, 2017). Data provided by the Island

County Assessor indicates that the total Assessed Value (AV) for property within the District increased by 6.34% in 2015 (for the 2016 tax year), but the AV for taxable property increased only 0.97%. While lower than historical annual increases in AV, this is the second year of positive increase in AV, reversing the trend of the prior four years. Based on historical data, we anticipate that AV will continue to increase at a modest rate which will slowly reduce the District's levy rate over time.

**Assumption R3:** The District will collect over 96% of property taxes in the year in which they are levied (based on historical data for tax collection within the District).

Assumption R3 is supported by historical data on the percentage of the property tax levied that is collected in that year. As illustrated in Figure 20, the District's property tax levy collection rate has been above 96% on a consistent basis (the only instances of a lower collection rate occurred in the early 1990s).

Figure 20. Percentage of CWIFR's Property Tax Collected in the Year Levied 1990-2017



**Assumption R4:** Revenue generated through the Interlocal Agreement between the District and Whidbey Island Hospital District (d.b.a. WhidbeyHealth) to staff a Basic Life Support Ambulance will continue through 2019.

**Assumption R5:** Revenue generated through the Interlocal Agreement between the District and WhidbeyHealth to staff a Basic Life Support Ambulance will increase modestly in 2018 and 2019.

Assumption R4 is supported by the existing Interlocal Agreement between the District and WhidbeyHealth that expire on December 31, 2018 and provisions in this agreement that provide for discussion of increases in revenue based on increases in the state minimum wage.

Assumption R5 is supported by the ongoing nature and mutual benefit provided by this agreement which has been in place between the District and WhidbeyHealth since 2009.

**Assumption R6:** In 2016, the District saw a 55% increase in AV added to the tax rolls due to new construction. Building permits issued to date in 2017 far exceed the number of permits issued in the first quarter of 2016. New construction is anticipated to continue at a moderate rate for the next several years.

Assumption R6 is supported by Island County building permit data and personal communication with the Island County Building Official.

The Board of Fire Commissioners placed a \$7,376,000 unlimited tax general obligation (UTGO) bond measure for renovation and expansion of Station 53 and purchase three Type 1 Fire Engines on the November 2017 general election ballot.

**Assumption R7:** Voters will approve the proposed bond measure in November 2017 and reduction in the amount of transfer from the general fund for major apparatus purchases (e.g., three Type 1 Fire Engines) will improve ongoing General Fund beginning balance.

This assumption was validated by passage of the bond measure by the District's voters on November 7, 2017; meeting the supermajority requirements specified in the Washington State Constitution (greater than 60% yes votes and a voter turnout of at least 40% of the last general election).

### **Expense**

The following six expense assumptions were used in developing the District Budget.

The first two assumptions are based on national consumer price index (CPI) data. The Consumer Price Index (CPI) is a measure of the change in prices paid over time for a fixed market basket of goods and services. The second two assumptions are based on regional and statewide changes or potential changes in the minimum wage.

**Assumption E1:** The Consumer Price Index (CPI) is likely to increase between 2% and 3% per year over the next several years.

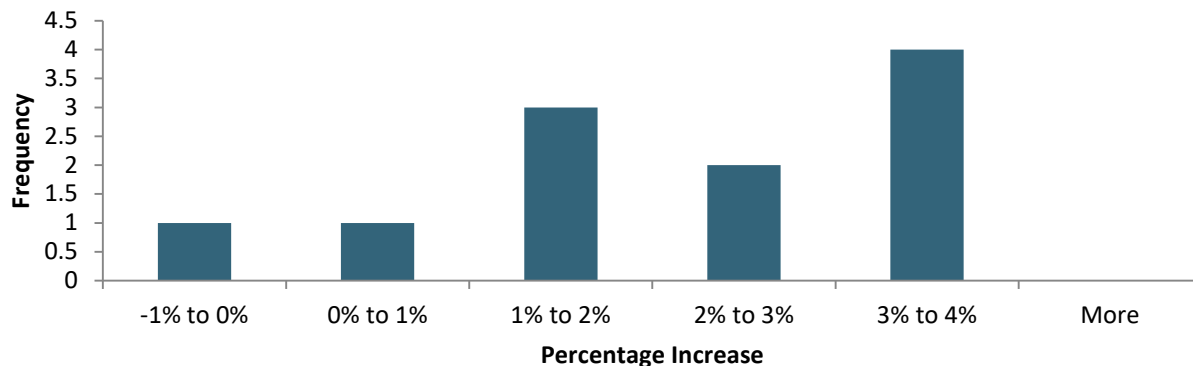
**Assumption E2:** The cost of equipment and services not included in the CPI are also likely to increase between 2% and 3% per year over the next several years.

Assumption E1 is supported by national historical CPI data. National data is used as it is published more frequently and is less volatile than city specific data. It is important to consider that the CPI is based on urban (not rural) consumers. Assumption E2 is not directly supported by the CPI (as equipment and services are not included in this index), but the CPI provides a general indication of inflation.



Over the last 56 years, the Consumer Price Index for all Urban Consumers (CPI-U) has increased in each year except for 2010 in which it dropped by 0.40% (Department of Labor, 2016). The mean change in CPI over the last ten years has been 2.08% (Department of Labor, 2016), but it may be more useful to look at the distribution of changes by magnitude as illustrated in Figure 21.

Figure 21. Historical Annual Changes in the National CPI 1996-2016



*Note:* Based on United States Department of Labor Bureau of Labor Statistics (2016) CPI Detailed Report (tables 1-29 only) July 2016. Retrieved August 20, 2016 from <http://www.bls.gov/cpi/cpid1607.pdf>

Projections by Conway Pedersen Economics, Inc. forecast an increase in the United States (U.S.) Consumer Price Index for all Urban Consumers (CPI-U) of 1.2% in 2016 and 2.3% each year for the next several years (Conway Pedersen, 2016).

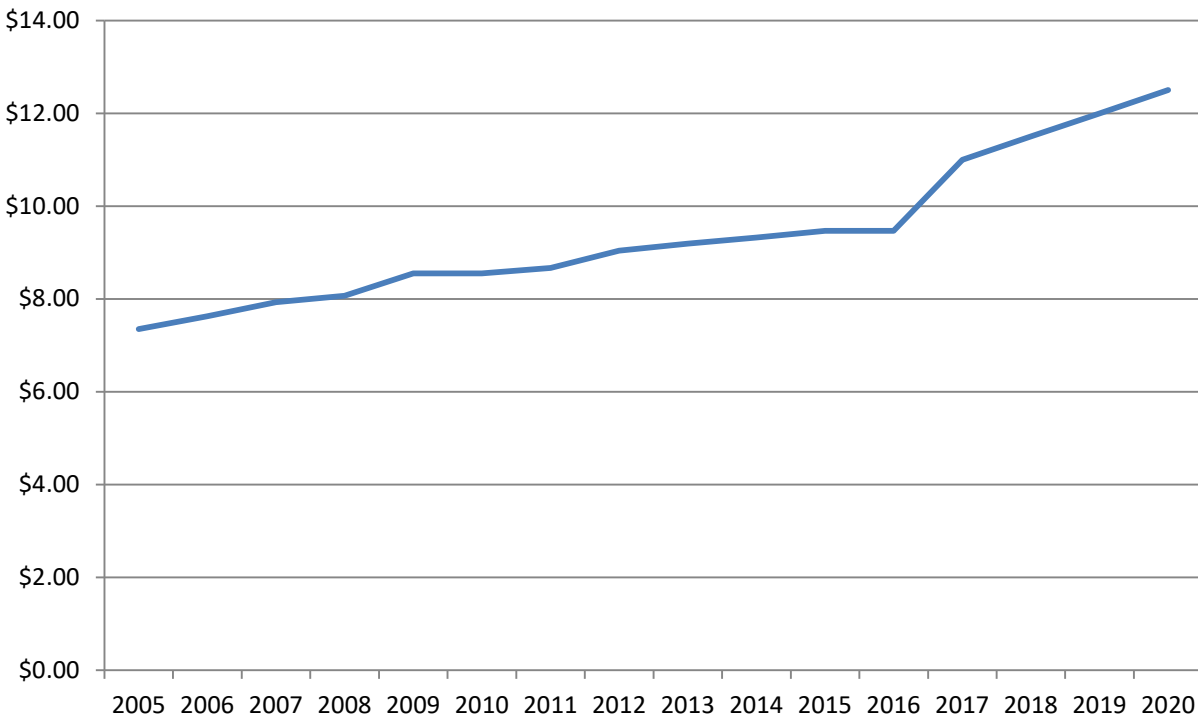
**Assumption E3:** Initiative 1433 was approved by Washington voters in 2016, resulting in a 37.55% increase in the minimum wage to 13.50 over a four-year period between 2017 and 2020.

**Assumption E4:** Other jurisdictions have increased the minimum wage beyond that specified by the state. This pressure to increase minimum wage is likely to continue.

Prior to 2017, the Washington Department of Labor & Industries (L&I) was required to make a cost-of-living adjustment to the minimum wage each year based on the federal Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Initiative 1433, approved by Washington voters in 2016, resulted in a 37.55% increase in the minimum wage over a four-year period. Figure 22 illustrates historical and mandated changes in the Washington state minimum wage.

Beginning 2021, and each year thereafter, L&I is required to make a cost-of-living adjustment to the minimum wage based on the CPI-W.

Figure 22. Changes in Washington State Minimum Wage 2005-2020



*Note:* Based on Washington Department of Labor and Industries (L&I) (2017) *History of Washington Minimum Wage*. Retrieved October 7, 2017 from <http://www.lni.wa.gov/WorkplaceRights/Wages/Minimum/History/default.asp>.

The District's part-time staff is currently paid above the Washington state minimum wage and compensation has historically been targeted to the median of other agencies in the region using part-time firefighters and emergency medical technicians. The District increased part-time compensation to stay ahead of the state minimum wage in 2017 and 2018. Further increases will be necessary in 2019 and 2020.

The number of applicants for the District's Part-Time Firefighter and Office Assistant positions has been considerably lower than in prior years, potentially due to the current compensation level for these positions. Continued increases in the minimum wage within Washington will continue to pressure the District's compensation levels for part-time positions.

**Assumption E5:** Wages for full-time staff represented by Local 4299 International Association of Firefighters (IAFF) will increase 2.7% in 2018. It is likely that modest wage increases will be necessary between 2019 and 2021 because of collective bargaining.

The District and Local 4299 International Association of Firefighters completed negotiation of the current collective bargaining agreement in early September 2016. This three-year agreement provides for 2.7% annual salary increases in 2016 through 2018 along with increased compensation based on longevity (for 10, 15, and 20 years of service). This agreement will bring the District's union employees

to the anticipated median of our mutually agreed comparable agencies by 2018. A compensation study of mutually agreed comparable agencies will be conducted in 2018, prior to renegotiation of the collective bargaining agreement.

**Assumption E6:** Executive staff (Fire Chief, Deputy Fire Chief, and Finance Officer) compensation will increase between 4.0% and 4.5% (depending on position) in 2018. It is anticipated that additional compensation increases may occur in 2019 and 2020 dependent on Board of Fire Commissioners action on executive compensation.

In 2016, Finance Officer Kim Harpe completed an executive staff salary survey including the same comparable agencies used with Local 4299 IAFF as well as other districts in Island County and several other similar agencies. For the Deputy Chief and Fire Chief, external equity was compared to the Fire Chiefs and Deputy Chiefs of the same agencies as used with Local 2299 IAFF.

This comparison indicated the following:

- The Fire Chief's total compensation in 2016 was 15.96% behind the median of these comparable agencies.
- The Deputy Chief's total compensation in 2016 was 9.56% behind the median of these comparable agencies.

Direct comparison of the Finance Officer's position in the market place was more difficult as the work performed by Administrative Executive Staff varies considerably from district to district. However, based on role and responsibility, the Finance Officer's compensation was also determined to be lower than similar positions in comparable agencies. The Board of Fire Commissioners adopted two-year incremental increases to partially address these executive staff compensation differentials.

### **Debt**

Debt has been broadly interpreted to mean all borrowed money payable from taxes. This includes all general obligation debt, but not obligations payable from nontax revenue sources, such as revenue bonds. Also, obligations that can be discharged from funds currently available, such as warrants and accounts payable, are not considered debt for purposes of these statutes. The amount of debt that governmental entities in Washington is limited by Article VIII Section 6 of the State Constitution and by individual statutes pertaining to the specific type of governmental entity. The following given and four debt assumption were used in developing the District Budget.

There are several debt limitations based on the provisions of the Washington State Constitution and Revised Code of Washington (RCW). These limitations are accepted as given within the context of the financial planning process:

**Statutory Debt Limitations:** In accordance with the provisions of the Revised Code of Washington (RCW) 52.16.061 General obligation bonds – Issuance – Limitations, the District is limited to an amount equal to 0.375 percent of assessed valuation for non-

voted debt and 1.25 percent of assessed valuation for voted debt. Any non-voted debt issued counts as part of the overall 1.25 percent limit.

Debt capacity is determined based on the following factors:

- Total assessed taxable property value
- Total amount of general obligation debt (inclusive of voted and non-voted debt)
- Assets available to pay the debt

Assets available to pay debt include all applicable cash and cash equivalents available for the payment of general obligations. This includes cash in debt service funds reserved for the payment of general obligation debt. Generally, cash outside of debt service funds is used to meet current obligations. The following types of funds are not available to pay debt service:

- Cash or investments that are restricted for other than debt payment purposes
- Cash or investments that will be used to make interest payments during the initial months of the subsequent fiscal year prior to property tax collections.
- Uncollected taxes from prior years except taxes specifically levied for debt redemption.

Non-voted debt is issued on the authority of the Board of Fire Commissioners. The debt service on non-voted debt is paid out of general Fire District revenues. Voted debt is authorized by the District's voters through an election. The debt service on voted debt is paid from excess property tax levies under RCW 84.52.056. Table 12 provides an overview of the differences between a non-voted Limited Tax General Obligation Bond (LTGO) and a voted Unlimited Tax General Obligation Bond (UTGO).

Table 12. Bond Feature Comparison

Item	Limited Tax General Obligation Bond (LTGO) Non-Voted Debt	Unlimited Tax General Obligation Bond (UTGO) Voted Debt
Repayment Pledge	Limited pledge of the District to pay debt service on the bond	Unlimited pledge of the voters to pay debt service on the bond
Rating	Frequently Two-Steps Away from the County Bond Rating	Frequently One-Step Away from the County Bond Rating
Call Provision	10-Year Par Call	10-Year Par Call
Tax Exemption	Interest Exempt from Federal Taxes	Interest Exempt from Federal Taxes
Bank Qualification	Improved Rates for Issuers of Under \$10 Million per year	Improved Rates for Issuers of Under \$10 Million per Year
Buyer Profile	Moderate Risk Looking for Higher Yields	Risk Adverse Accepting Lower Yields
Appropriation Risk	Yes	None

The bond rating is a grade given to bonds that indicates their credit quality. Private independent rating services such as Standard & Poor's, Moody's and Fitch provide these evaluations of a bond issuer's financial strength, or its the ability to pay a bond's principal and interest in a timely fashion. Bond ratings are expressed as letters ranging from AAA, which is the highest grade, to C (junk), which is the lowest grade. Different rating services use the same letter grades, but use various combinations of upper- and lower-case letters to differentiate themselves.

A call provision is a clause in a bond's indenture granting the issuer (in this case CWIFR) the right to call, or buy back, all or part of an issue prior to the maturity date of the bond.

Bank qualification is a designation given to a municipal bond by the issuer if it reasonably expects to issue in the calendar year of such offering no more than \$10 million of bonds of the type required to be included in making such calculation under the Internal Revenue Code. When purchased by a commercial bank for its portfolio, the bank may deduct a portion of the interest cost of carry for the position. A bond that is bank qualified is also known as a qualified tax-exempt obligation.

Appropriation risk refers to the risk to the District. With a LTGO, the District is obligated to pay the debt service from current revenue (e.g., regular levy). In this case debt service must be paid prior to any other debt. On the other hand, with a UTGO, the voters have pledged to pay the debt service with the levy rate falling as Assessed Value (AV) increases or increasing. As a voter approved bond has its own levy, the risk to maintaining current levels of service in the event of a financial downturn is minimal.

The following four debt assumptions were used in developing the District Budget.

**Assumption D1:** The District does not currently have, and does not anticipate any limited tax general obligation (LTGO) debt.

**Assumption D2:** The District anticipates receiving a bond rating of AA.

**Assumption D3:** The District is presenting a voter approved, 20-year bank qualified unlimited tax general obligation (UTGO) bond measure to the voters in November 2017 for renovation and expansion of Fire Station 53 and acquisition of three Type 1 Fire Engines. It is anticipated that the voters will approve this bond measure.

**Assumption D4:** The \$7,376,000 debt resulting from passage of this bond measure is significantly less than the District's constitutional debt limitation based on a taxable assessed valuation for excess levies of \$1,734,518,631.

Assumption D2 is supported by receiving a bond rating of AAA from Standard and Poor's. This rating exceeded the District's expectations, reflecting its strong financial position and sound financial policies, and demonstrated fiscal responsibility.

Assumption D3 was validated by passage of the bond measure by the District's voters in the 2017 general election.

## **Budgetary Impacts and Implications**

The District's initial long term financial plan was developed in 2011 as a component of its strategic planning process. In 2015 the District developed its first integrated, but separate Long Term Financial Plan and updated this plan in 2016 based on current fiscal issues financial position (CWIFR, 2017a).

### ***Assessed Valuation and Levy Rate***

In its Long Term Financial Plan (CWIFR, 2017a) District has anticipated a 3.5% average annual increase in Assessed Valuation (AV). The taxable assessed valuation of property within the District has increased faster than projected. This has resulted in a corresponding reduction in the District's general levy rate from \$1.35/\$1,000 AV to \$1.29/\$1000 AV. While not impacting revenue, this places additional space between the general levy rate and \$1.50/\$1,000 AV maximum general levy for fire districts.

### ***Revenue and Expense***

As previously stated, the District is primarily funded through property taxes. Increases in the general levy are limited to 1% annually by the Washington State Constitution, provided that the District's levy rate is below the \$1.50 maximum for fire districts. This provides a limited, but predictable increase in revenue. The District's Long Term Financial Plan (CWIFR, 2017a) is based on an anticipated 3% average annual increase in expense, which cannot be met in the long term without voter approved tax revenue increases. However, budgetary increases of less than 3% and greater than anticipated General Fund ending balances have allowed the District to extend the timeframe over which it can maintain current service delivery levels without additional revenue.

Passage of the voter approved bond measure on the November 2017 general election ballot has reduced pressure on the General Fund for transfers to the Capital Fund for apparatus and equipment, further extending the duration for which the District may maintain current service levels without an increase in the general levy.

## **Overview of Budget Structure**

The Washington State Auditor prescribes budgeting, accounting and reporting requirements for all local governments (RCW 43.09.200). The Washington State Budgeting, Accounting, and Reporting System (BARS) Manual for Fire Protection Districts includes a uniform chart of accounts, accounting and budgeting policies, guidance for preparing financial statements and instructions for preparing supplemental schedules required as part of the annual report to the State Auditor (RCW 43.09.230).

The Washington State BARS is designed to allow formal integration of budgeting and accounting for all fund types in a governmental accounting system. The District prepares a comprehensive Budget Document including all anticipated resources and outlays on an annual basis, including those funds for which appropriated budgets are not required (e.g., compensated absences fund).

### ***Funds***

A fund is an accounting entity with its own self-balancing set of accounts recording cash and/or other sources of revenues against expenditures for specific activities. Managerial/Internal Funds are used for

internal budgeting and are rolled up into the General Fund for purposes of BARS reporting. The District's finances are allocated to the following funds:

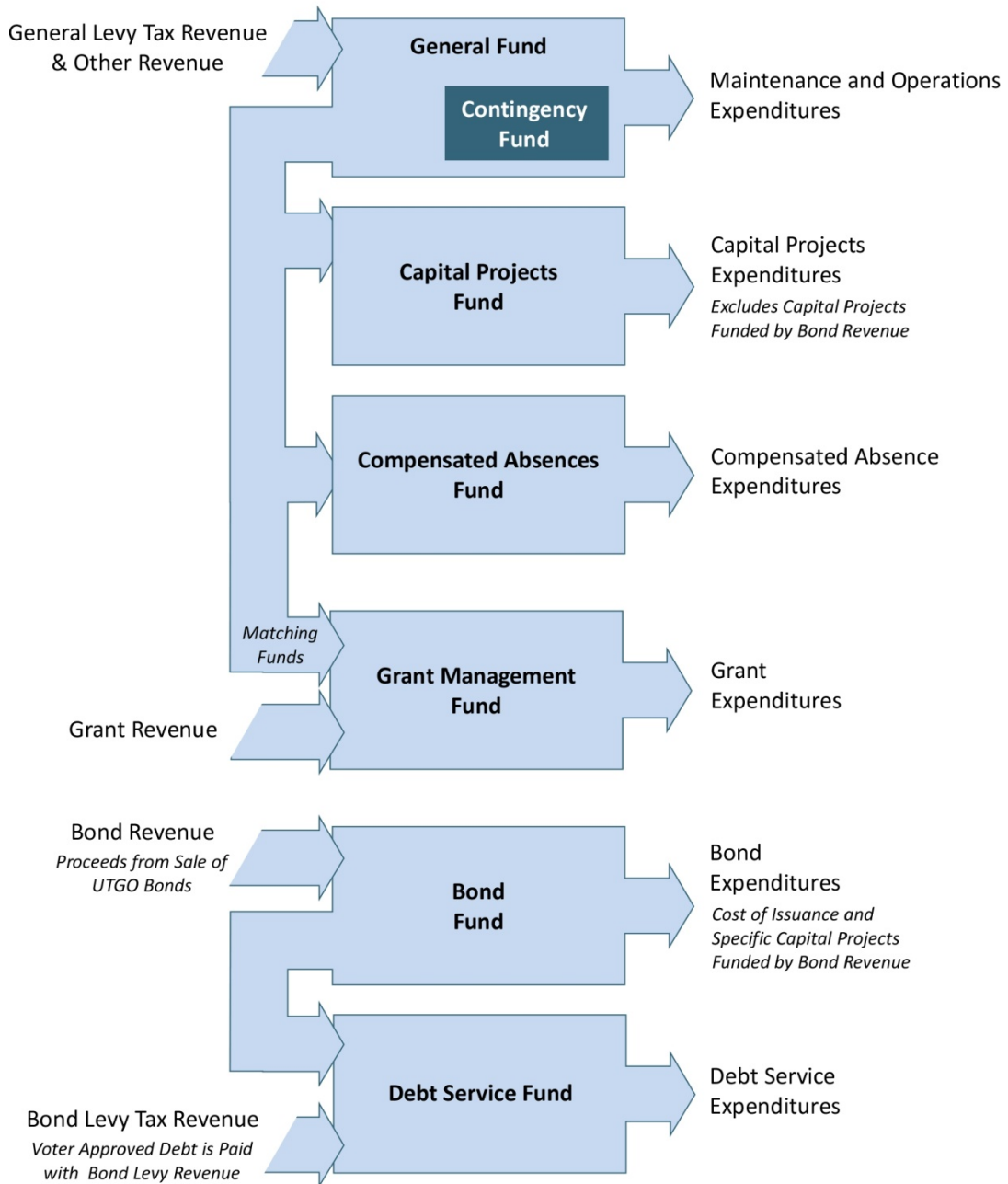
- **General Fund:** The principal operating fund, which is supported by taxes, fees, and other revenues that may be used for any lawful purpose. The fund of the District that accounts for all current expenditures (e.g., personal services, materials and services) not specifically accounted for in other funds.

Included within the General Fund, the **Contingency Fund** is a budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. CWIFR endeavors to maintain the Contingency Fund at 10% of the Maintenance and Operations Budget. For budgetary reporting within the context of the Budgeting, Accounting, and Reporting System (BARS), this managerial fund is rolled up into the General Fund.

- **Capital Projects Fund:** A fund established to accumulate assets for future capital purchases and for current capital expenditures. Capital expenditures are for items having a cost greater than \$5000 and a service life of greater than three years (e.g., major equipment, fire apparatus, and fire stations).
- **Bond Fund:** A fund established with the proceeds from sale of Unlimited Tax General Obligation (UTGO) bonds to fund specific capital projects (e.g., renovation and expansion of Station 53 and purchase of three Type 1 Fire Engines). Use of a separate fund for these capital projects facilitates accounting for bond revenue, interest, and expenditures and simplifies required compliance reporting.
- **Debt Service Fund:** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. This fund currently has a zero balance as the District has no debt.
- **Grant Management Fund:** A fund established with a contribution of assets from the state or federal government that are to be used for a specified purpose, activity, or facility. Assets in this fund are maintained in a non-interest-bearing account in compliance with federal grant requirements. For budgetary reporting within the context of BARS, this managerial fund is rolled up into the General Fund.
- **Compensated Absences Fund:** This fund is used to account for assets held by the District for buyback of a specified percentage of unused sick leave from employees at the time of their separation from the District (e.g., retirement). The District currently maintains a balance in this fund based on the liability for sick leave buyback for management employees (e.g., Fire Chief, Deputy Chief, and Finance Officer). For budgetary reporting within the context of BARS, this managerial fund is rolled up into the General Fund.

Figure 23 illustrates the relationship between revenue, funds, and expenditures.

Figure 23. Overview of Fund Relationships





### *Divisions*

The District's Operating Budget is organized in accordance with the Washington State Budgeting, Accounting, and Reporting System (BARS) as prescribed by the Washington State Auditor, and as such, includes the following divisions<sup>3</sup>:

- **Administration:** Functions or activities related to the leadership and management necessary to ensure effective and efficient delivery of services to the community. Within the budget, this division also includes activities of a general nature associated with multiple service functions (e.g., postage, information technology services).
- **Operations:** Functions and/or activities related to fire suppression, medical, and rescue services.
- **Life-Safety & Community Risk Reduction (CRR):** Functions and/or activities related to reducing risk of harm and preventing loss of life because of fire, accident, illness, and other types of emergencies.
- **Recruitment & Training:** Functions and/or activities related to training, professional development, and recruitment.
- **Facilities:** Functions and/or activities related to rental, repair, operation, and maintenance of land and buildings and equipment related to fixed facilities (e.g., heating, ventilating, and air conditioning systems (HVAC), water systems, electrical backup generators).
- **Vehicle Maintenance:** Functions and/or activities related to maintenance and repair of vehicles and other portable equipment.

### *Divisions and Funds*

All Divisions are included in the General Fund budget. In addition, Divisions may have expenditures in other funds, particularly the Capital Projects Fund. Table 13 illustrates the allocation of funds and expenditures by Division with each Fund for the 2018 budget year.

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<sup>3</sup> Given the District's small size, these divisions are budgetary and not completely organizational (e.g., some members have functional responsibility for a division (e.g., Operations, Facilities), but work within the Administrative or Life Safety/Community Risk Reduction Division. In other cases, a Division is staffed by a single individual (e.g., Recruitment & Training, Vehicle Maintenance).

Table 13. 2018 Division/Fund Matrix

Division	Fund					
	General Fund	Capital Projects	Bond Fund	Grants Management	Debt Service	Compensated Absences
Administration	◆				◆	◆
Operations	◆	◆	◆			
Life Safety/CRR	◆			◆		
Training & Recruitment	◆					
Facilities	◆	◆	◆			
Vehicle Maintenance	◆					

*Note:* The Contingency Fund is not allocated to a specific Division; use of this fund is limited to transfers to other funds as approved by the Board of Fire Commissioners.

### Expenditure Categories

There are three major categories of expenditure by the District:

- **Personal Services:** This category includes all expenditures related to our members serving the community. This category may be subdivided into Wages and Benefits.
  - **Wages:** Wages includes the salaries of our full-time employees, overtime paid to non-exempt, full-time employees, hourly wages paid to part time employees, and stipends paid to our volunteer members.
  - **Benefits:** Benefits include medical and dental insurance for our full-time employees, retirement benefits, social security (this does not apply to employees in the Law Enforcement Officers and Firefighters pension system) and Medicare.
- **Materials & Services:** This category includes all expenditures other than Personal Services or Capital Projects. This includes tools and equipment (costing less than \$5,000), expendable supplies, and purchased services.
- **Capital Projects:** This category includes items with a purchase price of greater than \$5,000 and a useful life of greater than three years. Major capital items include (but are not limited to) real property and fire apparatus and other vehicles, communications system projects, and information technology infrastructure.

### Budget Layout & BARS Numbers

The layout of the budget includes major categories of expenditure, the Washington State Auditor's Office Budgeting and Reporting System BARS number (for internal reference), and line item description as well as the actual expenditure (two years prior), adjusted budgeted amount (prior year), and budgeted amount (budget year).

Figure 24. Budget Layout

Budget Category Description					Two Years Prior	Prior Year	Budget Year
522	XX	XX	XX	Line Item Description	\$XX,XXX	\$XX,XXX	\$XX,XXX

BARS Number

#### **Understanding BARS Numbers**

522 First Three Digits Identify the Code for Fire Protection

XX The Second Two Digits Specify the Division (Administration, Operations, etc.)

XX The Third Two Digits Specify the Character of the Expenditure

XX The Last Two Digits Identify the Specific Line Item

### **Basis of Budgeting and Accounting**

The Washington State Auditor's office is required by law to prescribe budgeting, accounting, and reporting requirements for local governments. The Washington State Budgeting, Accounting, and Reporting System (BARS) Manuals (SAO, 2016) include the prescribed uniform charts of accounts, accounting and budgeting policies, guidance for preparing financial statements and instructions for preparing supplemental schedules required as part of local government annual reports.

Under authority of Revised Code of Washington (RCW) 43.09.200, the Washington State Auditor's Office allows local governments the option to report on either a Generally Accepted Accounting Principles (GAAP) or cash basis. This option was provided by the legislature in recognition of the amount of effort and resources required for small local governments to fully comply with the requirements of GAAP. Many large local governments report financial information in accordance with (GAAP). All other local governments report on a cash basis as prescribed in the Budgeting, Accounting, and Reporting System (BARS) manuals which provide an acceptable alternative to GAAP (SAO, n.d.). Based on the level of effort and resources required to fully comply with the requirements of GAAP,

As a Fire Protection District, CWIFR is permitted by the Washington State Auditor to use cash basis accounting as an Other Comprehensive Basis of Accounting (OCBA) (RCW 43.09.020; SAO, 2016). The District has determined that use of cash basis of accounting, rather than accrual accounting as required by GAAP, provides acceptable transparency and most effective use of the District's fiscal and administrative resources. With cash basis accounting, the District records revenue when revenue is received, and records expenses when they are paid.

While the District uses cash basis accounting, the District's budget process recognizes property tax revenue on an accrual basis and estimates revenue from other miscellaneous sources.

### Balanced Budget

The District maintains a balanced budget, as appropriations are limited to the total of estimated revenues and the unencumbered fund balances estimated to be available at the close of the current fiscal year. The Total Ending Balance is anticipated to decrease because of increasing General Fund expenses and constitutional limitations on increases in tax revenue. Several options exist to maintain current service levels beyond 2025 while maintaining a balanced budget:

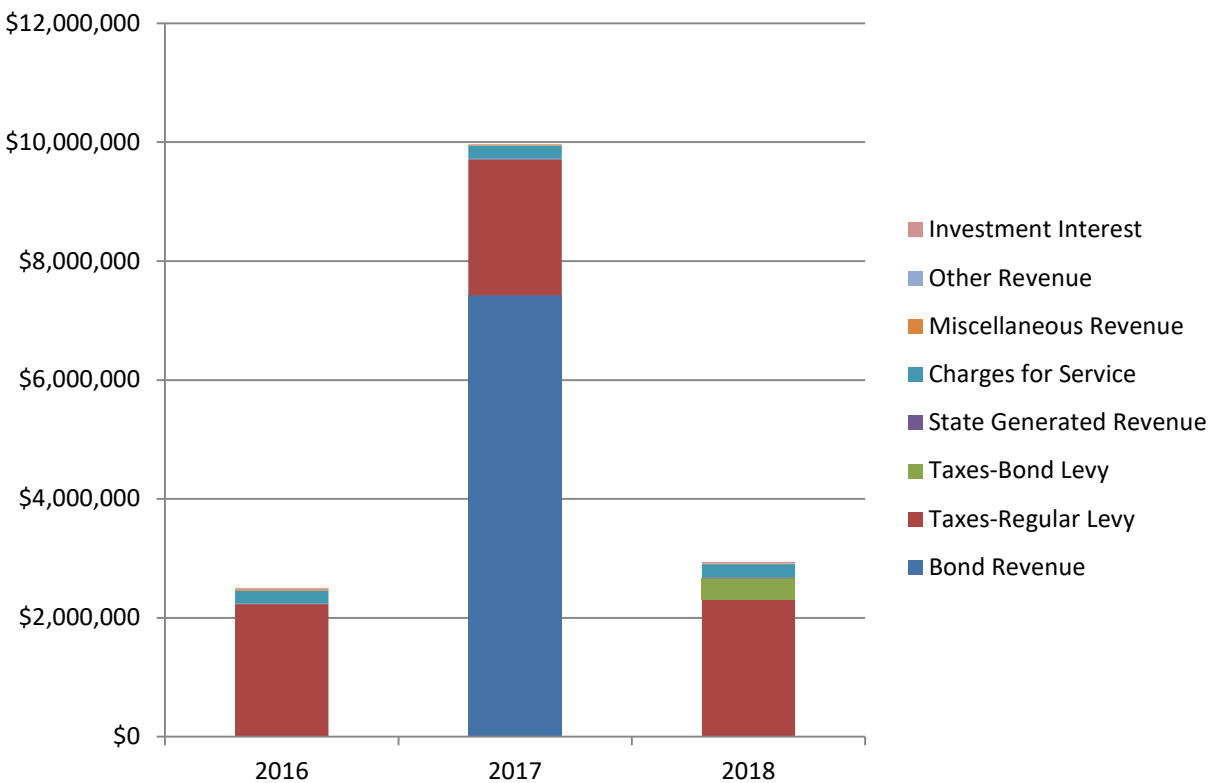
- Limit increases in expense. The District's budget process provides a solid system for ensuring that changes in expense are tied to specific strategic goals, initiatives, and related outcomes. Limited increases over the last several years have significantly improved the District's financial position.
- Identify and develop additional revenue streams. The District continues to explore opportunities to develop additional revenue through Interlocal agreements and shared services.
- Determine at what point it will be necessary to present a lid lift to the District's voters. As intended by the Washington State Constitution and related laws regarding property tax limitations, the District's voters have the authority to increase the levy rate to maintain or improve service levels.

## Revenue

### Overview of Revenue Streams

Excluding the influx of bond revenue in 2017, tax revenue is CWIFR's largest revenue stream, comprising approximately 91% of total district revenue. CWIFR also has several Interlocal Agreements to provide service to WhidbeyHealth, the Town of Coupeville, and Island County which comprise approximately 7% of total district revenue. Approximately 2% of district revenue is generated from a variety of miscellaneous sources (e.g., such as payments in lieu of taxes, space and facilities rent, grants, and sale of surplus assets). Figure 25 illustrates CWIFR's revenue distribution and trends.

Figure 25. Revenue Distribution and Trends.



### Tax Revenue

The Washington State constitution and related laws strictly limit the amount of property tax that local taxing districts can levy. While tax limitations are complex, there are two particularly important limitations for fire districts: First is Initiative 747, passed by the state's voters in 2001 which changed the state constitution to limit annual increases in property taxes levied to 1%, plus revenue from new construction added to the tax rolls in the previous year (Washington State Constitution Amendment 95 Article 7 Section 2). The second important limitation is the maximum regular tax rate for fire districts specified by state law. The Revised Code of Washington (RCW) limits fire districts to a maximum regular property tax rate of \$1.50/\$1000 of Assessed Value (AV) (RCW 52.16.130, 140, 160).

CWIFR's annual property tax levy is distributed across all taxable property within the district. In 2012, the District's voters approved a lid lift, establishing a tax levy rate of \$1.34/\$1000 AV. In subsequent years, the District's levy rate will increase or decrease depending on several factors. New construction adds to the total value of taxable property within the district, further dividing CWIFR's tax levy and lowering the tax rate. Property values also impact tax rate. If assessed property values increase, CWIFR's tax levy is divided by this greater value and the tax rate decreases. On the other hand, if assessed property values decrease, CWIFR's tax levy is divided by this smaller value and the tax rate increases (while the total levy remains the same). If assessed property value decreases further, and the District's levy rate reaches the statutory cap of \$1.50/\$1000, revenue will decrease.

The rationale behind the tax structure in the state constitution and related laws is that the costs of delivering essential services such as fire protection, rescue, and emergency medical care is not based on the value of your property. Cost is based on level of service desired by the community, with the shared cost based on property value.

The District's 2016 Assessed Value (AV) for 2017 tax collection was \$1,674,862,685 which at a Levy Rate of \$1.348/\$1000 AV provided a total levy of \$2,258,097. The total property tax levy (excluding addition of taxes on new construction) can increase a maximum of 1% resulting in a maximum 2017 levy of \$2,245,305. Over the last two years new construction has increased substantially. The Island County Planning and Economic Development Department has reported a continuation of this trend in 2017 (which will result in increased new construction revenue).

In 2017 AV increased 5.15% (for the 2018 tax year), this increase in AV does not increase revenue, but is projected to lower the levy rate from \$1.35/\$1000 AV to \$1.29/\$1000 AV.

### ***Interlocal Agreements***

CWIFR has several Interlocal Agreements under which the District provides services to other governmental entities. These include an agreement to operate a Basic Life Support (BLS) ambulance for WhidbeyHealth Emergency Medical Services (WH EMS) and agreements with both the Town of Coupeville and Island County to provide fire and life safety inspection services in commercial occupancies. Table 14 illustrates the District's revenue received and projected for receipt from Interlocal Agreements.

Table 14. Revenue from Interlocal Agreements

Interlocal Agreement	2016 Actual Revenue	2017 Adjusted Revenue	2018 Projected Revenue
WH EMS	\$201,495	\$201,495	\$201,495
Coupeville Fire Inspections	\$8,000	\$8,000	\$8,000
Island County Fire Inspections	\$8,000	\$8,000	\$8,000

***Other Revenue***

In addition to tax receipts and revenue generated from services provided through Interlocal agreement, CWIFR has multiple small revenue streams. These include payments in lieu of taxes paid by the Coupeville School District and Washington State Parks, revenue from lease of cell tower space at Station 53, proceeds from the sale of non-capital and capital assets declared surplus by the Board of Fire Commissioners, and other miscellaneous revenues.

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## General Fund

### General Fund Overview

The General Fund is the District's principal operating fund, which is supported by taxes, fees, and other revenues that may be used for any lawful purpose. This fund accounts for all current expenditures (e.g., personal services, materials and services) not specifically accounted for in other funds.

In accordance with the Washington State Auditor's Budgeting, Accounting, and Reporting System (BARS), the District's General Fund is subdivided into Divisions. These divisions are functional and serve to clearly describe the purpose of appropriated funds.

Table 15. General Fund Budget by Division

Division	2016 Actual	2017 Adjusted	2018 Adopted	Change
Administration	\$511,758	\$628,002	\$568,314	-9.50%
Operations	\$370,604	\$464,127	\$538,987	16.13%
Community Risk Reduction	\$659,875	\$747,776	\$735,501	-1.64%
Training	\$163,441	\$189,937	\$204,186	7.50%
Facilities	\$56,370	\$89,896	\$98,110	9.14%
Fleet Maintenance	\$145,655	\$154,158	\$160,219	3.93%
<b>Total General Fund Budget</b>	<b>\$1,907,703</b>	<b>\$2,273,896</b>	<b>\$2,305,317</b>	<b>1.38%</b>

As discussed in the Budget Message and illustrated in Table 15, the 2017 Adopted District budget is 1.38% higher than in 2016. Several factors influence changes in expenditure within the general fund, these include: Expense of placing a voter approved bond measure on the ballot in 2017 and the cost of hiring a temporary Full-Time Firefighter to back fill an operational position vacancy created by the Community Risk Reduction Manager (being on light duty for five months in 2017 and two months in 2018). Changes within each Division are examined in greater detail within the Division Budgets later in this section of the budget document. This increase is within the District's long term financial plan (CWIFR 2015a) and budgeted funds provide for improvement over current service delivery levels with a continued increase in volunteer staffing.

General Fund expense can be examined in several ways, by Division (Table 15 and Figure 26) or by distribution between personnel costs (e.g., salaries, benefits, wages, and stipends), and materials and services (Figure 27).

Figure 26. Overview of General Fund Expense by Division

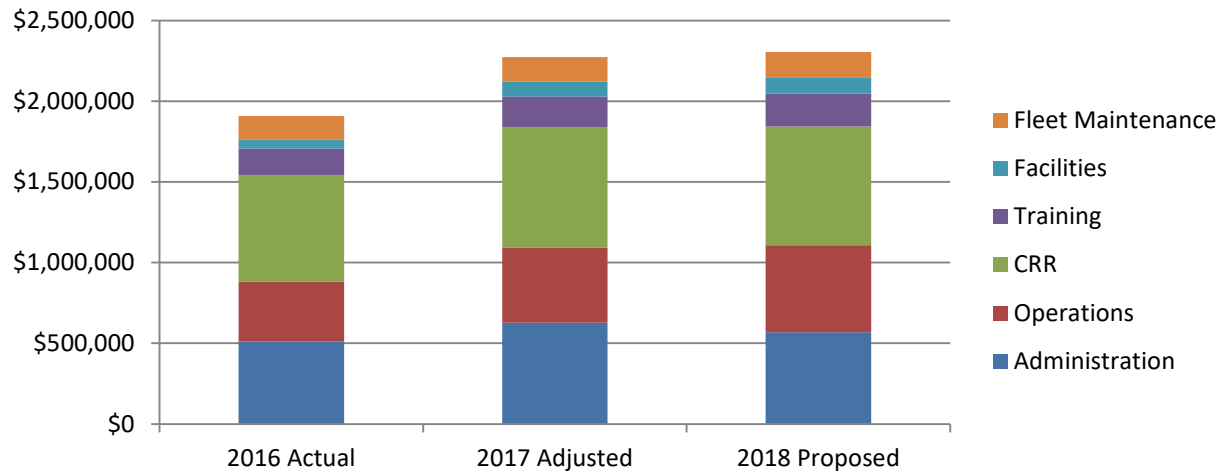
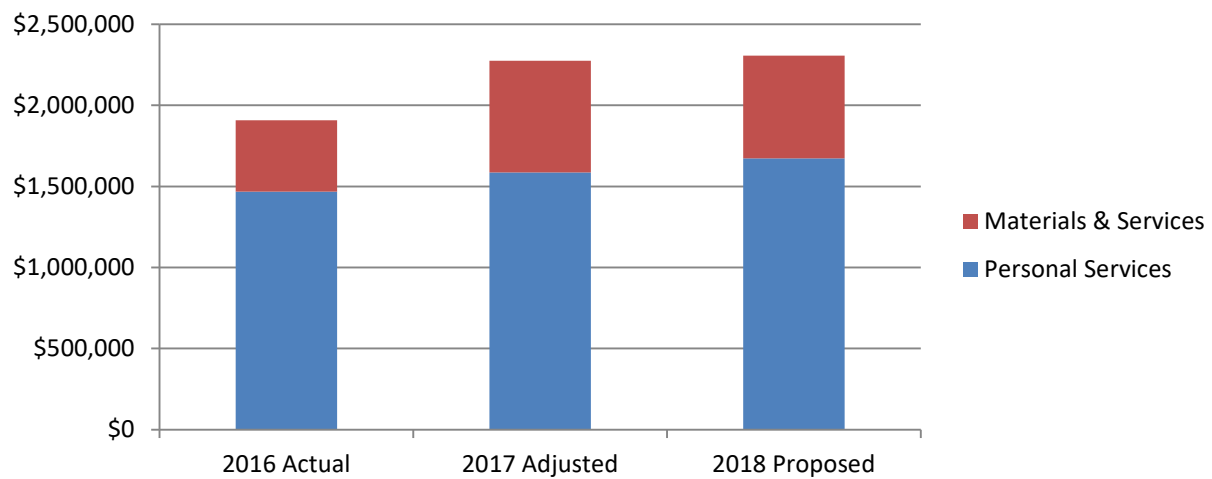


Figure 27. General Fund Expense by Category



## **Administrative Division**

The Administrative Division provides leadership and management necessary to ensure effective and efficient delivery of services to the community.

The Administrative Division is responsible for the following major programs and functions.

- Strategic Planning
- Accreditation
- Budgeting and Fiscal Management
- Human Resources

### ***Personnel Summary***

Administrative Division staffing is comprised 3.5 Full Time Equivalents (FTE); the Fire Chief, Deputy Chief, Office Manager/Finance Officer, and Office Assistant. The Fire Chief and Deputy Fire Chief also have operational responsibility, but from a budget perspective are accounted for within the Administrative Division.

### ***Strategic Goals & Initiatives***

While the Administrative Division has an overall responsibility for implementation of the District's Strategic Plan, the following goals are of significance to this Division.

- Be fiscally responsible and operate with transparency.
- Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value.
- Ensure adequate and sustainable funding.

In addition, the Administrative Division directly supports the District's strategic goals to

- Reduce incident frequency and severity.
- Ensure adequate staffing.
- Maintain adequate infrastructure to support operations.

### ***Performance Measures***

Table 16 identifies the District's Strategic Performance Measures within the Administrative Division. Performance measure shaded light yellow are under development (data collection strategies under development or data may not yet be available). These performance measures are included to show future directions and continued development of the District's performance management processes.

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Table 16. Administrative Division Performance Measures

Community Perspective					
Strategic Goal	Outcome Measure	District Performance			
The Administrative Division has no Performance Measures in the Community Perspective					
Fiscal Stewardship Perspective					
Strategic Goal	Outcome Measure	District Performance			
Be fiscally responsible and operate with transparency	Percentage change in fund balance for:	Year	2014	2015	2016
	<ul style="list-style-type: none"><li>General Fund</li></ul>	General Fund	-25.69	2.24%	12.73
	<ul style="list-style-type: none"><li>Capital Projects Fund</li></ul>	Capital Projects Fund	91.98%	22.53%	18.64%
	<ul style="list-style-type: none"><li>Compensated Absences Fund</li></ul>	Compensated Absences Fund	26.92%	53.47%	6.92%
Be fiscally responsible and operate with transparency	Expenditure, Operating Position, Debt, and Unfunded Liabilities Indicators from Brown’s 10 Point Test (Maher, C. & Nollenberger, K., 2009).	Year	2014	2015	2016
	<ul style="list-style-type: none"><li>Total expenditure per capita (Expenditure Indicator-Brown’s 10 Point Test)</li></ul>	Expenditure/Capita	217.30\$	\$271.78	\$231.46
	<ul style="list-style-type: none"><li>Operating Surplus or Deficit/Operating Revenues Percentage (Operating Position Indicator-Brown’s 10 Point Test)</li></ul>	Cash Flow/Revenue	28.62%	25.45%	23.75%
	<ul style="list-style-type: none"><li>General Fund Balance/General Fund Revenues Percentage (Operating Position Indicator-Brown’s 10-Point Test)</li></ul>	GF Balance/Revenue	53.91%	90.43%	105.05%
	<ul style="list-style-type: none"><li>Long Term Debt/Assessed Value (AV) Percentage (Debt Indicator-Brown’s 10 Point Test)</li></ul>	LT Debt/AV	n/a	n/a	n/a
	<ul style="list-style-type: none"><li>Debt Service/Operating Revenues Percentage (Debt Indicator-Brown’s 10 Point Test)</li></ul>	Debt Service/Operating Revenue	n/a	n/a	n/a
	<ul style="list-style-type: none"><li>% Fully Funded Contingency (Administrative) Fund</li></ul>	% Funded Contingency	100%	100%	100%
	<ul style="list-style-type: none"><li>% Fully Funded Capital Projects Fund</li></ul>	% Funded Capital	%	45.15%	44.47%
	<ul style="list-style-type: none"><li>% Fully Funded Compensated Absences Fund (Unfunded Liability Indicator-Brown’s 10 Point Test)</li></ul>	% Funded Compensated Absences Fund	98.93%	126.43%	99.91%

Table 16. Administrative Division Performance Measures (Continued)

Fiscal Stewardship Perspective (Continued)					
Strategic Goal	Outcome Measure	District Performance			
Be fiscally responsible and operate with transparency	Website self-assessment transparency score (Sunshine Review Transparency Checklist)	Year	2014	2015	2016
	<ul style="list-style-type: none"> <li>Budget</li> <li>Meetings</li> <li>Elected Officials</li> <li>Administrative Officials</li> <li>Audits</li> <li>Contracts</li> <li>Lobbying</li> <li>Public Records</li> <li>Taxes</li> </ul>	Web Transparency	No Data	55%	55%
	<b>Discussion:</b> The District continues to work towards improvement of transparency. At present, the CWIFR web site contains information on Budget, Meetings, Elected and Administrative Officials, and Audits. The additional items on the website transparency checklist are scheduled for addition in 2018.				
	Achievement of the Government Finance Officers Distinguished Budget Presentation Award	Year	2017	2015	2015
		Receiving Award	Yes	Yes	Yes
	Successful financial audit by the State Auditor's Office.	Year	2014	2015	2016
Be fiscally responsible and operate with transparency		Successful Audit	Yes	Pending	Pending
	<b>Discussion:</b> The District successfully completed its first financial audit addressing 2010 through 2014 and is scheduled for audit of 2015 and 2016 is currently underway in the 4 <sup>th</sup> Quarter of calendar year 2017.				
	General obligation bond rating.	Year	2014	2015	2016
		Bond Rating	No Data	No Data	No Data
	<b>Discussion:</b> The District received a bond rating of AAA by Standard and Poor's in December of 2017. This rating reflects the District's strong financial position, sound financial policies, and demonstrated fiscal responsibility.				

Table 16. Administrative Division Performance Measures (Continued)

Fiscal Stewardship Perspective (Continued)					
Strategic Goal	Outcome Measure	District Performance			
Be fiscally responsible and operate with transparency	Mean transparency and fiscal responsibility scores (1-5 Scale) on the District’s biennial community survey.	Year	2014	2015	2016
		Transparency	No Data	No Data	No Data
		Fiscal Responsibility	No Data	No Data	4.66
	<b>Discussion:</b> The District implemented a customer survey (based on emergency response services) which included a question asking if “the district was a good steward of public funds. Based on 2017 data to date, the District has received a score of 4.74 for being a good steward of public funds (1-5 scale with 1 being Strongly Disagree and 5 being Strongly Agree). CWIFR continues work to identify an effective means for conducting a broad-based community survey with implementation in 2018.				
Internal Process Perspective					
Strategic Goal	Outcome Measure	District Performance			
Identify and apply best practice to achieve continuous improvement of maximize effectiveness, efficiency, and value	Achievement of Accreditation from the Commission on Fire Accreditation International (CFAI)	Year	2014	2015	2016
		Accredited Agency	No	No	No
	<b>Discussion:</b> The District currently has Registered Agency Status and is in the process of preparing for application for accreditation, pending approval by the Board of Fire Commissioners in 2018.				
	Progress towards accreditation as indicated by:	Year	2014	2015	2016
	<ul style="list-style-type: none"><li>Percentage completion of the Commission on Fire Accreditation International (CFAI) Fire and Emergency Services Self-Assessment (FESSAM)</li><li>Percentage compliance with CFAI Accreditation Criteria (Critical, Non-Critical, and Total).</li></ul>	FESSAM Critical Criteria Non-Critical Criteria Total Criteria	The Accreditation Criteria were revised in the 9 <sup>th</sup> Edition of the FESSAM (2016).		0.39% TBD TBD TBD
<b>Discussion:</b> The District has made considerable progress in completing the CFAI Fire and Emergency Services Self-Assessment with 24.20% of performance indicators completed as of budget preparation and 40% completion anticipated by the end of 2017.					

Table 16. Administrative Division Performance Measures (Continued)

Internal Process Perspective (Continued)					
Strategic Goal	Outcome Measure	District Performance			
Identify and apply best practice to achieve continuous improvement of maximize effectiveness, efficiency, and value	Case examples of best practice implementation [QUALITATIVE]	The District completed development of comprehensive financial policies (Appendix C) based on the Government Finance Officers Association best practices (included in this budget document)  The District began the process of self-assessment using the Commission on Fire Accreditation International (CFAI) Accreditation Criteria. Completion of this work has been distributed across all full-time staff and concurrently provides the opportunity to develop technical writing skills.			
Resource Perspective					
Strategic Goal	Outcome Measure	District Performance			
Ensure adequate and sustainable funding	General Fund beginning balance as a percentage of budgeted General Fund expenses.	Year	2014	2015	2016
		GF Beginning Balance/Expense	89.27%	118.65%	105.48%
	Revenue Indicators from Brown’s 10 Point Test (Maher, C. & Nollenberger, K., 2009) and Levy Rate Indicator.	Year	2014	2015	2016
	<ul style="list-style-type: none"><li>Total revenue per capita (Revenue Indicator-Brown’s 10 Point Test)</li><li>Intergovernmental revenues/total revenues percentage (Revenue Indicator-Brown’s 10 Point Test)</li><li>Property tax/total revenues percentage (Revenue Indicator-Brown’s 10 Point Test)</li><li>Actual levy rate/ maximum levy rate (\$1.50 (Operating Position Indicator added to the 10 Point Test<sup>4</sup>)</li></ul>	Revenue/Capita	\$304.47	\$315.81	\$303.55
		Intergovernmental Revenues/Total Revenues	12.26%	7.95%	8.54%
		Property Tax/Total Revenues	85.63%	85.95%	89.06%
		Actual Levy Rate/Maximum Levy Rate	92.00%	92.00%	89.88%

<sup>4</sup> The enterprise fund operating position indicator in Brown's 10 Point Test is not used (as the District does not have enterprise funds). The percentage of maximum levy rate has been substituted as a relevant operating position indicator.



### ***Accomplishments***

Major administrative accomplishments in 2017 include the following:

- ***Lean Process:*** Attended annual 2017 Lean Conference and networked with other municipal agencies that have effectively implemented Lean<sup>5</sup> Processes to improve the effectiveness and efficiency of service delivery. This accomplishment addressed the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment supported achievement of CFAI Accreditation Criteria 9C Administration and Support Services and Office Systems (9C.1 Administrative & Support Processes).
- ***Financial Practices Standard Operating Guidelines (SOGs):*** Developed SOGs addressing the District's application for, use of, and administration of grants and the District's process and procedures for establishing fees for services. This accomplishment addressed the District's Strategic Goal to be fiscally responsible and operate with transparency. In addition, this accomplishment supported achievement of CFAI Accreditation Criteria 4B Financial Practices (4B.9 Grant Program Policies and 4B.10 Fee Policies).
- ***Administrative Support Services Standard Operating Guidelines (SOG):*** Developed SOGs addressing dissemination and release of information to the public and the maintenance, availability, retention and destruction of district records in accordance with local, state and federal legal mandates. This accomplishment addressed the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment supported achievement of CFAI Accreditation Criteria 9C Administrative Support Services (9C.4 Public Information and C.7 Public Records).
- ***Fire & Emergency Service Self-Assessment Manual:*** Began the formal process of self-assessment using the Commission on Fire Accreditation (CFAI) Fire and Emergency Services Self-Assessment Manual (CFAI, 2015). Description, appraisal, and plan (single page) were completed for 40% of the performance measures specified in the self-assessment manual. This accomplishment addressed the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment supports achievement of all CFAI Accreditation Criteria.

Management of the shared project between the Administration and Operations Divisions to develop a Continuous Quality Improvement Program (CQI) has been reassigned to the Operations Division. In addition, the Occupational Safety, Health, and Risk Management assessment projects and Human Resource Standard Operating Guidelines projects were deferred until 2018 due to resource limitations. Implementation of the Records Management System Inventory Control module has been deferred until 2019 due to a system upgrade at the end of 2017 that will require significant staff time commitment into 2018.

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<sup>5</sup> In the public sector, the core idea of Lean Process is to maximize **community value** while minimizing waste.

### *Projects*

Major projects in 2018 include the following:

- ***Personnel Policies and Procedures Standard Operating Guidelines (SOG)***: Develop SOGs addressing member complaints, ethics and conflict of interest. This project will address the District's Strategic Goal to Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this project supports achievement of CFAI Accreditation Criteria 7C Personnel Policies and Procedures (7C.4 Ethics/Conflict Procedures and 7C.5 Grievance/Complaint Procedure).
- ***Personnel Policies and Procedures Handbook***: Consolidate the Districts Human Resources Standard Operating Guidelines (SOGs) into a member's handbook. This project will address the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this initiative supports achievement of CFAI Accreditation Criteria 7C Personnel Policies and Procedures (7C.1 Communication of Personnel Rules).
- ***Lean Process***: Identify and implement a pilot project to introduce CWIFR to Lean Process. This project will address the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this project supports achievement of CFAI Accreditation Criteria 9C Administration and Support Services (9C.1 Administrative & Support Processes).
- ***Fire & Emergency Service Self-Assessment Manual***: Finalize the written description, appraisal, and plan (single page) for remaining 60% of the performance measures specified in the self-assessment manual. This project will address the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this initiative supports achievement of all CFAI Accreditation Criteria.
- ***Assessment of Occupational Safety, Health and Risk Management***: Identify District a Risk Management Officer, evaluate workplace hazards, document risk reduction efforts, and near-miss incident reporting. This project will address the District's Strategic Goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this initiative addresses CFAI Accreditation Criteria 7F: Occupational Safety, Health and Risk Management (7F.1 Health and Safety Officer, 7F.2 Workplace Hazard Assessment, 7F.3 Workplace Risk Reduction, 7F.6 Near Miss Reporting).

### *2017 Division Budget*

In addition to expenses that are exclusively administrative in nature (e.g., Finance Officer's Salary and Benefits), the Administrative Division budget includes several expenses that would be difficult to allocate across two or more Divisions (such as the Deputy Chief's Salary and Benefits or Information Technology services). Table 17 outlines the Administrative Division Budget.

Table 17. Administrative Division Budget

Administration Salaries & Wages					2016 Actual	2017 Adjusted	2018 Adopted
522	10	11	01	Fire Chief Wages	\$101,613	\$106,185	\$110,963
522	10	11	02	Deputy Chief Wages	\$84,629	\$90,420	\$94,036
522	10	11	03	Finance Officer Wages	\$53,202	\$55,596	\$60,877
522	10	11	07	Command Duty Officer Stipend	\$10,346	\$10,599	\$10,599
522	10	12	04	Office Assistant Wages	\$7,413	\$9,251	\$14,050
522	10	13	05	Commissioner Wages	\$11,856	\$13,338	\$13,338
522	10	13	06	District Secretary Wages	\$1,456	\$1,824	\$1,824
522	10	19	01	Fire Chief (Def Comp)	\$9,145	\$9,557	\$9,987
522	10	19	02	Deputy Chief (Def Comp)	\$7,617	\$8,138	\$8,463
522	10	19	03	Office Manager (Def Comp)	\$2,128	\$2,224	\$2,324
<b>Sub Total</b>					<b>\$289,405</b>	<b>\$307,132</b>	<b>\$326,461</b>
Administration Benefits							
522	10	21	01	Fire Chief (Medicare Only)	\$1,616	\$1,955	\$2,042
522	10	21	02	Deputy Chief (Medicare Only)	\$1,354	\$1,706	\$1,774
522	10	21	03	Finance Officer (FICA/Medicare)	\$3,980	\$4,423	\$4,622
522	10	21	04	Office Assistant (FICA/Medicare)	\$637	\$822	\$1,075
522	10	21	05	Commissioners (FICA/Medicare)	\$853	\$1,020	\$1,020
522	10	21	06	District Secretary (FICA/Medicare)	\$111	\$140	\$140
522	10	21	07	Command Duty (Medicare Only)	\$67	\$154	\$154
522	10	22	01	Fire Chief (L&I)	\$750	\$755	\$862
522	10	22	02	Deputy Chief (L&I)	\$609	\$755	\$862
522	10	22	03	Finance Officer (L&I)	\$307	\$354	\$375
522	10	22	04	Office Assistant (L&I)	\$83	\$142	\$150
522	10	22	05	Commissioners (L&I)	\$0	\$30	\$21
522	10	22	06	District Secretary (L&I)	\$2	\$8	\$9
522	10	22	07	Command Duty (L&I)	\$825	\$1,700	\$1,400
522	10	23	01	Fire Chief (Medical/Dental)	\$13,609	\$13,610	\$14,232
522	10	23	02	Deputy Chief (Medical/Dental)	\$20,191	\$21,845	\$20,825
522	10	23	03	Finance Officer (Medical/Dental)	\$17,991	\$17,996	\$18,795
522	10	24	01	Fire Chief (LEOFF)	\$5,735	\$6,164	\$6,675
522	10	24	02	Deputy Chief (LEOFF)	\$4,811	\$5,334	\$5,700
522	10	24	03	Finance Officer (PERS)	\$5,948	\$6,216	\$7,378
522	10	24	05	Office Assistant (PERS)	\$829	\$1,202	\$1,784
522	10	28	04	Employee Assistance Program	\$992	\$1,200	\$1,300
<b>Sub Total</b>					<b>\$81,300</b>	<b>\$87,531</b>	<b>\$91,195</b>

Table 17. Administrative Division Budget (Continued)

Administration Office & Operating Supplies					2016 Actual	2017 Adjusted	2018 Adopted
522	10	31	01	Office Supplies	\$5,196	\$6,295	\$5,000
522	10	31	02	Computer Software	\$7,831	\$9,829	\$9,020
522	10	31	04	Uniforms - Admin & Commissioners	\$1,207	\$2,400	\$2,400
522	10	31	05	Copy Fees	\$3,926	\$7,100	\$5,820
522	10	31	06	Books & Publications	\$131	\$200	\$100
522	10	31	07	Member Recognition	\$271	\$1,400	\$1,000
<b>Sub Total</b>					<b>\$18,561</b>	<b>\$27,224</b>	<b>\$23,340</b>
Administration Small Tools & Minor Equipment (<\$5,000)							
522	10	35	01	Computer Hardware	\$2,651	\$3,620	\$4,400
522	10	35	02	Office Equipment	\$0	\$350	\$0
522	10	35	03	Furniture	\$21	\$1,706	\$0
<b>Sub Total</b>					<b>\$2,672</b>	<b>\$5,676</b>	<b>\$4,400</b>
Administration Professional Services							
522	10	41	01	Legal	\$2,425	\$1,000	\$3,000
522	10	41	02	Accounting	\$2,549	\$2,700	\$2,700
522	10	41	03	Recruitment & Testing	\$0	\$80	\$80
522	10	41	04	Medical & Psychological	\$0	\$40	\$40
522	10	41	05	Vaccinations	\$0	\$120	\$120
522	10	41	06	Information Technology	\$21,780	\$21,294	\$22,494
522	10	41	07	MRSC	\$120	\$370	\$460
522	10	41	08	Consulting	\$1,705	\$45,126	\$0
522	10	41	09	Accreditation	\$570	\$0	\$0
<b>Sub Total</b>					<b>\$29,149</b>	<b>\$70,730</b>	<b>\$28,894</b>
Administration Communications							
522	10	42	01	Postage & Shipping	\$3,691	\$5,449	\$2,167
522	10	42	02	Internet Service Provider (ISP)	\$60	\$60	\$60
522	10	42	03	Telephone	\$6,768	\$10,065	\$10,248
522	10	42	04	Cellular Telephones	\$2,383	\$2,880	\$2,220
522	10	42	05	Cable/Internet	\$3,769	\$4,473	\$4,788
522	10	42	06	Newsletter (Mail House)	\$0	\$3,000	\$10,500
<b>Sub Total</b>					<b>\$16,671</b>	<b>\$25,927</b>	<b>\$29,983</b>
Travel, Lodging, & Meals							
522	10	43	01	Commissioners Travel	\$0	\$1,000	\$300
522	10	43	02	Staff Travel	\$327	\$1,500	\$1,500
<b>Sub Total</b>					<b>\$327</b>	<b>\$2,500</b>	<b>\$1,800</b>

Table 17. Administrative Division Budget (Continued)

Administration Advertising					2016 Actual	2017 Adjusted	2018 Adopted
522	10	44	01	Legal Advertising	\$671	\$2,500	\$2,500
522	10	44	03	Admin Recruitment	\$0	\$375	\$400
<b>Sub Total</b>					<b>\$671</b>	<b>\$2,875</b>	<b>\$2,900</b>
Administration Operating Rentals & Leases							
522	10	45	01	Copier	\$5,943	\$5,952	\$4,560
522	10	45	03	Miscellaneous Equipment Rental	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$5,943</b>	<b>\$5,952</b>	<b>\$4,560</b>
Administration Insurance							
522	10	46	01	Liability/Umbrella	\$36,853	\$37,958	\$43,251
<b>Sub Total</b>					<b>\$36,853</b>	<b>\$37,958</b>	<b>\$43,251</b>
Repair & Maintenance							
522	10	48	01	Equipment R&M (Computer)	\$0	\$0	\$0
522	10	48	02	Equipment R&M (Office Equipment)	\$0	\$0	\$0
522	10	48	03	Equipment R&M (Miscellaneous)	\$955	\$100	\$100
<b>Sub Total</b>					<b>\$955</b>	<b>\$100</b>	<b>\$100</b>
Miscellaneous							
522	10	49	01	Professional Memberships	\$4,504	\$4,842	\$4,834
522	10	49	02	Subscriptions	\$1,534	\$1,605	\$1,646
522	10	49	03	Commissioner Off-Site Expense	\$0	\$200	\$200
522	10	49	04	Staff Off-Site Expense	\$9	\$200	\$200
522	10	49	05	On-Site Meeting Expense	\$446	\$450	\$450
522	10	49	06	Recognition/Awards Dinner	\$300	\$300	\$300
522	10	49	07	Investment/Miscellaneous Bank Fees	\$262	\$1,300	\$1,300
522	10	49	08	Finance Charges	\$414	\$500	\$500
522	10	49	09	Investment Fee (Capital)	\$0	\$0	\$0
522	10	49	10	Administrative Audit	\$18,054	\$12,000	\$0
<b>Sub Total</b>					<b>\$25,523</b>	<b>\$21,397</b>	<b>\$9,430</b>
Administrative Intergovernmental Services							
522	10	51	02	Non-Legislative Election Fees	\$0	\$29,000	\$0
522	10	51	03	Legislative Election Fees	\$1,577	\$2,000	\$0
522	10	51	04	Sales Tax (Not Paid with Purchase)	\$2,152	\$2,000	\$2,000
<b>Sub Total</b>					<b>\$3,729</b>	<b>\$33,000</b>	<b>\$2,000</b>
<b>Total Administrative Division Budget</b>					<b>\$511,758</b>	<b>\$628,002</b>	<b>\$568,314</b>

***Major Expenditures/Changes***

The Administrative Division budget decreased by 9.5% in 2018 primarily due to elimination of 2017 expenses for consulting services and placing a voter approved bond measure on the general election ballot in 2017.

## Operations Division

The Operations Division delivers emergency services to the community to reduce the severity of incidents related to fires, illnesses, injuries, and other hazards within the community. The Operations Division is responsible for the following major programs and functions:

- Fire Suppression
- Emergency Medical Services
- Marine Rescue and Shipboard Firefighting (Land Based)
- Technical Rescue
- Hazardous Materials
- Domestic Preparedness
- Wellness/Fitness Program

### *Personnel Summary*

The Operations Division is comprised of our part-time and volunteer Firefighters and volunteer Company Officers. The District's full-time Company Officers and Firefighters are assigned to the Community Risk Reduction Division but also have an operational role in responding to emergency incidents. A modest increase in volunteer staffing within the Operations Division is anticipated in 2019. Table 18 delineates the distribution of Operations Division Staffing.

Table 18. 2018 Operations Staffing by Rank/Role

Classification	Volunteer	Part-Time
Support Services (Operations)	8.00	0.00
Firefighter	17.00	9.83
Lieutenant	3.00	0.00
Captain	1.00	0.00
<b>Total Staff</b>	<b>29.00</b>	<b>9.83</b>

In addition to members rank or role, they may hold additional qualifications based on certification or training and qualification as illustrated in Table 19.

Table 19. 2018 Operations Staffing by Qualification

Qualification	Volunteer	Part-Time
Emergency Medical Technician-Basic	7.00	9.83
Light Apparatus Operator	29.00	9.83
Heavy Apparatus Operator-Engine	12.00	9.83
Heavy Apparatus Operator-Water Tender	12.00	5.00
Marine Rescue	11.00	9.83
Rope Rescue	9.00	9.83

***Strategic Goals***

The following Strategic Goals are of significance to the Operations Division.

- Reduce incident frequency and severity.
- Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value.

In addition, the Operations Division directly supports District's Strategic Goals to:

- Be fiscally responsible and operate with transparency.
- Ensure adequate staffing.
- Maintain adequate infrastructure to support operations.

***Performance Measures***

Table 20 identifies the District' Strategic Performance Measures within the Operations Division.

Performance measure shaded light yellow are under development (data collection strategies under development or data may not yet be available). These performance measures are included to show future directions and continued development of the District's performance management processes. This page intentionally blank



Table 20. Operations Division Performance Measures

Community Perspective					
Strategic Goal	Outcome Measure	District Performance			
Reduce incident frequency and severity	Percentage of structure fires beyond the room of origin on arrival confined to the building of origin [Lag]	Year	2014	2015	2016
		Confined to the building of origin	100%	100%	100%
	Percentage of structure fires confined to the room or area of origin [Lag]	Year	2014	2015	2016
		Confined to the room or area of origin	64%	64%	50%
	Cardiac Arrest Save Rate (Utstine Criteria) [Lag]	Year	2014	2015	2016
		Save Rate	No Data	No Data	No Data
	<b>Discussion:</b> Anecdotal data shows an increase in the District's cardiac arrest save rate (patient self-reporting). Whidbey Island has recently enrolled in Cardiac Arrest Registry for Enhanced Survival (CARES) to begin the process of gathering cardiac arrest save rate and related data.				
	Extent to which CWIFR meets its adopted Standard of Coverage (SOC) [Lead]	Year	2014	2015	2016
		First Due Unit	No Data	No Data	No Data
		MRF	No Data	No Data	No Data
		ERF Cardiac Arrest	No Data	No Data	No Data
		ERF Building Fire	No Data	No Data	No Data
		% On-Call Turnout	No Data	No Data	No Data
	<b>Discussion:</b> The District's SOC is under development and has not yet been adopted by the Board of Fire Commissioners. Data is currently being collected that will allow reporting on this measure after adoption of the SOC.				

Table 20. Operations Division Performance Measures (Continued)

Fiscal Stewardship Perspective					
Strategic Goal	Outcome Measure	District Performance			
The Operations Division has no Performance Measures in the Fiscal Stewardship Perspective					
Internal Process Perspective					
Strategic Goal	Outcome Measure	District Performance			
Identify and apply best practice to achieve continuous improvement of maximize effectiveness, efficiency, and value	Case examples of best practice implementation [QUALITATIVE]	Developed and implemented a comprehensive respiratory protection program.  Completed a field trial on “jet style” fire helmets that provide reduced weight and improved ergonomics.			
Resource Perspective					
Strategic Goal	Performance Driver	District Performance			
Ensure adequate staffing	Retention rate:	Year	2014	2015	2016
	<ul style="list-style-type: none"><li>% of volunteer members with greater than 24 months service</li></ul>	Volunteer >24 months	45%	76.47%	58%%
	<ul style="list-style-type: none"><li>% of part-time members with greater than 24 months service</li></ul>	PT > 24 months	40%	60%	40%%
Ensure adequate staffing	On-Duty Staff/1000 Population (Day/Night)	Year	2014	2015	2016
	On-Call Staff/1000 Population (Day/Night)	On-Duty/1000 Day	4.85	5.76	5.48
		On-Duty/1000 Night	3.14	3.70	3.59
		On-Call /1000 Day	No Data	No Data	No Data
		On-Call/1000 Night	No Data	No Data	No Data
		<b>Discussion:</b> Some part-time firefighters do not live in or near the District and are not available in on-call status when not on duty. The District’s current staffing data system makes it difficult to differentiate between part-time staff that are on-call when they are off duty and those who are not. Efforts are ongoing to improve this element of data collection.			

Table 20. Operations Division Performance Measures (Continued)

Resource Perspective (Continued)		
Strategic Goal	Performance Driver	District Performance
Ensure adequate staffing	Percentage of incidents in which the following Standard of Coverage response standards are met: <ul style="list-style-type: none"> <li>• Minimum company staffing</li> <li>• Minimum Response Force</li> <li>• Effective Response Force</li> </ul>	This is a new performance measure established for 2017. These performance measures will be reported on in the 2018 District Budget.
	<b>Discussion:</b> The District's SOC is under development and has not yet been adopted by the Board of Fire Commissioners. Data is currently being collected that will allow reporting on this measure after adoption of the SOC.	

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### ***Accomplishments***

Major operational accomplishments in (2017) include the following:

- ***Standard Equipment Inventory:*** Established and implemented standard equipment inventory for all Type 1 Water Tenders. Established standard equipment inventory Type 6 Engines. Standard equipment will purchase in 2018 upon receipt of new Type 6 Engines. This accomplishment addressed the District's strategic goal of reducing incident frequency and severity as well as Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6E Tools and Equipment (6E.1 Tool and Equipment Inventory and Distribution).
- ***Wellness Program Improvement:*** Annual physical assessments were conducted for all career members. This accomplishment addressed the District's strategic goal of identifying and applying best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment addresses CFAI accreditation criteria 7G Wellness/Fitness Program (7G.3 Wellness/Fitness Training).
- ***Respiratory Protection Program:*** The District developed a respiratory protection program to meet the requirements of Washington Administrative Code (WAC) 296-305 Safety Standards for Firefighters, WAC 296-842 Respirators, National Fire Protection Association (NFPA) 1500 Fire Department Occupational Safety and Health Program (NFPA, 2013a), and NFPA 1404 Standard for Fire Department Respiratory Protection Training (NFPA, 2013b). This accomplishment addressed the District's strategic goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment addresses CFAI Accreditation Criteria 6F Safety Equipment.
- ***Technical Rescue-Structural Collapse:*** The District identified the resource and training requirements to implement a Type 3 Structural Collapse Squad. This project would provide the District with basic structural collapse rescue capability to address risks presented by vehicles into buildings or earthquakes. This accomplishment addresses the District's strategic goal to reduce incident frequency and severity (by improving operational capability to address community risks). In addition, this accomplishment addresses CFAI Accreditation Criterion 5G Technical Rescue.

Several Operations Division Initiatives Adopted for 2017 were extended into 2018 due to staff and resource limitations, these include:

- Standard Equipment Inventory (Type 1 engines)
- Implementation of a standard inventory for Type 6 engines
- Wellness Program Improvement (Certification of Peer Fitness Trainers and establishing incentives for volunteers to participate in fitness and wellness activities)
- Continuous Quality Improvement (CQI) program
- Ongoing HIPPA Compliance

## Projects

Major projects in 2018 Include:

- **Standard Equipment Inventory:** The District will achieve standardization of equipment carried on Type 6 Engines in 2018. Standard inventory for Type 1 Engines will be established in 2018 (implementation will be accomplished in 2019 with purchase of three Type 1 Engines). Implementation of a standard equipment inventory will improve tactical functionality and simplify training and maintenance requirements. This project addresses the District's strategic goal of reducing incident frequency and severity as well as Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6E (6E.1 Small Tools and Equipment).
- **Wellness Program Improvement:** This project involves selection, training, and certification of additional Peer Fitness Trainers (PFT) to provide supportive assistance to members; mandatory, non-punitive physical training (PT) while on duty; and establishment of incentives that will encourage participation of volunteer members in fitness and wellness related activities. This project addresses the District's strategic goal of ensuring adequate staffing. In addition, this accomplishment addresses CFAI Accreditation Criteria 7G Wellness/Fitness Program.
- **Continuous Quality Improvement (CQI) Program.** This program will be expanded to include selected review of Patient Care Reports (PCRs) for EMS calls, as well as including overall participation of volunteer, part-time, and full-time members to continue improvement of incident and patient care documentation. This project addresses the District's strategic goal of identifying and applying best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this project addresses CFAI Accreditation Criteria 5F Emergency Medical Services (5F.6 Independent Review of Patient Records).
- **HIPAA Compliance:** HIPAA compliance and continued training of personnel of its importance are an essential component of our EMS delivery. A HIPAA compliance and policy evaluation, along with the development of an annual training program, will be assessed to enhance our knowledge and procedures regarding best practices related to EMS delivery and HIPAA compliance. This project addresses the District's strategic goal of identifying and applying best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this project addresses CFAI Criteria 5F Emergency Medical Services (5F.5 HIPAA Compliance).
- **Equipment Maintenance:** Equipment maintenance, testing, and inspection are critical elements of performance. The development and implementation of a maintenance schedule for our small tools and equipment supports the District's strategic goal of maintaining adequate infrastructure to support operations and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this project addresses CFAI Criteria 6E Tools, Supplies, and Small Equipment (6E.3 Equipment Maintenance).

**2017 Division Budget**

Table 21 outlines the Operations Division Budget.

Table 21. Operations Division Budget

Operations Salaries, Wages, & Stipends					2016 Actual	2017 Amended	2018 Adopted
522	20	10	03	Part-Time Firefighter Wages	\$142,426	\$162,243	\$175,875
522	20	11	01	Callback Overtime	\$4,867	\$8,002	\$8,218
522	20	13	01	Project Overtime	\$532	\$837	\$860
522	20	18	04	VIP Annual Pay	\$3,691	\$3,700	\$4,389
522	20	19	04	Quarterly Stipend	\$20,338	\$21,068	\$39,480
<b>Sub Total</b>					<b>\$171,854</b>	<b>\$195,850</b>	<b>\$228,822</b>
Operations Benefits							
522	20	21	01	OT Callback (Medicare)	\$82	\$116	\$119
522	20	21	03	PT FF (FICA/Medicare)	\$10,896	\$12,871	\$13,454
522	20	21	04	Volunteer FF (FICA/Medicare)	\$1,838	\$4,587	\$3,356
522	20	22	03	PT FF (L&I)	\$16,927	\$18,008	\$22,250
522	20	23	02	PT FF (Life Insurance)	\$221	\$226	\$226
522	20	24	03	PT FF (PERS)	\$15,923	\$18,810	\$22,336
522	20	26	01	Volunteer FFs (Pension & Medical)	\$1,560	\$3,060	\$3,150
522	20	26	03	VFIS Accident & Sickness Coverage	\$3,486	\$3,630	\$3,630
522	20	26	04	Life Insurance (Trusted Plans)	\$234	\$451	\$925
<b>Sub Total</b>					<b>\$51,167</b>	<b>\$61,759</b>	<b>\$69,446</b>
Operations Office & Operating Supplies							
522	20	31	01	Fire Supplies	\$2,347	\$2,520	\$4,260
522	20	31	02	EMS Supplies	\$2,994	\$5,749	\$2,996
522	20	31	03	Special Operations Supplies	\$89	\$100	\$405
522	20	31	04	Small Equipment Supplies	\$2,143	\$3,900	\$2,350
522	20	31	05	Marine Supplies	\$0	\$0	\$0
522	20	31	06	Uniforms (PT & Vol)	\$15,481	\$18,700	\$22,980
522	20	31	07	Computer Software	\$2,425	\$2,315	\$2,300
522	20	31	08	Tech Rescue Supplies	\$0	\$0	\$0
522	20	31	09	Office Supplies	\$279	\$0	\$500
522	20	31	10	Hazmat Supplies	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$25,758</b>	<b>\$33,284</b>	<b>\$35,791</b>
Operations Fuel							
522	20	32	01	Motor Fuel	\$21,014	\$26,000	\$25,600
<b>Sub Total</b>					<b>\$21,014</b>	<b>\$26,000</b>	<b>\$25,600</b>

Table 21. Operations Division Budget (Continued)

Small Tools & Minor Equipment (<\$5,000)					2016 Actual	2017 Amended	2018 Adopted
522	20	35	01	Fire Equipment	\$6,801	\$6,000	\$9,150
522	20	35	02	EMS Equipment	\$277	\$3,200	\$800
522	20	35	03	Tech Rescue Equipment	\$7,393	\$3,562	\$6,240
522	20	35	04	Communications Equipment	\$4,745	\$0	\$2,643
522	20	35	05	Personal Protective Equipment	\$25,070	\$38,071	\$52,498
522	20	35	06	Miscellaneous Equipment	\$25	\$0	\$0
522	20	35	07	Computer Hardware	\$0	\$1,000	\$0
522	20	35	08	Hazmat Equipment	\$0	\$0	\$6,049
522	20	35	09	Marine Equipment	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$44,310</b>	<b>\$51,833</b>	<b>\$77,380</b>
<b>Professional Services</b>							
522	20	41	01	Breathing Air Testing	\$495	\$700	\$1,990
522	20	41	02	SCBA Testing	\$1,358	\$6,460	\$3,580
522	20	41	03	Recruitment & Testing	\$4,138	\$4,490	\$5,650
522	20	41	04	Medical & Psychological	\$8,174	\$19,970	\$16,310
522	20	41	05	Vaccinations	\$0	\$3,425	\$7,500
<b>Sub Total</b>					<b>\$14,165</b>	<b>\$35,045</b>	<b>\$35,030</b>
<b>Communications</b>							
522	20	42	01	ICOM Dispatch Charges	\$34,176	\$36,251	\$39,100
522	20	42	02	ICOM Other Charges	\$0	\$0	\$6,250
522	20	42	03	Data Cards for MDCs	\$2,169	\$2,890	\$2,460
<b>Sub Total</b>					<b>\$36,345</b>	<b>\$39,141</b>	<b>\$47,810</b>
<b>Operating Rentals &amp; Leases</b>							
522	20	45	01	Equipment Rental	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Repair &amp; Maintenance</b>							
522	20	48	02	Communications Equipment R&M	\$21	\$10,000	\$7,653
522	20	48	03	Fire Equipment R&M	\$1,219	\$3,665	\$800
522	20	48	04	Marine Equipment R&M	\$3,427	\$4,550	\$1,700
522	20	48	05	Hazmat Equipment R&M	\$0	\$0	\$0
522	20	48	06	PPE Equipment R&M	\$1,010	\$1,500	\$6,956
522	20	48	07	EMS Equipment R&M	\$0	\$0	\$500
522	20	48	08	Tech Rescue Equipment R&M	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$5,677</b>	<b>\$19,715</b>	<b>\$17,609</b>



Table 21. Operations Division Budget (Continued)

Miscellaneous Services							
522	20	49	01	Miscellaneous Services	\$0	\$0	\$0
522	20	49	02	Incident Rehab & Meals	\$313	\$1,500	\$1,500
<b>Sub Total</b>					<b>\$313</b>	<b>\$1,500</b>	<b>\$1,500</b>

Total Operations Division Budget

\$370,604

\$464,127

\$538,987

***Major Expenditures/Changes***

The Adopted Operations Division Budget increased 16.13% in comparison to the 2017 Adjusted Budget. This change is largely the result of increased compensation for Part-Time Firefighters due to changes in the state minimum wage, increased volunteer staffing and participation, and increased expense for worker's compensation insurance through the Washington Department of Labor and Industries.

### Community Risk Reduction Division

The Community Risk Reduction (CRR) Division works with community partners to reduce the risk of harm from fires, illness, injury, and other hazards in the community. CRR programs include

- Fire Safety Inspections of Commercial Buildings
- Fire Safety Plans Review
- Public Education Programs
- Fire Investigation
- Water Supply (Hydrant Inspection and Testing)
- Pre-Incident Planning
- Home Safety Surveys

### Personnel Summary

Normal staffing of the CRR Division is comprised of three full-time Lieutenants, one of whom serves as the Division Manager, three full-time Firefighters, a Volunteer Geographic Information Specialist. In 2017, the Division Manager was on light duty for a period of five months, necessitating that the District hire a temporary Full-Time Firefighter and assign an existing Full-Time Firefighter as an Acting Lieutenant. In late 2017 or early 2018 the District anticipates increasing CRR Division staffing with six support services volunteers trained to conduct home safety surveys. CRR Division staffing is illustrated in Table 22.

Table 22. 2018 CRR Division Staffing

Classification	Volunteer	Part-Time	Full-Time
Company Officer/EMTs	0.00	0.00	3.00
Firefighter/EMTs	0.00	0.00	3.17
Support Services (GIS)	1.00	0.00	0.00
Support Services (CRR)	6.00	0.00	0.00
<b>Total Staff</b>	<b>7.00</b>	<b>0.00</b>	<b>6.17</b>

Full-time personnel assigned to this Division (except for the temporary Full-Time Firefighter) are certified as Fire Inspectors and the Division Manager is also certified as a Public Educator. In addition to CRR, members assigned to this division also respond to emergency incidents and serve in operational roles for delivery of fire suppression, rescue, and emergency medical services. CRR Division operational qualifications are illustrated in Table 23.

Table 23. 2018 CRR Division Staffing by Qualification

Qualification	Volunteer	Part-Time	Full-Time
Emergency Medical Technician-Basic	0.00	0.00	6.17
Light Apparatus Operator	0.00	0.00	6.17
Heavy Apparatus Operator-Engine	0.00	0.00	6.17
Heavy Apparatus Operator-Water Tender	0.00	0.00	6.17
Marine Rescue	0.00	0.00	6.17
Rope Rescue	0.00	0.00	6.17

**Strategic Goals**

The following Strategic Goals are of significance to the Community Risk Reduction (CRR) Division.

- Reduce incident frequency and severity.
- Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value.

In addition, the CRR Division directly supports the District's Strategic Goals to:

- Be fiscally responsible and operate with transparency.
- Maintain adequate infrastructure to support operations.

**Performance Measures**

Table 24 identifies the District's Strategic Performance Measures within the Community Risk Reduction Division. Performance measure shaded light yellow are under development (data collection strategies under development or data may not yet be available). These performance measures are included to show future directions and continued development of the District's performance management processes.

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Table 24. Community Risk Reduction Division Performance Measures

Community Perspective					
Strategic Goal	Outcome Measure	District Performance			
Reduce incident frequency and severity	Change in total calls for service/1000 population [Lag] <ul style="list-style-type: none"><li>Fire incidents/1000 population (NFIRS 100)</li><li>Emergency medical responses/1000 population (NFIRS 300)</li><li>Total incidents/1000 population</li></ul>	Year	2014	2015	2016
		Fire Incident Rate	3.49	5.93	5.38
		EMS Incident Rate	91.90	93.07	91.16
		Total Incident Rate	152.00	159.98	160.33
	<b>Discussion:</b> It is difficult to discern significant trends examining a three-year period due to the small sample size. Examining incident rate data over a fifteen-year period shows that the total incident rate is increasing more than twice as fast as population, largely due to the increase in emergency medical service incident rate. Fire incident rate has decreased over the same fifteen-year period, but saw a dramatic increase in 2015, which bears further examination.				
	Percentage change in the rate of incident occurrence (incidents/1000 population) for risks identified as high frequency (e.g., ground level falls) or high criticality (e.g., structure fires and cardiac arrest) [Lag]	Year	2014	2015	2016
		Structure Fire Rate	0.74%	0.73%	1.47%
		Cardiac Arrest	No Data	1.23%	0.73%
		Ground Level Falls	No Data	No Data	No Data
	<b>Discussion:</b> Work is ongoing to improve the quality of data related to both cardiac arrest and ground level falls.				
	Example of programs focusing on highest risks within the community. [Qualitative/Lead]	The District continues its emphasis on community CPR training to aid in mitigation of the impact of cardiac arrest by improving the rate of citizen CPR.  CWIFR received a federal grant to extend its Home Safety Survey program with a specific emphasis on homes built prior to 1984, when hard wired smoke detectors were first required.			
	<b>Discussion:</b> The District has identified falls, cardiac arrest, and fires involving older adults as being the highest risks in the District. Work continues on development and implementation of referral and intervention programs to address these risks.				

Table 24. Community Risk Reduction Division Performance Measures (Continued)

Community Perspective					
Strategic Goal	Outcome Measure	District Performance			
Reduce incident frequency and	Percentage of District population receiving CPR Training (Hands-Only or Certification) annually [Lead]	Year	2014	2015	2016
		% Receiving Training	8.58%	14.6%	4.2%
	<b>Discussion:</b> In 2016, the District failed to meet its goal of training more than 10% of the District’s population in CPR on an annual basis with a three-year average of 9.13%. The major factor in the reduction in the percentage of district population trained was a shift from CWIFR providing CPR training in the Coupeville Schools to WhidbeyHealth EMS (CWIFR’s partner). Efforts are ongoing to integrate data collection between the two agencies to more accurately reflect our collective effort.				
	Percentage of homes (dwelling units) receiving a safety survey annually [Lead]	Year	2014	2015	2016
		% of Homes	No Data	No Data	No Data
	<b>Discussion:</b> This program was implanted in 2017 and will be reported on in the 2018.				
	Number of contacts and referrals related to community risks [Lead]	This is a new performance measure established for 2018 This performance measure will be reported on in the 2019.			
	Percentage of community members correctly identifying major fire, accident, and health risks [Lead]	This is a new performance measure established for 2018. This performance measure will be reported on in the 2019.			
<b>Discussion:</b> The District continues work to identify an effective means for conducting a broad-based community survey with implementation in 2018.					
Fiscal Stewardship Perspective					
Strategic Goal	Outcome Measure	District Performance			
The Community Risk Reduction Division has no Performance Measures in the Fiscal Stewardship Perspective					

Table 24. Community Risk Reduction Division Performance Measures (Continued)

Internal Process Perspective		
Strategic Goal	Outcome Measure	District Performance
Identify and apply best practice to achieve continuous improvement of maximize effectiveness, efficiency, and value	Case examples of best practice implementation [QUALITATIVE]	<p>CWIFR implemented a home safety survey program as evidence based community risk reduction strategy.</p> <p>CWIFR received a federal grant to extend its Home Safety Survey program with a specific emphasis on homes built prior to 1984, when hard wired smoke detectors were first required.</p>
Resource Perspective		
Strategic Goal	Outcome Measure	District Performance
The Community Risk Reduction Division has no Performance Measures in the Resource Perspective		

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### ***Accomplishments***

Major life safety and CRR accomplishments in 2017 include the following:

- ***Event Public Education Strategy:*** Developed and documented a strategy to increase the accuracy of public risk perception and maximize the public education impact of District participation in public events. This accomplishment addressed the District's strategic goal to reduce incident frequency and severity. In addition, it addressed CFAI Accreditation Criteria 5B Public Education Programs (5B.1 Program Analysis and Targeted Delivery, 5B.3 Public Education Program Assessment).
- ***Home Safety Survey:*** Developed a Home Safety Survey Standard Operating Guideline and trained all Division staff to conduct home safety surveys. This accomplishment addressed the District's strategic goal to reduce incident frequency and severity. In addition, it addressed Commission on Fire Accreditation International (CFAI) Accreditation Criteria 5B Public Education Programs (5B.1 Program Analysis and Targeted Delivery, 5B.4 Large Loss Potential and High-Risk Audiences).
- ***Community Risk Reduction Grant:*** The District received a \$23,734 Fire Prevention and Safety Grant from the Department of Homeland Security, Federal Emergency Management to provide home safety surveys to target homes constructed prior to 1984 (when hard wired smoke alarms became required by code) that are in the 25<sup>th</sup> percentile of assessed value for improvements (buildings) as a proxy measure for income. This accomplishment addressed the District's strategic goal to reduce incident frequency and severity. In addition, it addressed Commission on Fire Accreditation International (CFAI) Accreditation Criteria 5B Public Education Programs (5B.1 Program Analysis and Targeted Delivery, 5B.4 Large Loss Potential and High-Risk Audiences).
- ***Fire Investigation Program Plan:*** Developed a plan to improve fire investigation within the District through staff training, participation in the Region 3 Fire Investigation Task Force, and establishment of Interlocal agreements to clarify roles and responsibilities for fire investigation. This project addresses the District's strategic goals of reducing incident frequency and severity and identifying and applying best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it addresses CFAI Accreditation Criteria 5C Fire Investigation Program (5C.3 Staffing, 5C.4 Interagency Agreement and Support, 5C.5 Fire Investigation Program Assessment).
- ***Preplanning:*** This program includes water supply, long driveway, and target hazard preplanning. Prepared a long driveway homeowner informational package regarding the impact of long driveways incident operations and conducted a focus group with key stakeholders to gather input on the long driveway program and its implementation. In addition, defined workflow and methodology for development of GIS based target hazard preplans. This accomplishment addressed the District's strategic goal to reduce incident frequency and severity. In addition, it addressed Commission on Fire Accreditation International (CFAI) Accreditation Criteria 2B All

Hazard Risk Assessment and Response Strategies (2B.1 Risk Classification Methodology, 2B.4 Risk Classification).

Implementation of the fire inspections module of the ImageTrend records management system was deferred to 2018 due to a major upgrade of the system. In addition, several Community Risk Reduction (CRR) Division Initiatives were extended into 2018 and integrated into a common project (Preplanning), these include:

- Target Hazard Preplanning
- Long Driveway Program

### **Projects**

Major projects in 2018 include:

- **Home Safety Survey Grant:** Using grant funds received from the Department of Homeland Security, perform at least 250 home safety surveys focused on homes built prior to 1984 and in the 25<sup>th</sup> percentile for assessed value of improvements (buildings). This would reach approximately half of the homes meeting these criteria (n-508). This project addresses the District's strategic goal to reduce incident frequency and severity, and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it addresses CFAI Accreditation Criteria 5B Public Education Program (5B.4 High Risk Potential and High-Risk Audiences).
- **Fire Investigation:** Develop internal capacity for fire investigation by qualifying one member to as a fire investigator. Establish Interlocal agreements with Island County, Town of Coupeville, and member agencies of the Region 3 Arson Task Force (Whatcom, San Juan, Skagit, and Island Counties) to clarify and formalize role and responsibility for fire investigation within the District and mutual support in this discipline. This project addresses the District's strategic goal to reduce incident frequency and severity, and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it addresses CFAI Accreditation Criteria 5C Fire Investigation on a comprehensive basis.
- **Preplanning:** Integrate development of GIS based target hazard preplans for major target hazards within the District into normal shift workflow. Begin physical inventory and inspection of long driveways and integrate an inventory of long private roads (serving multiple homes). Develop water supply preplans for all major response routes. This project addresses the District's strategic goal to reduce incident frequency and severity, and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it addresses CFAI Accreditation Criteria 2B All Hazard Risk Assessment and Response Strategies (2B.1 Risk Classification Methodology)
- **Fire Inspection Records Management System:** Implementation of the Fire Inspection Records Management system in 2017 was delayed by late rollout of a software upgrade. Implementation will involve transition from a paper based to electronic inspection documentation. This project

will address the District's strategic goal to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it addresses CFAI Accreditation Criteria 5A Community Risk Reduction Program.

- **Plans Review:** CWIFR will develop, document, and implement a formal process for fire code plans review in conjunction with Island County and the Town of Coupeville. This project addresses the District's Strategic Goal of reducing incident frequency and severity and identifying and applying best practice to achieve continuous improvement of effectiveness, efficiency, and value. This project addresses CFAI Accreditation Criteria 5A Community Risk Reduction (CRR) (5A.4 Plan Review) and 9A Water Supply (9A.1 Determination of Minimum Flow Requirements).

### 2017 Division Budget

Table 5 outlines the CRR Division Budget.

Table 25. Community Risk Reduction Division Budget

CRR Salaries, Wages, & Stipends					2016 Actual	2017 Amended	2018 Adopted
522	30	10	01	Full-Time FF/LT	\$432,120	\$467,669	\$464,461
522	30	10	03	PT FF Salary (CRR)	\$0	\$0	\$0
522	30	10	04	Volunteer Stipend (CRR)	\$0	\$0	\$0
522	30	11	01	Fully Qualified Incentive	\$667	\$788	\$1,619
522	30	12	01	Shift Coverage Overtime	\$17,465	\$30,266	\$22,867
522	30	13	01	Project Overtime	\$3,645	\$6,529	\$6,705
522	30	15	01	Education Incentive	\$4,313	\$6,750	\$6,404
522	30	16	01	FF/LT Holiday Pay	\$19,559	\$20,090	\$20,632
522	30	17	01	FT FF/LT AIC Pay	\$2,945	\$3,104	\$2,836
522	30	18	01	FT FF/LT Def Comp	\$17,135	\$18,571	\$18,508
522	30	19	01	Longevity	\$4,479	\$10,895	\$11,189
<b>Sub Total</b>					<b>\$502,327</b>	<b>\$564,662</b>	<b>\$555,221</b>
CRR Benefits							
522	30	21	01	FT FF/LT (Medicare)	\$7,057	\$7,843	\$7,009
522	30	21	03	PT FF (FICA/Medicare) (CRR)	\$0	\$0	\$0
522	30	21	04	Volunteer (FICA/Medicare) (CRR)	\$0	\$0	\$0
522	30	22	01	FT FF/LT (L&I)	\$17,182	\$24,835	\$27,567
522	30	22	03	PT FF L&I (CRR)	\$0	\$0	\$0
522	30	23	01	FT FF/LT (Medical & Dental)	\$92,875	\$100,282	\$100,250
522	30	24	01	FT FF/LT (LEOFF)	\$26,339	\$29,586	\$26,553
522	30	24	03	PT FF (PERS) (CRR)	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$143,453</b>	<b>\$162,546</b>	<b>\$161,379</b>

Table 25. Community Risk Reduction Division Budget (Continued)

CRR Office & Operating Supplies					2016 Actual	2017 Amended	2018 Adopted
522	30	31	01	Office Supplies	\$2	\$0	\$240
522	30	31	02	Fire Prevention	\$2,053	\$4,000	\$3,803
522	30	31	03	Fire Public Education	\$2,377	\$2,950	\$1,465
522	30	31	04	EMS Public Education Supplies	\$3,467	\$3,596	\$3,830
522	30	31	05	Fire Investigation Supplies	\$0	\$0	\$0
522	30	31	06	Pre-Incident Supplies	\$1,774	\$3,837	\$2,500
522	30	31	07	Books & Publications	\$0	\$200	\$689
522	30	31	08	Computer Software	\$435	\$2,500	\$2,500
522	30	31	09	Uniforms	\$2,396	\$2,400	\$2,400
<b>Sub Total</b>					<b>\$12,503</b>	<b>\$19,483</b>	<b>\$17,427</b>
<b>CRR Small Equipment &amp; Tools (&lt;\$5,000)</b>							
522	30	35	01	Computer Hardware	\$0	\$200	\$0
522	30	35	02	Office Equipment	\$0	\$0	\$0
522	30	35	03	Pre-Incident Equipment (CRR)	\$0	\$0	\$400
<b>Sub Total</b>					<b>\$0</b>	<b>\$200</b>	<b>\$400</b>
<b>CRR Professional Services</b>							
522	30	41	01	Legal	\$0	\$0	\$0
522	30	41	02	Plans Review	\$0	\$0	\$0
522	30	41	03	Life Safety Consulting	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CRR Travel, Lodging, &amp; Meals</b>							
522	30	43	01	Life Safety Meetings	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CRR Operating Rentals &amp; Leases</b>							
522	30	45	01	Equipment Rental	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CRR Repair &amp; Maintenance</b>							
522	30	48	01	Equipment R&M (Miscellaneous)	\$1,452	\$585	\$500
<b>Sub Total</b>					<b>\$1,452</b>	<b>\$585</b>	<b>\$500</b>

Table 25. Community Risk Reduction Division Budget (Continued)

CRR Miscellaneous Services					2016 Actual	2017 Amended	2018 Adopted
522	30	49	01	Professional Memberships	\$140	\$300	\$574
522	30	49	02	Life Safety Meeting Expense	\$0	\$0	\$0
522	30	49	03	Subscriptions	\$0	\$0	\$0
522	30	49	04	Community Risk Reduction Grant	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$140</b>	<b>\$300</b>	<b>\$574</b>

**Total CRR Division Budget** **\$659,875**      **\$747,776**      **\$735,501**

**Major Expenditures/Changes**

The Adopted Community Risk Reduction (CRR) Division decreased 1.64%, primarily due to staffing changes (only two months of temporary Full-Time Firefighter Staffing and return of the Division Manager from light duty to normal shift assignment). Expense related to use of a temporary Full-Time Firefighter and Acting Lieutenant to maintain shift staffing is illustrated in Table 26 on a line by line basis for 2017 and 2018.

Table 26. 2017 &amp; 2018 Expense of Maintaining Shift Staffing During Light Duty Assignment

CRR Salaries, Wages, & Stipends					2017 Amended	2018 Adopted
522	30	10	01	Full-Time FF/LT	\$30,095	\$12,038
522	30	15	01	Education Incentive	\$857	\$344
522	30	18	01	FT FF/LT Deferred Comp	\$892	\$412
<b>Sub Total</b>					<b>\$31,844</b>	<b>\$12,794</b>
CRR Benefits						
522	30	21	01	FT FF/LT (Medicare)	\$376	\$150
522	30	22	01	FT FF/LT (L&I)	\$1,635	\$655
522	30	23	01	FT FF/LT (Medical & Dental)	\$7,402	\$2,961
522	30	24	01	FT FF/LT (LEOFF)	\$2,653	\$1,396
<b>Sub Total</b>					<b>\$12,066</b>	<b>\$5,162</b>

**Total Additional Expense** **\$43,910**      **\$17,956**

Note: The additional \$43,910 expense in 2017 was managed with a net zero impact on the total budget by reducing or deferring discretionary spending.

### **Training/Recruitment Division**

The Training/Recruitment Division ensures that the District has adequate volunteer, part-time, and full-time staff and that our members have the competence necessary to serve our community. Competence in this sense is holistic, including the technical and interpersonal competence that reflects the District's values of Professionalism, Integrity, Compassion, and Excellence.

The Training/Recruitment Division is responsible for the following major programs and functions.

- Recruitment, Retention & Promotion
- Fire Training
- Emergency Medical Training
- Special Operations (Marine, Technical Rescue, and Hazmat) Training
- Apparatus Operator Training
- Officer Development Training and Professional Development
- Human Resources/Occupational Safety Training
- Best Practice Research

### ***Personnel Summary***

The Training/Recruitment Division is staffed by a Captain. While staffed with a single person, this division draws on the other divisions as needed to meet the professional development and recruitment needs of the District.

### ***Strategic Goals***

The following Strategic Goals are of significance to the Training/Recruitment Division.

- Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value.
- Ensure adequate staffing.

In addition, the Training/Recruitment Division directly supports the District's Strategic Goal to be fiscally responsible and operate with transparency.

### ***Performance Measures***

Table 27 identifies the District's Strategic Performance Measures within the Training/Recruitment Division. Performance measure shaded light yellow are under development (data collection strategies under development or data may not yet be available). These performance measures are included to show future directions and continued development of the District's performance management processes.

Table 27. Training/Recruitment Division Performance Measures

Community Perspective					
Strategic Goal	Outcome Measure	District Performance			
The Training/Recruitment Division has no Performance Measures in the Community Perspective					
Fiscal Stewardship Perspective					
Strategic Goal	Outcome Measure	District Performance			
The Training/Recruitment Division has no Performance Measures in the Fiscal Stewardship Perspective					
Internal Process Perspective					
Strategic Goal	Outcome Measure	District Performance			
Identify and apply best practice to achieve continuous improvement to maximize effectiveness, efficiency, and value	Case examples of best practice implementation [QUALITATIVE]	The District continued participation in a pilot program for volunteer recruitment using a wide range of strategies including targeted recruitment using data from ESRI’s Tapestry geographic information system database.			
Resource Perspective					
Strategic Goal	Performance Driver	District Performance			
Ensure adequate staffing	Percentage of members qualified to test for promotion to the next highest organizational level	Year	2014	2015	2016
		Full-Time CAPT	33%	0%	0%
	• Full-Time Lieutenant→Full-Time Captain				
	• Full-Time Firefighter→Full-Time Lieutenant	Full-Time LT	66%	33%	33%
	• Part-Time Firefighter→Full-Time Firefighter	PT to Full-Time FF	100%	100%	60%
	• Volunteer Firefighter→Full-Time Firefighter	Vol to Full-Time FF	18%	17.64%	17.64%
	• Volunteer Firefighter→Part-Time Firefighter	Vol PT Firefighter	27%	17.64%	17.64%
	• Volunteer Firefighter→Volunteer Lieutenant	Volunteer LT	9%	17.64%	17.64%

Table 27. Training/Recruitment Division Performance Measures (Continued)

Resource Perspective					
Ensure adequate staffing	Percentage of officers holding professional designation from the Commission on Professional Credentialing (CPC) or Institution of Fire Engineers (IFE). <ul style="list-style-type: none"><li>Chief Fire Officer (CFO)/Member IFE (MIFireE)</li><li>Chief EMS Officer (CEMSO)</li><li>Fire Officer (FO)/Graduate IFE (GIFireE)</li></ul>	Year	2014	2015	2016
		CFO/MIFireE	14.3%	14.3%	14.3%
		CEMSO	0%	14.3%	14.3%
		FO/GIFireE	0%	14.3%	14.3%
		Total % Designees	14.3%	42.8%	42.8%
		Chief Hartin holds CFO designation and Fellow Grade (FIFireE) within the IFE (higher level designation than MIFireE).			
Ensure adequate staffing	Percentage of members meeting individual performance standards.	This is a new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.			
	<b>Discussion:</b> Individual performance standards are under development and will be implemented in 2018.				
Ensure adequate staffing	Percentage of companies meeting performance standards.	This is a new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.			
	<b>Discussion:</b> Company performance standards are under development and will be implemented in 2018.				



### *Accomplishments*

Major training and recruitment accomplishments in 2017 include the following:

- **Qualification and Training Requirements:** Identified training, certification, and qualification requirements for each organizational rank and role. Documentation of these requirements provides a clear professional development roadmap for members aspiring to higher rank or different roles within the organization and provided a foundation for a modular professional development program (entry level through senior officer ranks). This accomplishment focused on the District's strategic goal of ensuring adequate staffing. In addition, this accomplishment addressed CFAI Accreditation Criteria 8A Training and Education Program Requirements (8A.4 Defined Minimum Training Standards).
- **Wildland Firefighting Training & Certification:** Delivered on-line training program meeting the didactic requirements for qualification at the Wildland Firefighter 2 level. This project addressed the District's Strategic Goal of ensuring adequate staffing. In addition, the project began the process of addressing Commission on Fire Accreditation International (CFAI) Accreditation Criteria 5K Wildland Fire Services (5K.4 Training and Certification).
- **Individual and Company Performance Standards:** Developed a Standard Operating Guideline (SOG) for the District's Individual and Company Standards Program. This accomplishment addressed the District's Strategic Goal of ensuring adequate staffing. In addition, this accomplishment addressed CFAI Accreditation 8A Training and Education Program Requirements (8A.4 Defined Minimum Training Standards), and 8B Training and Education Program Performance (8B.3 Performance Based Measurement and 8B.4 Individual and Company Evaluation).
- **Training Plan:** Developed a multi-year integrated training plan that addresses the District's current and future training needs for volunteer, part-time, and full-time staff. This initiative focused on the District's strategic goal of ensuring adequate staffing. In addition, this accomplishment addressed CFAI Accreditation Criteria 8A Training and Education Program Requirements.

Wildland Firefighting Training and Certification and Training Records management system projects were started in 2017, but will be extended into 2018 due to staff and resource limitations.

### *Projects*

- **Wildland Firefighting Training & Certification:** Delivered hands-on training program certifying members at the Wildland Firefighter 2 level. This initiative focuses on the District's Strategic Goal of ensuring adequate staffing and Commission on Fire Accreditation International (CFAI) Accreditation Criteria 5K Wildland Fire Services (5K.4 Training and Certification).
- **Training Records Management System:** Implement an improved training records management system (RMS). Transition from the prior RMS will streamline workflow and maximize the effectiveness and efficiency. This project addresses the District's strategic goal to identify and

apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it will address Commission on Fire Accreditation International (CFAI) Accreditation Criteria 8B Training and Education Program Performance (8B.5 Records Management System).

New projects in 2018 include:

- **Probationary Member Program:** Develop a standard orientation process to ensure new members (volunteer, part-time, and full time) receive adequate orientation and introduction upon entry and throughout their probationary period. This project focuses on the District's strategic goal of ensuring adequate staffing. This project also addresses CFAI Accreditation Criteria 7B Recruitment, Retention, Selection and Promotion. Orientation Program (7B.5 Orientation 7B.6 Probationary Period).
- **Technical Rescue:** Expand the District's technical rescue training to include collapse, confined space, and trench rescue at the awareness level for all members within the 2018 calendar year and begin a multi-year project to train sufficient personnel (minimum of six) to the Collapse Rescue Operations level (NFPA, 2013c; NFPA 2014) to staff a Type III Collapse Rescue Squad meeting the guidelines specified in the Puget Sound Region Structural Collapse Rescue Annex (WA DEM, 2014) by the end of 2019. This project focuses on the District's strategic goal to reduce incident frequency and severity. In addition, it addresses CFAI Accreditation Criteria 5C Fire Investigation (5G.2 Technical Rescue Training & Operational Standards).
- **Fire Investigation:** Provide the training necessary for one member to gain qualification as a fire investigator and provide basic fire investigation awareness training to all members who may be involved in fire suppression operations. This project focuses on the District's strategic goal to reduce incident frequency and severity, and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, it addresses CFAI Accreditation Criteria 5C Fire Investigation (5C.3 Staffing).

**2017 Division Budget**

Table 28 outlines the Training/Recruitment Division Budget.

Table 28. Training/Recruitment Division Budget

Training Salaries & Wages					2016 Actual	2017 Amended	2018 Adopted
522	45	11	01	FT CAPT	\$83,656	\$82,913	\$85,151
522	45	12	01	Training Overtime	\$4,720	\$9,710	\$9,972
522	45	13	01	Training Education Incentive	\$0	\$1,658	\$1,703
522	45	14	01	Project Overtime (Captain)	\$0	\$1,136	\$1,166
522	45	15	01	Fully Qualified Incentive	\$1,211	\$0	\$0
522	45	16	01	Longevity	\$2,422	\$2,487	\$2,555
522	45	17	01	AIC Differential	\$0	\$0	\$0
522	45	19	01	FT CAPT (Def Comp)	\$3,213	\$3,317	\$3,406
<b>Sub Total</b>					<b>\$95,222</b>	<b>\$101,221</b>	<b>\$103,953</b>
Training Benefits							
522	45	21	01	FT CAPT (Medicare Only)	\$1,317	\$1,433	\$1,467
522	45	22	01	FT CAPT (L&I)	\$2,473	\$3,646	\$4,504
522	45	23	01	FT CAPT (Medical/Dental)	\$14,189	\$20,265	\$14,805
522	45	24	01	FT CAPT (LEOFF)	\$5,498	\$5,867	\$5,494
<b>Sub Total</b>					<b>\$23,477</b>	<b>\$31,211</b>	<b>\$26,270</b>
Training Office & Operating Supplies							
522	45	31	01	Office Supplies	\$60	\$100	\$97
522	45	31	02	Fire Training-Supplies	\$700	\$860	\$1,507
522	45	31	03	EMS Training -Supplies	\$0	\$805	\$350
522	45	31	04	Special Ops Training-Supplies	\$0	\$0	\$0
522	45	31	05	Officer Develop Training-Supplies	\$0	\$0	\$0
522	45	31	06	Other Training-Supplies	\$0	\$0	\$0
522	45	31	07	Computer Software	\$0	\$0	\$1,945
522	45	31	08	Books & Publications	\$872	\$1,325	\$684
522	45	31	09	Uniforms - Training	\$0	\$400	\$400
<b>Sub Total</b>					<b>\$1,632</b>	<b>\$3,490</b>	<b>\$4,984</b>
Training Fuel							
522	45	32	01	Training Propane	\$0	\$400	\$400
<b>Sub Total</b>					<b>\$0</b>	<b>\$400</b>	<b>\$400</b>

Table 28. Training/Recruitment Division Budget (Continued)

Training Small Tools & Equipment (<\$5000)					2016 Actual	2017 Amended	2018 Adopted
522	45	35	01	Fire Training - Small Tools & Equipment	\$760	\$2,000	\$0
522	45	35	02	EMS Training - Small Tools & Equip	\$0	\$3,200	\$5,510
522	45	35	03	Special Ops Training	\$0	\$0	\$0
522	45	35	04	Officer Development	\$0	\$0	\$0
522	45	35	05	Computer Hardware	\$1,599	\$200	\$0
522	45	35	06	Safety Equipment	\$0	\$0	\$0
522	45	35	07	Station Furniture	\$3,243	\$1,610	\$0
<b>Sub Total</b>					<b>\$5,602</b>	<b>\$7,010</b>	<b>\$5,510</b>
Training Professional Services							
522	45	41	01	Consulting Services	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Training Travel, Lodging, & Meals (TLM)							
522	45	43	01	Fire Training (TLM)	\$558	\$800	\$2,100
522	45	43	02	EMS Training (TLM)	\$569	\$600	\$550
522	45	43	03	Special Ops Training (TLM)	\$60	\$200	\$3,090
522	45	43	04	Officer Develop Training (TLM)	\$1,455	\$875	\$4,500
522	45	43	05	Other Training (TLM)	\$5,114	\$3,200	\$5,620
522	45	43	06	Commissioner Training (TLM)	\$5,778	\$7,450	\$8,100
<b>Sub Total</b>					<b>\$13,533</b>	<b>\$13,125</b>	<b>\$23,960</b>
Advertising							
522	45	44	01	Recruitment Advertising	\$0	\$1,000	\$1,000
<b>Sub Total</b>					<b>\$0</b>	<b>\$1,000</b>	<b>\$1,000</b>
Operating Rentals & Leases							
522	45	45	01	Learning Management System	\$0	\$5,845	\$6,000
522	45	45	02	Equipment Rental	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$5,845</b>	<b>\$6,000</b>
Training Repair & Maintenance							
522	45	48	01	Equipment R&M (Miscellaneous)	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Table 28. Training/Recruitment Division Budget (Continued)

Training Miscellaneous					2016 Actual	2017 Amended	2018 Adopted
522	45	49	01	Fire Training-Registrations	\$2,976	\$4,200	\$3,600
522	45	49	02	EMS Training-Registrations	\$2,379	\$3,340	\$3,360
522	45	49	03	Special Ops Training -Registrations	\$693	\$200	\$2,950
522	45	49	04	Officer Develop Training -Registrations	\$7,881	\$6,590	\$5,445
522	45	49	05	Other Training -Registrations	\$4,445	\$4,510	\$4,650
522	45	49	06	Commissioner Training -Registrations	\$2,665	\$5,850	\$3,885
522	45	49	07	Tuition	\$2,743	\$1,000	\$5,000
522	45	49	08	Professional Memberships	\$194	\$95	\$120
522	45	49	09	Subscriptions	\$0	\$0	\$0
522	45	49	10	Vision Training	\$0	\$750	\$3,000
<b>Sub Total</b>					<b>\$23,976</b>	<b>\$26,535</b>	<b>\$32,010</b>
<b>Training Intergovernmental Professional Services</b>							
522	45	51	01	Permits	\$0	\$100	\$100
<b>Sub Total</b>					<b>\$0</b>	<b>\$100</b>	<b>\$100</b>

Total Training Division Budget

\$163,441

\$189,937

\$204,186

**Major Expenditures/Changes**

Overall, the Adopted Training/Recruitment Division Budget increased 7.5% from the 2017 Adjusted Budget. The major factors influencing this increase are the contractual increase in compensation for the Training & Recruitment Captain, increased expense for worker's compensation insurance through the Washington Department of Labor and Industries, and the expense of supporting ongoing professional development. These increases have been offset in part by a substantial reduction in expense for Training Operating Supplies.

## **Facilities Division**

The Facilities Division maintains and minimizes the long term operational cost of the District's real property and physical facilities such as fire stations and related infrastructure.

Programs: The Facilities Division is responsible for the following major programs and projects:

- Facilities maintenance
- Energy efficiency
- Facilities planning

### ***Personnel Summary***

While separate from a functional and budgetary perspective, the Facilities Division is entirely staffed by personnel from the Operations Division. Managed by a Lieutenant, each shift is responsible for one of the District's Fire Stations with shared responsibility for Station 52 (the District's warehouse).

### ***Strategic Goals***

The following Strategic Goals are of significance to the Facilities Division.

- Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value.
- Maintain adequate infrastructure to support operations.

In addition, the Facilities Division directly supports the District's Strategic Goal to be fiscally responsible and operate with transparency.

### ***Performance Measures***

Table 29 identifies the District's Strategic Performance Measures within the Facilities Division. Performance measure shaded light yellow are under development (data collection strategies under development or data may not yet be available). These performance measures are included to show future directions and continued development of the District's performance management processes.

Table 29. Facilities Division Performance Measures

Community Perspective		
Strategic Goal	Outcome Measure	District Performance
The Facilities Division has no Performance Measures in the Community Perspective		
Fiscal Stewardship Perspective		
Strategic Goal	Outcome Measure	District Performance
The Facilities Division has no Performance Measures in the Fiscal Stewardship Perspective		
Internal Process Perspective		
Strategic Goal	Outcome Measure	District Performance
Identify and apply best practice to achieve continuous improvement of maximize effectiveness, efficiency, and value	Case examples of best practice implementation [QUALITATIVE]	The Facilities Division developed a maintenance plan reflecting best practices for maintaining the District's facilities and related systems. This plan was inclusive of ongoing preventative maintenance and capital maintenance projects.
Resource Perspective		
Strategic Goal	Performance Driver	District Performance
Maintain adequate infrastructure to support operations	Deferred facilities maintenance deficiencies cost/current replacement value (Facilities Condition Index)	These are new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.
Maintain adequate infrastructure to support operations	Capital facilities improvement needs/current replacement value (Facilities Needs Index)	These are new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.
Maintain adequate infrastructure to support operations	Planned facilities maintenance cost/unplanned repair cost	These are new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.

*Table 29. Facilities Division Performance Measures*

Resource Perspective		
Strategic Goal	Performance Driver	District Performance
Maintain adequate infrastructure to support operations	Facilities codes and standards compliance [QUALITATIVE]	All district facilities are compliant with code requirements at the time that they were constructed. The most significant deficiency related to compliance with current codes includes provision of diesel exhaust extraction systems at all three stations. These capital facilities projects are addressed in the District's Capital Projects Plan.



### *Accomplishments*

Major facilities accomplishments in 2017 include the following:

- ***Facilities Preventative Maintenance Program.*** Developed a plan for ongoing routine, periodic, and capital maintenance for buildings, building systems, and other facilities to reduce lifecycle cost. This accomplishment addressed the District's Strategic Goal to maintain adequate infrastructure to support operations. In addition, it will move the District forward towards Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6B Fixed Facilities (6B.2 Buildings and Grounds).
- ***Facilities Maintenance System:*** Implemented a system to integrate facilities, equipment, and fleet maintenance requests to increase the effectiveness and efficiency of reporting and tracking maintenance activities. This accomplishment addressed the District's Strategic Goal to maintain adequate infrastructure to support operations. In addition, this project addresses Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6B: Fixed Facilities (6B.2 Buildings and Grounds).
- ***Facilities Storage Solutions:*** Identified temporary storage solutions at each of the District's fire stations, pending completion of capital facilities projects to address programmatic space requirements on a more comprehensive basis. This project addressed the District's Strategic Goal to maintain adequate infrastructure to support operations. In addition, it addresses CFAI criteria 6B: Fixed Facilities (6B.1 Storage Space).

### *Projects*

Major projects in 2018 include the following:

- ***Roof Inspection/Repair:*** Preventative maintenance including moss removal, gutter cleaning, and inspection will be completed at all stations. This initiative will move the District forward towards Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6B Fixed Facilities (6B.2 Buildings and Grounds).
- ***Station 51 Exterior Maintenance:*** Exterior trim will be inspected, caulking repaired, and the trim repainted to preserve the exterior of the station. This project focuses on the District's Strategic Goal to maintain adequate infrastructure to support operations. In addition, it addresses Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6B: Fixed Facilities (6B.2 Buildings and Grounds). Cost for this maintenance activity will be shared between CWIFR and WhidbeyHealth (determination of cost share methodology is pending).
- ***Renovation and Expansion of Station 53:*** Selection of an architect, development of final building design, development of plans and specifications, bid process to select a contractor for this major facilities project, and permitting. This project focuses on the District's Strategic Goal to maintain adequate infrastructure to support operations. In addition, it addresses Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6B: Fixed Facilities on a comprehensive basis.

**2018 Division Budget**

Table 30 outlines the Facilities Division Budget.

Table 30. Facilities Division Budget

Facilities Office & Operating Supplies					2016 Actual	2017 Amended	2018 Adopted
522	50	31	01	Janitorial Supplies	\$1,431	\$2,200	\$2,200
522	50	31	02	Station 51 (Operating Supplies)	\$196	\$940	\$950
522	50	31	03	Station 52 (Operating Supplies)	\$0	\$200	\$200
522	50	31	04	Station 53 (Operating Supplies)	\$1,719	\$2,440	\$2,500
522	50	31	05	Station 54 (Operating Supplies)	\$406	\$600	\$600
522	50	31	06	Training Center	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$3,752</b>	<b>\$6,380</b>	<b>\$6,450</b>
Facilities Fuel							
522	50	32	01	Training Propane	\$0	\$77	\$0
522	50	32	03	Station 51 Propane	\$2,287	\$8,000	\$8,000
522	50	32	07	Station 52 Propane	\$0	\$1,500	\$500
522	50	32	10	Station 53 Propane	\$1,845	\$6,000	\$6,000
522	50	32	13	Station 54 Propane	\$1,635	\$7,000	\$7,000
<b>Sub Total</b>					<b>\$5,767</b>	<b>\$22,577</b>	<b>\$21,500</b>
Facilities Small Tools & Equipment							
522	50	35	01	Facilities Furniture	\$2,378	\$1,050	\$0
522	50	35	02	Facilities Equipment & Tools	\$287	\$750	\$800
522	50	35	03	Grounds Equipment	\$1,306	\$1,650	\$1,000
522	50	35	04	Fitness Equipment	\$390	\$2,115	\$900
<b>Sub Total</b>					<b>\$4,361</b>	<b>\$5,565</b>	<b>\$2,700</b>
Facilities Professional Services							
522	50	41	01	Burn Building Inspection	\$0	\$0	\$0
522	50	41	02	Generator Testing & Maintenance	\$1,142	\$1,200	\$1,400
522	50	41	04	Fire & Security Systems	\$2,602	\$3,200	\$3,200
522	50	41	05	Fire Extinguishing Inspection	\$441	\$650	\$600
522	50	41	06	Pest Control Services	\$267	\$400	\$500
<b>Sub Total</b>					<b>\$4,452</b>	<b>\$5,450</b>	<b>\$5,700</b>
Facilities Operating Rentals & Leases							
522	50	45	01	Equipment Rental	\$0	\$180	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$180</b>	<b>\$0</b>

Table 30. Facilities Division Budget (Continued)

Facilities Utilities					2016 Actual	2017 Amended	2018 Adopted
522	50	47	01	Station 51 Electric	\$3,429	\$4,300	\$4,300
522	50	47	02	Station 51 Garbage	\$327	\$375	\$375
522	50	47	03	Station 51 Water	\$284	\$575	\$600
522	50	47	04	Station 52 Electric	\$290	\$350	\$350
522	50	47	05	Station 52 Garbage	\$0	\$0	\$0
522	50	47	06	Station 53 Electric	\$8,498	\$10,000	\$10,000
522	50	47	07	Station 53 Garbage	\$2,954	\$3,900	\$3,800
522	50	47	08	Station 54 Electric	\$1,823	\$2,400	\$2,200
522	50	47	09	Station 54 Garbage	\$0	\$0	\$0
522	50	47	10	Training Center Electric	\$817	\$1,400	\$1,400
522	50	47	11	Landfill Fees	\$110	\$1,000	\$600
522	50	47	12	Station 53 Water	\$1,182	\$1,300	\$1,750
522	50	47	13	Station 54 Water	\$480	\$480	\$480
<b>Sub Total</b>					<b>\$20,192</b>	<b>\$26,080</b>	<b>\$25,855</b>
<b>Facilities Repair &amp; Maintenance</b>							
522	50	48	01	Station 51 (Repair & Maintenance)	\$2,800	\$4,000	\$11,499
522	50	48	02	Station 52 (Repair & Maintenance)	\$312	\$500	\$500
522	50	48	03	Station 53 (Repair & Maintenance)	\$12,782	\$10,000	\$14,200
522	50	48	04	Station 54 (Repair & Maintenance)	\$1,796	\$6,075	\$7,000
522	50	48	05	Training Center	\$0	\$2,400	\$2,000
<b>Sub Total</b>					<b>\$17,690</b>	<b>\$22,975</b>	<b>\$35,199</b>
<b>Intergovernmental Professional Services</b>							
522	50	51	01	Station 51 Water Heater Inspection	\$0	\$138	\$138
522	50	51	02	Station 53 Water Heater Inspection	\$0	\$275	\$275
522	50	51	03	Station 54 Water Heater Inspection	\$0	\$138	\$138
<b>Sub Total</b>					<b>\$0</b>	<b>\$551</b>	<b>\$551</b>
<b>Facilities Intergovernmental Payments</b>							
522	50	20	01	Property Tax (Forest Protection)	\$156	\$138	\$155
<b>Sub Total</b>					<b>\$156</b>	<b>\$138</b>	<b>\$155</b>

**Total Facilities Division Budget****\$56,370****\$89,896****\$98,110**

***Major Expenditures/Changes***

Facilities Division expenditures in the 2018 Adopted Facilities Division Budget increased by 9.14% from the expenditures in the 2016 Adjusted Budget. This increase is due to programming of several facilities maintenance projects for 2018.

### **Fleet Maintenance Division**

The Fleet Maintenance Division inspects, maintains, and repairs the District's apparatus to ensure operational reliability and minimize the ongoing expense for fire apparatus, other vehicles, and equipment.

The Fleet Maintenance Division is responsible for the following major programs and projects.

- Fleet Maintenance Program Management
- Apparatus Inspection and Testing
- Preventative Maintenance
- Repair
- Specifications for Apparatus and Support Vehicle Purchase

### ***Personnel Summary***

The Fleet Maintenance Division is staffed by the Firefighter/Mechanic who manages the District's fleet maintenance program, serves as a mechanic, and maintains an operational role as a Firefighter/EMT.

### ***Strategic Goals***

The following Strategic Goals are of significance to the Fleet Maintenance Division.

- Identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value.
- Maintain adequate infrastructure to support operations.

In addition, the Fleet Maintenance Division directly supports the District's Strategic Goal to be fiscally responsible and operate with transparency.

### ***Performance Measures***

Table 31 identifies the District's Strategic Performance Measures within the Fleet Maintenance Division. Performance measure shaded light yellow are under development (data collection strategies under development or data may not yet be available). These performance measures are included to show future directions and continued development of the District's performance management processes.

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Table 31. Fleet Maintenance Division Performance Measures

Community Perspective						
Strategic Goal	Outcome Measure		District Performance			
The Facilities Division has no Performance Measures in the Community Perspective						
Fiscal Stewardship Perspective						
Strategic Goal	Outcome Measure		District Performance			
The Facilities Division has no Performance Measures in the Fiscal Stewardship Perspective						
Internal Process Perspective						
Strategic Goal	Outcome Measure		District Performance			
Identify and apply best practice to achieve continuous improvement of maximize effectiveness, efficiency, and value	Case examples of best practice implementation [QUALITATIVE]		CWIFR’s Fleet Maintenance Division Manager achieved qualification as a Master Emergency Vehicle Technician for Fire Apparatus and Ambulances.			
Resource Perspective						
Strategic Goal	Performance Driver		District Performance			
Maintain adequate infrastructure to support operations	Percentage of apparatus in-service time by kind and type.		Year	2014	2015	2016
			Type 1 Engines	No Data	96%	93%
			Type 1 Tenders	No Data	99%	99%
			Type 6 Engines	No Data	98%	99%
			<b>Discussion:</b> The decrease in apparatus in-service time for Type 1 Engines in 2016 was largely due to a series of warranty repairs performed on the District’s newest engine.			

Table 31. Fleet Maintenance Division Performance Measures (Continued)

Resource Perspective (Continued)		
Strategic Goal	Performance Driver	District Performance
Maintain adequate infrastructure to support operations	Total apparatus maintenance cost/replacement cost (Fleet Condition Index)	These are new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.
Maintain adequate infrastructure to support operations	Planned fleet maintenance cost/unplanned repair cost.	These are new performance measure established for 2018. These performance measures will be reported on in the 2019 District Budget.
Maintain adequate infrastructure to support operations	Fleet codes and standards compliance. [QUALITATIVE]	These are new performance measure established for 2018. These performance measures will be reported on in the 2018 District Budget.2019



### **Accomplishments**

Major Fleet Maintenance Division accomplishments in 2017 included:

- **Preventative Maintenance Program:** Preventative maintenance schedules for the existing fleet and new vehicles were developed and refined and a system was implemented to archive fleet maintenance records on an annual basis. These improvements will aid in record keeping and on time scheduling of preventive maintenance procedures according to the manufactures recommended schedules. This accomplishment supported the District's strategic goals to maintain adequate infrastructure to support operations and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment addressed Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6D (6D.1 Apparatus Maintenance Program and 6D.6 Repair & Maintenance Schedule), and 6E Tools, Supplies & Small Equipment (6E.3 Equipment Maintenance).
- **Mobile Repair Vehicle:** Completed outfitting of the fleet maintenance repair truck (repurposed Type 6 Engine). This project supports the District's strategic goals to maintain adequate infrastructure and to apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this project addressed CFAI Accreditation Criteria 6D (6D.2 Maintenance Facilities)
- **Emergency Vehicle Technician Qualification:** Completed Ambulance Level III Master Ambulance EVT certification. This project supports the District's strategic goal to ensure adequate staffing. In addition, this project addressed CFAI Accreditation Criteria 6D (6D.3 Staffing), and 6E (6E.3 Apparatus and Equipment Maintenance testing and inspections are conducted by qualified personnel).

The Fleet Maintenance Division extended the initiative focused on Development of Repair and Preventative Maintenance Standard Operating Guidelines (SOG) into 2018 and deferred the initiative to Improve the Parts Inventory System to 2018.

### **Projects**

Major Projects in 2018 include the following:

- **Vehicle Maintenance Standard Operating Guidelines (SOG):** Create SOGs for the repair and PM processes of the district's fleet. This project supports the District's strategic goals to maintain adequate infrastructure and to maintain adequate infrastructure and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition, this accomplishment will address the Commission on Fire Accreditation International (CFAI) Accreditation Criteria 6D (6D.1 Apparatus Maintenance Program).
- **Parts Inventory System:** Create a specific location and physical system for part inventory that will be integrated with our existing fleet maintenance software. This project supports the District's strategic goals to maintain adequate infrastructure and to identify and apply best practice to achieve continuous improvement of effectiveness, efficiency, and value. In addition,

this project will address the CFAI Accreditation Criteria 6D (6D.1 Apparatus Maintenance Program).

- **Staffing Level Assessment:** Implement a method to be able to track time being spent on Fleet management, training, and miscellaneous tasks. Data from our fleet software identifies how many direct labor hours are associated with physically working on the fleet. Analysis of these data sets will assist in identification of required staffing levels based on fleet size and maintenance requirements. This project addresses the District's strategic goal to ensure adequate staffing and CFAI Accreditation Criteria 6D (6D.3 Staffing and 6D.4 Supervision).
- **Type 6 Engines:** Develop specifications and manage the procurement of two Type 6 Engines scheduled for replacement in 2018 as specified in the District's Capital Projects Plan (CWIFR, 2017b). Manage surplus and sale of the District's two existing Type 6 Engine apparatus. This project focuses on the District's Strategic Goals to maintain adequate infrastructure to support operations and be fiscally responsible and operate with transparency. This project also addresses CFAI Accreditation Criteria 6C Apparatus and Vehicles on a comprehensive basis.
- **Type 1 Engines:** Begin the process for development of specifications for procurement of three Type 1 Engines, scheduled in the Districts Capital Projects Plan (CWIFR, 2017b) for replacement in 2020. This project focuses on the District's Strategic Goals to maintain adequate infrastructure to support operations and be fiscally responsible and operate with transparency. This project also addresses CFAI Accreditation Criteria 6C Apparatus and Vehicles on a comprehensive basis.

### 2018 Division Budget

Table 32 outlines the Fleet Maintenance Division Budget.

Table 32. Fleet Maintenance Division Budget

Fleet Maintenance Salaries & Wages					2016 Actual	2017 Amended	2018 Adopted
522	60	11	01	FT FF Mechanic	\$68,386	\$76,807	\$80,929
522	60	12	01	FT FF Mechanic (Vehicle Maintenance O/T)	\$0	\$818	\$840
522	60	13	01	FT FF Mechanic (Educational Incentive)	\$1,368	\$1,538	\$1,619
522	60	14	01	FT FF Mechanic (Other Overtime)	\$0	\$0	\$0
522	60	15	01	Fully Qualified Incentive	\$0	\$0	\$0
522	60	16	01	Longevity	\$0	\$0	\$0
522	60	19	01	FT FF Mechanic (Def Comp)	\$2,735	\$3,072	\$3,237
<b>Sub Total</b>					<b>\$72,489</b>	<b>\$82,235</b>	<b>\$86,625</b>

Table 32. Fleet Maintenance Division Budget (Continued)

Fleet Maintenance Benefits					2016 Actual	2017 Amended	2018 Adopted
522	60	21	01	FT FF Mechanic (Medicare Only)	\$1,003	\$1,131	\$1,244
522	60	22	01	FT FF Mechanic (L&I)	\$2,463	\$3,646	\$4,504
522	60	23	01	FT FF Mechanic (Medical & Dental)	\$20,151	\$20,153	\$21,065
522	60	24	01	FT FF Mechanic (LEOFF)	\$3,809	\$4,548	\$4,658
<b>Sub Total</b>					<b>\$27,426</b>	<b>\$29,478</b>	<b>\$31,471</b>
Fleet Maintenance Office and Operating Supplies							
522	60	31	01	Apparatus R&M Supplies	\$2,444	\$3,530	\$3,238
522	60	31	02	Computer Software	\$812	\$900	\$900
522	60	31	03	Computer Hardware	\$0	\$340	\$210
522	60	31	04	Uniforms - Mechanic	\$291	\$400	\$400
522	60	31	05	Office Supplies	\$22	\$500	\$500
<b>Sub Total</b>					<b>\$3,569</b>	<b>\$5,670</b>	<b>\$5,248</b>
Fleet Maintenance Small Tools & Minor Equipment							
522	60	35	01	Personal Protective Equipment	\$5,994	\$225	\$225
522	60	35	02	Vehicle Maintenance Tools	\$0	\$5,400	\$4,400
522	60	35	03	Computer Equipment	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$5,994</b>	<b>\$5,625</b>	<b>\$4,625</b>
Fleet Maintenance Travel, Lodging, & Meals							
522	60	43	01	Vehicle Maintenance Meetings	\$0	\$250	\$250
<b>Sub Total</b>					<b>\$0</b>	<b>\$250</b>	<b>\$250</b>
Fleet Maintenance Operating Rentals & Leases							
522	60	45	01	Equipment Rental	\$0	\$500	\$500
<b>Sub Total</b>					<b>\$0</b>	<b>\$500</b>	<b>\$500</b>
Fleet Repair & Maintenance							
≥ 522	60	48	01	Apparatus R&M	\$36,177	\$30,400	\$31,500
<b>Sub Total</b>					<b>\$36,177</b>	<b>\$30,400</b>	<b>\$31,500</b>
Fleet Maintenance Miscellaneous							
522	60	49	01	Miscellaneous	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Total Fleet Maintenance Division Budget****\$145,655****\$154,158****\$160,219*****Major Expenditures/Changes***

The Fleet Maintenance Division Budget increased 6.95%, predominantly due to increased compensation for the Firefighter/Mechanic based on time in grade and qualification and expense for worker's compensation insurance through the Washington Department of Labor and Industries.

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## Contingency Fund

### Overview of the Contingency Fund

The Contingency Fund is an administratively separated fund within the General Fund. The purpose of the Contingency Fund is to provide a reserve for unanticipated, but critical expenses or for expenses that were anticipated but not known in detail during budget preparation. The Board of Fire Commissioners has established policy that the Contingency Fund shall be funded in the amount of 10% of the Maintenance and Operations Budget. For the purposes of budgetary reporting within the context of the Budgeting, Accounting, and Reporting System (BARS), this managerial fund is rolled up into the General Fund.

Since establishment of the Contingency Fund in 2012, the District transferred funds into contingency to establish the fund and in subsequent years to maintain the fund at 10% of budgeted Maintenance and Operations expenses.

As the Contingency Fund is within the General Fund, a separate budget is not presented here. No specific expenditures are anticipated from the Contingency Fund in 2018.

### 2016 Contingency Fund Transfers

In 2016, the District made the following \$42,747 in contingency fund transfers:

#### *Administrative Audit*

Transfer of \$11,700 from the Contingency Fund to Line 522-10-51-01 to cover the additional expense of expanding the District's financial audit by an additional two years to provide audited financial reports from 2010 to 2014.

#### *Collective Bargaining Agreement*

Prior to approval of the 2016 budget, the District and Local 4299 International Association of Firefighters were engaged in collective bargaining negotiations. As the District had not determined the outcome of these negotiations, funds were not budgeted for compensation increases in 2016. These negotiations were successfully concluded in September of 2016 and a contingency was made in November 2016 to fund the differential in expense.

### 2017 Contingency Transfers

No transfers were made from the Contingency Fund in 2017.

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## Capital Projects Fund

### Capital Projects Plan

Capital assets are items having a cost greater than \$5,000 and a service life of greater than three years (e.g., major equipment, fire apparatus, and fire stations). In addition, items with a unit price less than \$5,000, but purchased in large enough quantity to reach the \$5,000 threshold have been combined into capital projects. Examples of this type of project include purchase of Automatic External Defibrillators (AEDs) and fire hose and appliances.

There are many benefits that result from an effective capital planning process. The process of prioritizing capital investments can make sure key assets are repaired or replaced before their end of service life or critical failure. In addition, a sound capital projects plan allows us to engage our community in understanding the costs and benefits of maintaining capital infrastructure.

### *Integrated Comprehensive Plan*

Planning for capital projects is a component of the District's *Integrated Comprehensive Plan* (ICP). Volume 6 (CWIFR, 2017b) of the ICP establishes a long term, prioritized schedule of capital investments to ensure that the District has sufficient resources to fulfill its mission and critical assets are refurbished or replaced before they reach their end of useful life. This plan identifies capital projects scheduled over the next ten years. The Capital Projects Plan supports the District's strategic goals to:

- Maintain adequate infrastructure to support operations
- Be fiscally responsible and operate with transparency

The capital projects plan is updated on an annual basis, to extend the timeline one additional year and eliminating completed projects. The Capital Projects Plan provides a basis for development of the District's annual Capital Budget.

For several years Central Whidbey Island Fire & Rescue deferred significant capital projects pending completion of the District's strategic plan and clarification of financial strategies. Based on direction provided by the Board of Fire Commissioners to replace equipment when required and achieve sufficient funding for planned capital projects, the following approach was taken in developing the District's capital projects plan:

- Take a proactive approach to improving operational capability and maintenance of adequate infrastructure to support district operations
- Begin the process of replacing staff vehicles and apparatus that have or would soon reach their end of life
- Reduce the District's total vehicle inventory and *increase* the effectiveness and efficiency
- Avoid unscheduled capital projects resulting from malfunction and equipment failure

CWIFR *ICP Volume 6-Capital Projects Plan* may be reviewed on line or downloaded from the District's web site at [http://www.cwfire.org/images/documents/financial/capital\\_projects/2017\\_capital\\_plan\\_v3-1.pdf](http://www.cwfire.org/images/documents/financial/capital_projects/2017_capital_plan_v3-1.pdf).

#### ***Capital Planning Calendar and Work Flow***

As specified in Standard Operating Guideline (SOG) 1.1.14 Integrated Comprehensive Planning (CWIFR, DRAFTd) and 1.3.10 Capital Projects (CWIFR, DRAFTj), capital planning is an ongoing process in which the District's capital plan is reviewed and updated on an annual basis. Annual review and extension of the capital plan ensures that it remains current, continues to address critical needs of the District, and maintains a 10-year planning horizon.

As illustrated in Table 33, the annual capital plan review and revision process is completed between January and May.

Table 33. Capital Planning Calendar

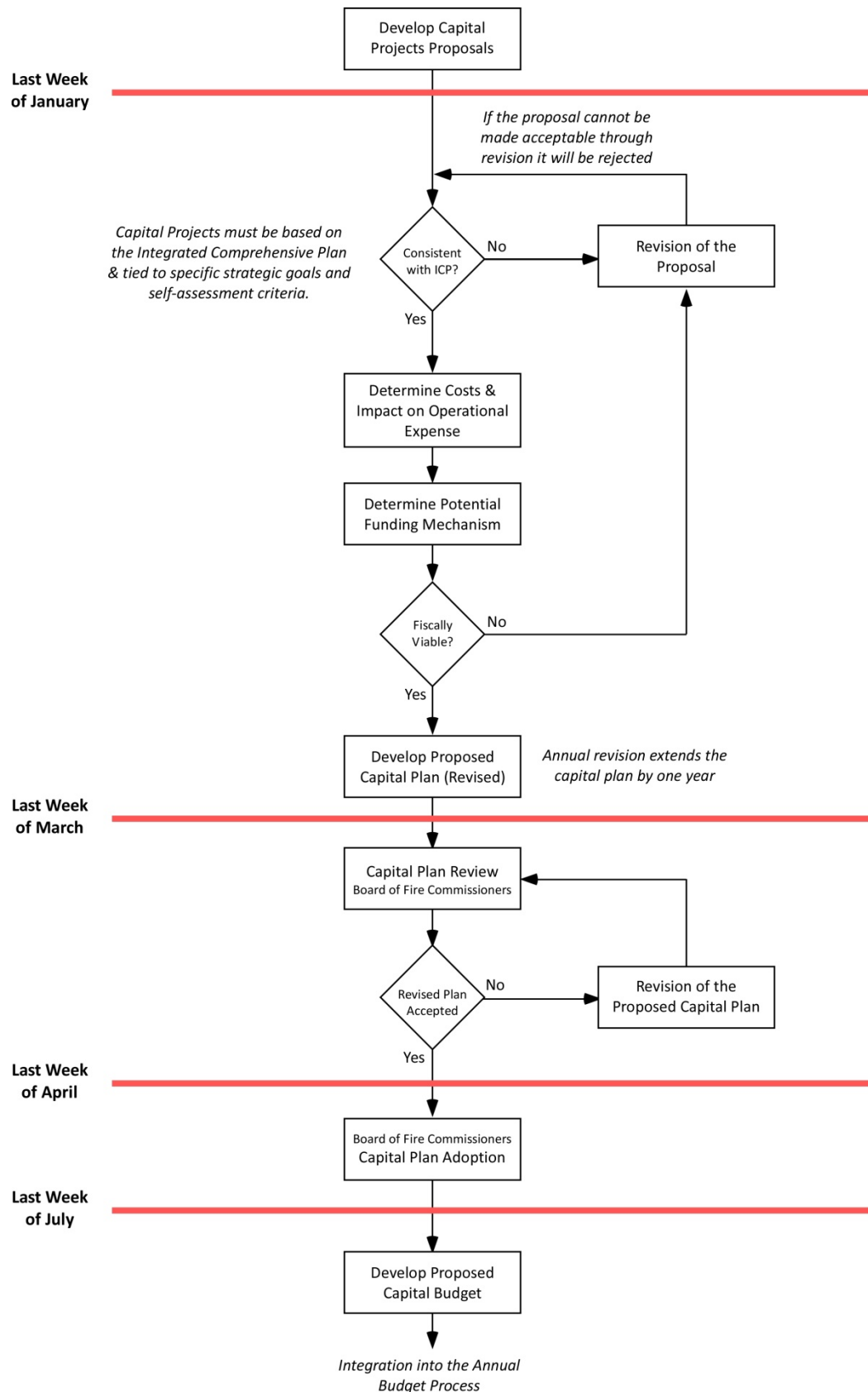
Month	Activity
January	Submittal of New Capital Projects (Annual/As Needed)
February	Review & Assess Proposed New or Revised Capital Projects based on Strategic Goals, Initiatives, FESSAM, & Fiscal Viability Develop Revised Capital Plan
March	
April	Board of Fire Commissioners Review of Revised Capital Plan Revision of the Capital Plan Based on Board Direction
May	Adoption of the Capital Plan by Resolution

Capital projects identified for the current budget year in the *Integrated Comprehensive Plan (ICP)-Volume 6 Capital Projects Plan* (CWIFR, 2017b) form the basis for the District's Capital Projects Fund Budget.

The process for addition of capital projects as well as review and revision of the existing capital projects plan is illustrated in Figure 28.



Figure 28. Capital Planning Process



### Overview of the Capital Projects Fund

The Capital Projects Fund was established in 2012 to accumulate assets for future capital purchases and for current capital expenditures. Prior to establishing the Capital Projects Fund, the District's finances were managed using a single fund (General Fund) and capital purchases were made using the unappropriated balance of the fund. The District established the Capital Projects Fund (and other funds separate from the General Fund) to increase transparency and accountability regarding use of fiscal resources.

Prior to 2018, the Capital Projects Fund did not include funding for major facilities capital projects. However, passage of an Unlimited Tax General Obligation (UTGO) bond by the District's voters in November Of 2017 funded renovation and expansion of Station 53 and purchase of three Type 1 Fire Engines (which previously would have been purchased from the Capital Projects Fund. Based on these changes in funding, the Capital Projects Fund is currently fully funded (117% of required funds based on straight line amortization of capital apparatus and equipment) and includes funds for limited capital facilities improvements.

The District has previously maintained an extremely conservative philosophy regarding funding for apparatus and equipment purchases by operating on a pay as you go basis. Using this approach, apparatus and equipment are amortized on a straight-line basis and funds are accumulated in the Capital Projects Fund in anticipation of future purchases and cash is paid at the time of purchase. However, the District implemented a policy that debt may be considered for major capital purchases of apparatus and equipment (as was done for the current renovation and expansion of Station 53 and purchase of three Type 1 Fire Engines)

The Capital Projects Plan presented in Table 34 includes transfer of sufficient funds to the Capital Projects Fund in future years to provide a sufficient balance to fund future purchases of apparatus and capital equipment. The District's Integrated Comprehensive Plan Volume 6-Capital Projects Plan (CWIFR, 2017b) provides additional detail on the schedule of capital expenditures.

### Considerations

Use of voter approved debt to fund major capital projects, inclusive of expansion and remodel of 53 as well as upgrade of Engines 51, 54, and 512 as they reach their 25-year service life will allow the District to address both capital and operational needs in the near to mid-term and lays a solid foundation for meeting the District's longer term fiscal needs (these projects have been moved to the Bond Fund). Reduction in the amount of funds transferred from the General Fund to the Capital Projects Fund will allow the District to maintain current service levels through 2025. Note that this scenario removes the three Type 1 Engines (Engines 51, 54, and 512) from the District's pay as you go strategy for apparatus and equipment. The option exists to modify this action and return one, two, or all three of these apparatus to pay as you go funding following a future increase in revenue.

***The Bottom Line***

Use of a voter approved bond has provided a sound means to address both capital and operational needs in the near to mid-term. In addition, this option maintains the District's regular levy well below \$1.50/\$1000 assessed valuation (statutory maximum levy rate for fire districts), providing a buffer should the District experience another period in which assessed value (AV) is reduced below current levels.

**2017-2027 Capital Projects Plan**

Table 34 outlines projects included in the District's current capital projects that are funded by the Capital Projects Fund. Projects funded by the Bond Fund are addressed in the Bond Fund section of the budget document. Additional detail on funding for major capital projects is provided in the District's Long Term Financial Plan (Appendix D).

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Table 34. 2017-2027 Capital Projects Schedule

Apparatus		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
594 22 64 20	Replace Apparatus 0703 (A53) with R53	\$70,000											
594 22 64 34	Replace Apparatus 0601 & 0602 (B53 & B54)		\$300,000										
594 22 64 15	Replace Apparatus 9402 (R51)			\$85,000									
574 22 64 02	Replace Apparatus 1301 (S591)					\$17,500							
594 22 64 16	Replace Apparatus 9501 (S593 Fleet Services)					\$120,000							
574 22 64 36	Replace Apparatus 1201 (R35)												\$80,000
594 22 64 37	Replace Apparatus 1501 (C505)												
594 22 64 12	Replace Apparatus 1402) (C502)								\$46,500				
<b>Equipment</b>													
594 22 64 14	Hose & Appliances	\$12,000	\$9,000	\$9,135	\$9,272	\$9,411	\$9,552	\$9,696	\$9,841	\$9,989	\$10,138	\$10,291	\$10,445
594 22 64 35	Marine 5 Electronics Upgrade	\$13,000											
594 22 64 31	Extrication Equipment Replacement				\$45,000								
594 22 64 21	SCBA/Cylinder Replacement				\$299,500								
594 22 64 05	Replace/Upgrade AEDs			\$29,931							\$33,261		
594 22 64 19	Thermal Imager (TI) Replacement											\$36,000	
594 22 64 32	Rescue Equipment Replacement												
<b>Technology Infrastructure</b>													
594 22 64 33	Radio Communications System <sup>6</sup>												
594 22 64 11	Server Replacement		\$22,000					\$25,000					\$27,000
594 22 64 38	Firewall Replacement		\$6,000										
594 22 64 24	IT Infrastructure Improvements <sup>7</sup>												
<b>Facilities</b>													
594 22 63 08	Station 51 Backup Power Generator			\$45,000									
594 22 63 09	Station 51 Exhaust Removal System					\$80,500							
594 22 63 10	Station 54 Exhaust Removal System					\$80,500							
594 22 63 07	Replace Roof Covering Burn Building/Tower					\$6,000							
Not Scheduled	Station 51 Renovation & Expansion												
Not Scheduled	Station 54 Renovation & Expansion												
<b>Total Expenditures</b>		\$25,000	\$337,000	\$169,066	\$353,772	\$313,911	\$9,552	\$34,696	\$56,341	\$9,989	\$43,399	\$46,291	\$117,445

<sup>6</sup> Radio communication system capital maintenance and upgrades are budgeted at \$10,000/year. Specific upgrades will be identified in the District's Technology Plan (under development)

<sup>7</sup> Information Technology (IT) infrastructure capital maintenance and upgrades are budgeted at \$4,000/year. Specific upgrades will be identified in the District's Technology Plan (under development)

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## Capital Projects Budget

Table 35 illustrates the 2018 capital projects budget.

Table 35. Capital Projects Budget

Expenditures		2016 Actual	2017 Budgeted	2018 Adopted
594 22 64 14	Hose & Appliances	\$17,456	\$23,200	\$9,000
594 22 64 33	Fire 1 Upgrade (Transmitter Replacements)	\$8,121		
594 22 63 06	Station 53 Water System Upgrade	\$6,109		
594 22 64 17	Replace Apparatus 0501 (A53)	\$4,716		
594 22 64 35	Marine 5 Electronics Upgrade		\$13,000	
594 22 64 20	Replace Apparatus 0703 (A53)		\$70,000	
594 22 64 34	Replace Apparatus 0601 & 0602 (B53 & B54)			\$300,000
594 22 64 11	Server Replacement			\$22,000
594 22 64 38	Firewall Replacement			\$6,000
<b>Total Expenditures</b>		<b>\$36,401</b>	<b>\$106,200</b>	<b>\$337,000</b>

## Capital Projects & Justification

The following section of the Budget Document provides the description, purpose, and justification for each capital project in the current year. In addition, each project is tied to the specific strategic goals supported by each investment in capital infrastructure.

### ***594 22 64 34 Replace Apparatus 0601 and 0602 (B53 and B54)***

**Description:** Replace Apparatus 0601 and 0602 currently assigned as Brush 53 and Brush 54 with new Type 6 Engines before the end of their useful life. The current apparatus would be declared surplus and sold at market value. A National Incident Management System (NIMS)/National Wildfire Coordinating Group (NWCG) Type 6 Engine has a minimum pump capacity of 50 gpm with pump and roll capability, 150 gallon water tank, 300' of 1.50" hose, and 300' of 1.00" hose, and wildland firefighting equipment on an apparatus with a maximum GVWR of 19,500 lbs. CWIFR's tactical needs dictate a pumping capacity of not less than 300 gpm pump, 300 gallon water tank, and carry self-contained breathing apparatus to provide limited structural firefighting capability in areas of the community having limited access. In addition, these apparatus would be configured to provide the capability of carrying the equipment necessary to be licensed as an aid vehicle by the Washington State Department of Public Health. These apparatus would be constructed on a diesel powered, four-wheel drive chassis with a GVWR of 19,500 lbs. (e.g., Dodge Tradesman 5500) like that in Figure 29.

Figure 29. Type 6 Engine (Similar Vehicle Operated by Washington Department of Natural Resources)



**Priority:** High

**Purpose & Justification:** The primary impetus to replace these two vehicles earlier than originally planned is the ongoing and increasing maintenance cost related to their Ford 6.0 liter diesel engines. A secondary consideration is to improve the tactical capability of these apparatus in response to wildland and wildland/urban interface incidents while preserving capability for these apparatus to serve in a multi-role capability.

Since their purchase in 2006, the District has spent \$28,683 on repair of these two apparatus in comparison to \$5,672 on preventative maintenance. This presents a high ratio of repair to maintenance, usually indicative that a vehicle is aging or being pushed to its operational limits and in need of replacement. In the case of these two apparatus, they have not yet reached their anticipated useful life and do not have a high level of operational use. The choice of power (Ford 6.0 liter diesel) and design of the apparatus (particularly the pump system) have resulted in repeated mechanical failures and substantial repair cost. Replacement of these apparatus will minimize the ongoing economic impact and impact on the District's fleet maintenance program (time spent working on repair of these vehicles negatively impacts availability of staff time for other maintenance activity).

**Strategic Goal and Initiative:** This project supports the District's Strategic goal to maintain adequate infrastructure to support operations [Resources] and the related initiative to maintain the District's apparatus and equipment to minimize operational cost over their lifecycle. In addition, this project supports the District's strategic goal to reduce incident frequency and severity [Community] and the related initiative to improve operational capability to address community risks.



**CFAI Performance Indicator:** This project supports the following two CFAI performance indicators: 6C.1 (Critical Criteria) Apparatus types are appropriate for the functions served (e.g., operations, staff support services, specialized services, and administration). 6C.2 A current replacement schedule exists for all apparatus and support vehicles based on current federal and state/provincial recognized standards, vehicle condition, department needs, and requirements.

Table 36. Funding for Capital Project 594 22 64 34

Funding Source	Amount
Debt	
General Capital Projects Fund	\$300,000
Grant Funding (Specify)	
Other (Estimated Surplus Value of Apparatus 0601 and 0602))	-\$70,000
Total	\$230,000

**Estimated Change in Operational Expense:** As noted previously, these vehicles have incurred considerable, recurrent maintenance costs with potential for major failure, resulting in considerable expense beyond routine preventative maintenance. It is anticipated that this project will significantly reduce repair cost, likely limiting vehicle expense to that required for routine preventative maintenance.

#### **594 22 64 14 Hose and Appliances**

**Description:** In 2013, the District implemented a hose replacement plan to provide adequate tactical water supply capability, ensure fireground water supply reliability, improve fire control efficiency and maximize Washington and Survey Rating Bureau (WSRB) credit for the District's hose inventory. The objectives of this plan are to 1) maximize the District's tactical water supply and firefighting capability and 2) to maximize the credit received from the WSRB related to fire hose and appliances. This necessitates limiting the service life of fire hose to 15 years and minimizing the average age of fire hose within this lifespan.

In 2018, this project focuses on replacement of small diameter hose (1" through 3") that has reached or exceeded its useful lifespan, maintaining adequate inventory of wildland hose, and addition of 1" high pressure hose and appliances to increase tactical effectiveness and efficiency. Additional detail is provided in the Hose Replacement Plan.

Figure 30. Small Diameter Hose (representative of hose purchased in this project).



**Priority:** High

**Purpose & Justification:** Approximately 25% of the District has fire hydrants and the remaining 75% does not. Water supply operations involve hose lays between a fire hydrant and the fire, water tender shuttles, or a combination of these two water supply methods. Application of water for fire control requires the use of hoselines stretched from fire apparatus. The standard hose inventory carried on engines and water tenders is based on assessment of water supplies, needed fire flow, and tactical requirements based on these two factors.

National Fire Protection Association Standard 1961 Standard on Fire Hose (2013) specifies that fire departments should consider a 10-year maximum service life for fire hose. The Washington Survey and Rating Bureau begins to increase deficiency points assigned for fire hose inventory as it ages and provides no credit for hose that exceeds 15 years of service.

The first five years (2013-2017) of this ongoing project more than doubled the flow rate and distance over which that flow rate can be moved through hoselines. In addition, improvements in hose inventory contributed to the one class improvement of the WSRB Protection Class Rating in both the Town of Coupeville and unincorporated areas of the District.

The District accelerated this project with purchase of a significant amount of used 5" hose (with substantial useful life remaining), thus shifting the sequence of hose purchase and accruing considerable savings. This action has allowed reduction in capital expenditure to achieve these objectives.

See Appendix B of the Capital Projects Plan (CWIFR 2017x) for additional detail on this project.

**Strategic Goal and Initiative:** This project supports the District's Strategic goal to maintain adequate infrastructure to support operations [Resources] and the related initiative to maintain the District's apparatus and equipment to minimize operational cost over their lifecycle. In addition, this project supports the District's strategic goal to reduce incident frequency and severity [Community] and the related initiative to improve operational capability to address community risks.

**CFAI Performance Indicator:** This project supports CFAI performance indicator 6E.2 Tools and equipment replacement is scheduled, budgeted, implemented, and is adequate to meet the agency's needs.

Table 37. Funding Capital Project 594 22 64 14

Funding Source	Amount
Debt	
General Capital Projects Fund	\$9,000
Grant Funding (Specify)	
Other	
Total	\$9,000

**Estimated Change in Operational Expense:** This project will not impact operational expenses.

#### **594 22 64 11 Replace Computer Server**

**Description:** The project involves replacement of the District's main computer server and addition of a backup server. The new server will have dual power supplies; an eight core 2.60 GHz processor; 32 GB of RAM; and six, one TB Hard Drives in a RAID array to maximize reliability. In addition, the replacement server will provide faster performance and lower power consumption than the current machine. The backup server would provide off-site backup and basic server functionality for the District's systems in the event of main computer server failure.

Figure 31: Tower Computer Server (replacement for current server)



**Priority:** High

**Purpose & Justification:** The existing server was purchased in 2012 and will reach its anticipated end of useful life in 2018. Ategan, the District's contract IT service provider reports increasing issues with the

current server, indicating an increasing potential for failure (but anticipates that the server will remain serviceable until 2018).

In addition to replacement of the existing hardware, the current server and e-mail software also requires replacement. The current server is running Microsoft Small Business Server 2011, which is no longer supported by Microsoft. This server software included integration of Microsoft Exchange Server (e-mail). Small Business Server 2011 will need to be replaced with Microsoft Server 2016, which does not include integrated Exchange Server, requiring that the District purchase a separate license for Microsoft Exchange 2016.

The District currently uses a desktop computer with an external hard drive as off-site backup for the server. This machine backs up a complete image of the server, but does not have the ability to run that image and function as a replacement in the event of a server failure. Given the current network configuration, failure of the District's main computer server would not result in significant data loss, but would result in substantial down time of critical District systems until a replacement server could be purchased and installed. Purchase and installation of a remote backup server at Station 51 would provide essential redundancy to ensure continuity of operations. This server would replace the current desktop computer used for remote backup.

**Strategic Goal and Initiative:** This project supports the District's strategic goal to maintain adequate infrastructure to support operations [Resources] and related initiative to maintain the District's technological infrastructure to maximize effectiveness, efficiency, and minimize cost over its lifecycle.

**CFAI Performance Indicator:** This project supports CFAI performance indicator 9C.3 Technological resources (e.g., telecommunications equipment, computer systems, general business software) and the information management system is appropriate to support the agency's need. Access is available to technical support personnel with expertise in the systems deployed by the agency. Documentation and analysis of data (e.g., formative, process, impact, and outcome measurement are accessible to the agency).

Table 38. Funding Capital Project 594 22 64 11

Funding Source	Amount
Debt	
General Capital Projects Fund	\$22,000
Grant Funding (Specify)	
Other	
Total	\$22,000

**Estimated Change in Operational Expense:** This project will not have significant impact on operational expense as it is simply replacement of existing equipment (main computer server at Station 53 and replacement of a desktop computer with a backup server at Station 51).

**594 22 64 38 Replace Computer Network Firewalls**

**Description:** This project involves replacement of the computer network firewalls at Stations 51, 53, and 54.

Figure 32. Computer Network Firewall (similar to replacement equipment)



**Priority:** High

**Purpose & Justification:** A firewall is a combination of hardware and related software that protects a computer network from external threats such as viruses and worms. Firewalls can also provide specific functionality to establish virtual private networks (VPN) and to manage mobile devices (such as I-Pads) and their access to the network.

The specific firewalls specified provide the ability to establish a VPN between the network at Station 53 and each of the District's other fire stations, providing safe and controlled network and server access from these remote locations.

In addition, the firewalls specified would provide the capability to manage the District's mobile devices. At present, the District maintains an inventory of 15 i-Pads (four with cellular access, used as mobile data tablets in apparatus and 11 with WIFI only access for use in the Command Training Center (CTC) and by the Board of Fire Commissioners). Each of these mobile devices must currently be managed individually, requiring on-site physical access. Addition of mobile device management functionality to the firewalls would simplify the work required to manage these devices.

**Strategic Goal and Initiative:** This project supports the District's strategic goal to maintain adequate infrastructure to support operations [Resources] and related initiative to maintain the District's technological infrastructure to maximize effectiveness, efficiency, and minimize cost over its lifecycle.

**CFAI Performance Indicator:** This project supports CFAI performance indicator 9C.3 Technological resources (e.g., telecommunications equipment, computer systems, general business software) and the information management system is appropriate to support the agency's need. Access is available to technical support personnel with expertise in the systems deployed by the agency. Documentation and analysis of data (e.g., formative, process, impact, and outcome measurement are accessible to the agency.

Table 39. Funding for Capital Project 594 22 64 38

Funding Source	Amount
Debt	
General Capital Projects Fund	\$6,000
Grant Funding (Specify)	
Other	
Total	\$6,000

**Estimated Change in Operational Expense:** This project will not have significant impact on operational expense as it is simply replacement of existing equipment (firewalls at Stations 51, 53, and 54).

## **Bond Fund**

### **Overview of the Bond Fund**

The Bond Fund was previously established to account for revenues and expenditures related to the District's previous Limited Tax General Obligation (LTGO) bond that was retired in 2011. This fund was designated for bond proceeds from the Unlimited Tax General Obligation (UTGO) bond approved by the voters in the November 2017 General Election for specific capital projects and related expenditures. Use of a separate fund to account for bond revenues and expenditures facilitates accounting and compliance reporting.

### **2018-2020 Bond Capital Projects Plan**

Table 40 outlines the District's current capital projects that are funded from the Bond Fund. Additional detail on funding for major capital projects is provided in the District's Long Term Financial Plan (Appendix D).

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Table 40. 2018-2020 Bond Capital Projects Schedule

Apparatus		2017	2018	2019	2020
594 22 64 22	Apparatus 9401 (E51) Replacement				\$652,925
594 22 64 28	Apparatus 9601 (E512) Replacement				\$652,925
594 22 64 29	Apparatus 9602 (E54) Replacement				\$652,925
Facilities					
594 22 61 03	Station 53 Architectural & Engineering		\$283,927		
594 22 62 01	Permits & Fees			TBD	
594 22 63 11	Station 53 Land Work			754,701	
594 22 63 05	Station 53 Renovation & Expansion			\$4,094,677	
Other Expenses					
594 22 61 01	Legal Services		\$32,200		
594 22 61 02	Consulting		\$15,500		
<b>Total Expenditures</b>		\$0	\$330,127	\$5,133,305	\$1,958,775

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## Bond Capital Projects & Justification

The following section of the Budget Document provides the description, purpose, and justification for each capital project funded with bond proceeds in the current year. In addition, each project is tied to the specific strategic goals supported by each investment in capital infrastructure.

### **594 63 22 05 Station 53 Renovation and Expansion**

**Description:** This building was originally constructed in 1992 to replace smaller stations in Admirals Cove and LedgeWood. In 2000 the three additional apparatus bays were added, and a single wide manufactured home was located behind the Station to provide limited living quarters for on-duty personnel. This project involves construction renovation of facilities at Station 53 to accomplish the following:

#### *Response Time Improvement*

- Moving the living quarters and sleep rooms from the singlewide manufactured home behind the station into the main fire station and closer to apparatus (improving turnout time)
- Increasing the number of sleeping rooms to provide six beds (an increase from the current three) to accommodate on-duty volunteers as well as full-time and part-time staffing.

#### *Operational Upgrades*

- Increasing the floor area of the station from approximately 5000 square feet to 10,000 square feet to provide adequate space for operational needs, living quarters, and administration.
- Increased classroom facilities for on-site firefighter training and community use.
- Improved mechanical systems with lower maintenance and operating costs.
- Environmental improvements including lead paint removal and improve septic and storm water systems.
- Sufficient ceiling height in the apparatus maintenance area to permit use of an apparatus lift.

#### *Health and Safety Improvements*

- Diesel exhaust removal system
- Decontamination facilities meeting current standards
- Personal protective equipment storage
- Adequate clearance around apparatus
- Fire suppression (sprinkler) system to protect personnel and the taxpayer investment

Figure 33. Station 53 Renovation and Expansion

**Priority:** High

**Purpose & Justification:** Over time staffing and operational demands have outgrown the current facility. As identified in the description of this project, renovation and expansion addresses three key needs, improvement in response time (first unit and effective response force), upgrade of operational capability including provision of adequate space and upgrade of mechanical and environmental systems, and improvements in health and safety.

Additional detail on assessment of the condition of this facility as well as operational limitations and programmatic requirements is provided in the District's Facilities Plan (Rice Fergus Miller, 2015).

**Strategic Goal and Initiative:** Maintain adequate infrastructure to support operations. [Resources] and related initiatives to maintain District facilities to minimize operational cost over their lifecycle and Maintain the District's apparatus and equipment to minimize operational cost over their lifecycle (by providing adequate space to support the fleet maintenance function).

**CFAI Performance Indicator:** This project addresses the following three CFAI Performance Indicators: 6A.1 The development, construction, or purchase of physical resources is consistent with the agency's

goals and strategic plan. 6B.1 each function or program has adequate facilities and storage space. (e.g., operations, community risk reduction, training, support services and administration). 6B.3 (Critical Criteria) Facilities comply with federal, state/provincial, and local codes and regulations at the time of construction, required upgrades for safety are identified, and where resources allow, addressed. For those items that warrant further attention, a plan for implementation is identified in the agency's long-term capital improvement plan (i.e. fire alarm systems, sprinkler system, seismic, vehicle exhaust system, asbestos abatement, etc.).

Table 41. Funding for Capital Project 594 63 22 05

Funding Source	Amount
Debt	\$5,417,372
General Capital Projects Fund (Multi-Year 2018-2019)	
Grant Funding (Specify)	
Other	
Total	\$5,417,372

**Estimated Change in Operational Expense:** While the station area is being doubled, it is anticipated that the expense of fuel for heating and electrical expense will not increase substantially due to increases in efficiency in electrical and heating, ventilation, and air conditioning (HVAC) systems. Maintenance expenses are anticipated to increase slightly due to increased building floor area. However, much of this floor area increase is in the apparatus room and other work areas, which have relatively minor maintenance requirements in comparison to living quarters, classrooms, and administrative space.

## Bond Fund Budget

Table 42 illustrates the 2018 Bond Fund budget.

Table 42. Bond Fund Budget

Professional Services					2016 Amended	2017 Amended	2018 Adopted
594	22	61	01	Legal Services	\$0	\$0	\$32,200
594	22	61	02	Consulting			\$15,500
594	22	61	03	Station 53 Architectual & Engineering	\$0	\$0	\$283,927
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$331,627</b>
Intergovernmental Professional Services							
594	22	62	01	Permits & Fees	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Capital Projects							
594	22	63	01	Station 53 Land Work	\$0	\$0	\$0
594	22	63	02	Station 53 Construction	\$0	\$0	\$0
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Bond Fund Budget</b>					<b>\$0</b>	<b>\$0</b>	<b>\$331,627</b>

## Debt Service Fund

### Overview of the Debt Services Fund

The Debt Service Fund was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. In accordance with the provisions of the Revised Code of Washington (RCW) 52.16.061 General obligation bonds – Issuance – Limitations, the District is limited to an amount equal to 0.375 percent of assessed valuation for non-voted debt and 1.25 percent of assessed valuation for voted debt. Any non-voted debt issued counts as part of the overall 1.25 percent limit.

### Debt Service Fund Revenue & Expenditures

This fund was zero-funded following retirement of the District's Long Term General Obligation (LTGO) Bond (non-voted debt) in 2011. Beginning in 2018, revenue from the Unlimited Tax General Obligation (UTGO) Bond approved by the District's voters in November 2017 will be deposited in the Debt Service Fund and debt service payments made from the same fund.

### Debt Service Fund Budget

The Debt Service Fund will be fully funded through a property tax bond levy. The Debt Service Fund Budget is displayed in Table 43.

Table 43. Debt Service Fund Budget

Expenditures		2016 Actual	2017 Budgeted	2018 Adopted
591 22 70 01	UTGO Debt Service			\$361,769
<b>Total Expenditures</b>				\$361,769

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## Compensated Absences Fund

### Overview of the Compensated Absences Fund

This fund is used to account for assets held by the District for buyback of a specified percentage of unused long-term sick leave from employees at the time of their separation from the district (e.g., retirement). This benefit is currently provided to the District's executive staff (e.g., Fire Chief, Deputy Chief, and Finance Officer).

### Compensated Absences Revenue & Expenditures

The Compensated Absence Fund is funded through transfers from the General Fund. There were no expenditures from the Compensated Absence Fund in 2017.

### Current Compensated Absences Liabilities

The District's potential liability for compensated absences is based on 240 hours of sick leave buyback for the Fire Chief, Deputy Chief and Finance Officer. The Deputy Chief's position was filled in 2015 and he currently has not accrued any long term sick leave. Given the Deputy's rate of leave accrual, there is likely to be limited liability for compensated absences related to the Deputy Chief's Long Term Sick Leave for the next several years. However, the District has budgeted to fund this potential liability in advance of the Deputy's accrual.

Based on the Executive Staff compensation increases approved by the Board of Fire Commissioners in November 2016, there will be an increase in the District's liability for compensated absences resulting in the total liability illustrated in Table 44.

Table 44. Potential Compensated Absences Liability

Position	Hourly Rate	Buyback (hrs.)	Total Liability
Fire Chief	\$53.35	240	\$12,803
Deputy Chief	\$45.21	240	\$10,850
Finance Officer	\$27.93	240	\$6,703
Total Compensated Absences Liability			\$30,357

The Compensated Absences Fund is fully funded at 100% of the District's liability for Long Term Sick leave. While the District would potentially pay executive staff for unused Paid Time Off (e.g., used for annual leave, short term sick leave, and holidays), this expense would be offset by a reduction in health care and retirement expense until the position was filled.

### Compensated Absences Budget

Transfer from the General Fund to the Compensated Absences fund has been budgeted to ensure full funding to meet existing and potential liabilities (see Table 43). No expenses have been budgeted as no executive staff retirements have been forecast within the next year.

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## Grants Management Fund

### Overview of the Grants Management Fund

A fund established with a contribution of assets from the State or Federal government that are to be used for a specified purpose, activity, or facility. Assets in this fund are maintained in a non-interest-bearing account in compliance with federal grant requirements.

### Grants Management Revenue & Expenditures

The District did not receive any grant funds in 2016. In 2017, the District received a Fire Prevention and Safety Grant from the Department of Homeland Security, Federal Emergency Management Agency in the amount of \$23,734 with a \$1,186 match by the District. This grant provides funding for Home Safety Surveys and installation of smoke and carbon monoxide alarms in homes built prior to 1984 (when hard wired smoke alarms became required by code).

### Grants Management Budget

The Grants Management Fund Budget is displayed in Table 45.

Table 45. Grants Management Budget

Salaries & Wages					2016 Actual	2017 Amended	2018 Adopted
522	30	10	03	PT FF (CRR Grant) Salary	\$0	\$0	\$3,900
522	30	10	04	Volunteer (CRR Grant) Stipend	\$0	\$0	\$2,400
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$6,300</b>
Benefits							
522	30	21	03	PT FF (CRR Grant) FICA/Medicare	\$0	\$0	\$298
522	30	21	04	Volunteer (CRR Grant) FICA/Medicare	\$0	\$0	\$35
522	30	22	03	PT FF (CRR Grant) L&I	\$0	\$0	\$371
522	30	24	03	PT FF (CRR Grant) (PERS)	\$0	\$0	\$495
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$1,200</b>
Office & Operating Supplies							
522	30	31	10	Supplies (CRR Grant)	\$0	\$0	\$16,520
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$16,520</b>
Small Equipment & Tools (<\$5,000)							
522	30	35	04	Equipment (Grant CRR)	\$0	\$0	\$900
<b>Sub Total</b>					<b>\$0</b>	<b>\$0</b>	<b>\$900</b>
<b>Total Grants Management Budget</b>					<b>\$0</b>	<b>\$0</b>	<b>\$24,920</b>

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## Appendix A - Tax Increase and Budget Adoption

### Levy Certification



### Levy Certification

Submit this document to the county legislative authority on or before November 30 of the year preceding the year in which the levy amounts are to be collected and forward a copy to the assessor.

In accordance with RCW 84.52.020, I, Cheryl Engle,  
(Name)

Board Chair, for Central Whidbey Island Fire & Rescue #5, do hereby certify to  
(Title) (District Name)

the Island County legislative authority that the Board Of Commissioners  
(Name of County) (Commissioners, Council, Board, etc.)

of said district requests that the following levy amounts be collected in 2018 as provided in the district's  
(Year of Collection)

budget, which was adopted following a public hearing held on 11/09/17;  
(Date of Public Hearing)

Regular Levy: \$2,750,000.00  
(State the **total** dollar amount to be levied)

Excess Levy: \$382,000.00 \*  
(State the **total** dollar amount to be levied)

Refund Levy: \$3,319.76  
(State the **total** dollar amount to be levied)

Signature: Cheryl J Engle

Date: 12/14/17

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REV 64 0100e (w) (2/21/12)

## Tax Increase Resolution


**Ordinance / Resolution No.** 17-08  
**RCW 84.55.120**

**WHEREAS**, the Board of Commissioners of Central Whidbey Island Fire & Rescue #5 has met and considered  
(Governing body of the taxing district) (Name of the taxing district)  
 its budget for the calendar year 2018; and,

**WHEREAS**, the districts actual levy amount from the previous year was \$ 2,258,096.90; and,  
(Previous year's levy amount)

**WHEREAS**, the population of this district is ☐ more than or ☒ less than 10,000; and now, therefore,  
(Check one)

**BE IT RESOLVED** by the governing body of the taxing district that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2018 tax year.  
(Year of collection)

The dollar amount of the increase over the actual levy amount from the previous year shall be \$ 22,580.97  
 which is a percentage increase of 1 % from the previous year. This increase is exclusive of  
(Percentage increase)

additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Adopted this 9 day of November, 2017.

Cheryl J. Eagle  
Steve Sullivan  
Paul M...

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**If additional signatures are necessary, please attach additional page.**

This form or its equivalent must be submitted to your county assessor prior to their calculation of the property tax levies. A certified budget/levy request, separate from this form is to be filed with the County Legislative Authority no later than November 30<sup>th</sup>. As required by RCW 84.52.020, that filing certifies the total amount to be levied by the regular property tax levy. The Department of Revenue provides the "Levy Certification" form (REV 64 0100) for this purpose. The form can be found at: <http://dor.wa.gov/docs/forms/PropTx/Forms/LevyCertf.doc>.

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REV 64 0101e (w) (12/9/14)

## Budget Adoption Resolution



## Central Whidbey Island Fire & Rescue

1164 Race Road  
Coupeville, WA 98239

Professionalism • Integrity • Compassion • Excellence  
(360) 678-3602

www.cwfire.org

**IN THE MATTER OF**  
**Adopting the Budget for 2018**  
**AMENDED**

)  
)

**Resolution 17-09**

WHEREAS: The Fire Commissioners of Central Whidbey Island Fire & Rescue have made certification of the taxes to be levied to the Island County Council;

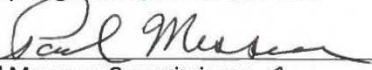
WHEREAS: The Fire Commissioners of Central Whidbey Island Fire & Rescue establishes an official budget each year to provide operating funds and capital funds.

**IT IS HEREBY RESOLVED AS FOLLOWS:**


1. That the attached 2017 Budget be hereby adopted as the official budget of Central Whidbey Island Fire & Rescue for calendar year 2018.
2. That the honorable Island County Council be and hereby requested to make a Regular levy for 2017 for Central Whidbey Island Fire & Rescue of \$2,750,000.
3. That the Island County Treasurer be and is hereby authorized and directed to deposit and sequester the moneys received from the collection of the tax levy specified in section 2 above in the amount and fund specified below:
  - a. \$2,750,000 Regular Levy into the General Fund of Central Whidbey Island Fire & Rescue
  - b. \*\$382,000 Excess Levy in the Bond Fund of Central Whidbey Island Fire & Rescue
  - c. \$3,319.76 Refund Levy into the General Fund of Central Whidbey Island Fire & Rescue.
4. That one copy of this resolution together with the 2018 Budget be delivered to the Island County Council and the Island County Assessor's office.

ADOPTED at the regular meeting of the Central Whidbey Island Fire & Rescue Board of Commissioners, this 14<sup>th</sup> Day of December, 2017.

  
Cheryl Engle, Chairman of the Board

  
Paul Messner, Commissioner

  
Steve Hutchinson, Commissioner

Attest:   
Kim Harpe, District Secretary

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## Appendix B - Glossary of Terms

**Account:** A term used to identify an individual asset, liability, expenditure, revenue, or fund balance.

**Accounting System:** The total set of records and procedures used to record, classify, and report information on the financial status and operations of an entity.

**Accreditation:** Accreditation is a comprehensive self-assessment and evaluation model that enables organizations to examine past, current, and future service levels and internal performance and compare them to industry best practices. This process leads to improved service delivery by helping fire departments to: 1) Determine community risk and safety needs. 2) Evaluate the performance of the department. 3) Establish a method for achieving continuous organizational improvement.

**Acting-in-Capacity (AIC):** Working out of classification (e.g., a Firefighter working as a Lieutenant). Represented full-time employees are paid 5% AIC compensation when working at the next highest classification if they are fully qualified for this position and 3% AIC compensation if they are not fully qualified.

**Actual:** Monies which have already been used or received as opposed to budgeted monies which are estimates of funds that may be spent or received.

**Adopted Budget:** The Adopted Budget is an annual financial plan approved by a resolution passed by the Board of Fire Commissioners which forms the basis for annual appropriation and expenditure of funds.

**Adverse Opinion:** An auditor's opinion stating that financial statements do not fairly present financial position, results of operations and (when applicable) cash flows in conformity with generally accepted accounting principles (GAAP).

**AIC:** See Acting-in-Capacity.

**Aid Unit:** A vehicle licensed and equipped to provide Basic Life Support (BLS) emergency medical care. CWIFR operates one Transport Capable Aid Unit (under an Interlocal agreement with WhidbeyHealth). In addition, the District has seven licensed aid vehicles (two Command Units, one Type 1 Engine, two Type 6 Engines, Rescue, and a Medical Emergency Response Vehicle (MERV).

**Apparatus Number:** A numerical designation used to identify district vehicles. The first two digits of this number are the year purchased and the second two digits reflect the sequence in which the vehicle was purchased in that year (e.g., 1301 would indicate that this was the first vehicle purchased in 2013).

**Appropriation:** The legal authorization granted by the Board of Fire Commissioners to make expenditures and incur obligations. An appropriation is usually limited in amount and as to the time when it may be expended.



**Assessed Value (AV):** The assessed valuation is the value set for real estate or other property by the County Assessor as a basis for levying property taxes.

**Assets:** Property which has monetary value.

**Audit:** An examination to determine the accuracy and validity of records and reports by an agency whose duty it is to make sure the District conforms with established procedures and policies.

**AV:** See Assessed Value.

**Balanced Budget:** Appropriations limited to the total of estimated revenues and the unencumbered fund balances estimated to be available at the close of the current fiscal year. At the fund level, a balanced budget is defined as funds total resources comprised of beginning fund balance, revenues, and other funds are equal to the total of expenditures, other fund use, and the funds ending balance.

**Bank Qualification:** A designation given to a municipal bond by the issuer if it reasonably expects to issue in the calendar year of such offering no more than \$10 million of bonds of the type required to be included in making such calculation under the Internal Revenue Code. When purchased by a commercial bank for its portfolio, the bank may deduct a portion of the interest cost of carry for the position. A bond that is bank qualified is also known as a qualified tax-exempt obligation.

**BARS:** See Budgeting, Accounting, and Reporting System.

**Basis of Accounting:** A term used to refer to when revenues, expenditures, expenses, and transfers, and the related assets and liabilities, are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

**Beginning Cash Balance:** The amount of unexpended funds carried forward from one fiscal year to the next.

**Benefits:** Employer contributions paid by the Fire District as part of the conditions of employment. Examples include: health/dental insurance, state public employees' retirement system, and employment security.

**Bond Rating:** a grade given to bonds that indicates their credit quality. Private independent rating services such as Standard & Poor's, Moody's and Fitch provide these evaluations of a bond issuer's financial strength, or its the ability to pay a bond's principal and interest in a timely fashion. Bond ratings are expressed as letters ranging from AAA, which is the highest grade, to C (junk), which is the lowest grade. Different rating services use the same letter grades, but use various combinations of upper- and lower-case letters to differentiate themselves.

**Bond:** A written promise to pay a specific sum of money (principal) at a specified future date along with periodic interest rate. Bonds are typically used for long-term debt to pay for a capital expenditure.



**Budget Adjustment:** A change to a budget adopted in accordance with state law. A budget may be adjusted to increase expenditures/expenses at the fund level by Board approval with or without public notice or public hearing requirements, when unanticipated revenues occur, or emergencies exist.

**Budget Adoption:** Formal action in the form of a resolution by the Board of Fire Commissioners which sets the spending limits for the fiscal year.

**Budget Calendar:** The schedule of key dates involved in the process of adopting and then executing an adopted budget.

**Budget Document:** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the Adopted expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years' actual revenues, expenditures, and other data used in making the estimates.

**Budget Hearing:** The public hearings conducted by the Board of Fire Commissioners to consider and adopt the annual budget.

**Budget Message:** The opening section of the budget which provides the Board of Fire Commissioners and the Public with a general summary of the most important aspects of the budget in comparison with the current and prior years.

**Budget Policy:** An overall plan to guide present and future courses of action regarding the coordination of revenues and expenditures.

**Budget:** A plan of financial operation embodying an estimate of Adopted expenditures for a given period and the Adopted means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary or approved.

**Budgetary Reporting:** The requirement to present budget-to-actual comparisons relating to general purpose external financial reporting. Budgetary reporting is required regarding the basic financial statements for both the general fund (current expense) and individual major special revenue funds with legally adopted annual budgets. Budgetary reporting is also required within the comprehensive annual financial report to demonstrate compliance at the legal level of control for all governmental funds with legally adopted annual budgets.

**Budgeting, Accounting, and Reporting System:** Stands for Budgeting, Accounting, Reporting System. The manual the State of Washington requires governmental entities (i.e., counties and cities) to use.

**Call Provision:** a clause in a bond's indenture granting the issuer (borrower) the right to call, or buy back, all or part of an issue prior to the maturity date of the bond.

**Capital Assets:** Land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art, infrastructure, and all other tangible or intangible assets that are used in operations and have a value of greater than \$5,000 and a useful life greater than three years.

**Capital Budget:** A plan of Adopted capital outlays and the means of financing them.

**Capital Outlay:** Fixed assets which have a value of \$5,000 or more and have a useful economic lifetime of more than three years.

**Capital Projects Plan:** A plan for capital expenditures to be incurred each year over a fixed period of years, identifying the expected beginning and ending date, and the amount to be expended in each year and the method of financing those expenditures.

**Capital Projects:** Projects which purchase or construct capital assets.

**Captain:** A Company Officer serving as a second level supervisor who is responsible for managing Lieutenants, Firefighters, and Emergency Medical Technicians. Volunteer Captains are responsible for managing volunteer members assigned to their station. The Full-Time Captain serves as the Training and Recruitment Officer. The Full-Time Captain is also certified as an EMT, Volunteer Captains may be certified as EMTs.

**Cash Basis Accounting:** The method of accounting where revenues are recorded when received and expenditures are recorded when paid.

**Center for Public Safety Excellence (CPSE):** The Center for Public Safety Excellence (CPSE) promotes the continuous quality improvement of fire and emergency service agencies that serve communities worldwide by providing training and career resource information. As a nonprofit, 501(c)(3) corporation, CPSE supports and encourages agencies and personnel to meet international performance standards through various programs and the work of two commissions: The Commission on Fire Accreditation International (CFAI) and the Commission on Professional Credentialing (CPC).

**CFAI:** See Commission on Fire Accreditation International.

**Chart of Accounts:** The classification system used by a governmental agency to organize the accounting for various funds.

**COLA:** See Cost of Living Adjustment.

**Command Unit:** A vehicle equipped with communications equipment and configured as a mobile office for an officer responsible to function as the Incident Commander (IC) at incidents requiring multiple resources such as a structure fire, marine rescue, or major vehicle accident.

**Commission on Fire Accreditation International (CFAI):** A CFAI is the component of the Center for Public Safety Excellence responsible for fire department accreditation.

**Commissioner:** Elected Official responsible for overall management of the District's affairs. The Fire Commissioners (as a body) appoint and supervise the Fire Chief.

**Community Risk Reduction (CRR):** CRR includes proactive and response measures taken by a community to reduce the impact of risk.

**Compensated Absences Fund:** This fund is used to account for assets held by the District for buyback of a specified percentage of unused long-term sick leave from employees at the time of their separation from the district (e.g., retirement).

**Consumer Price Index (CPI):** A statistical description of price levels provided by the US Department of Labor. The index used as a measure of the increase in the cost of living.

**Consumer Price Index for All Urban Consumers (CPI-U):** The all-urban consumer population consists of all urban households in Metropolitan Statistical Areas (MSAs) and in urban places of 2,500 inhabitants or more. Non-farm consumers living in rural areas within MSAs are included, but the index excludes rural consumers and the military and institutional population.

**Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W):** The urban wage earner and clerical worker population consists of consumer units consisting of clerical workers, sales workers, craft workers, operative, service workers, or laborers. (Excluded from this population are professional, managerial, and technical workers; the self-employed; short-term workers; the unemployed; and retirees and others not in the labor force.<sup>1</sup>)

**Contingency Fund:** The Contingency Fund is an administratively separated fund within the General Fund. The purpose of the Contingency Fund is to provide a reserve for unanticipated, but critical expenses or for expenses that were anticipated but not known in detail during budget preparation. For the purposes of budgetary reporting within the context of the Budgeting, Accounting, and Reporting System (BARS), this managerial fund is rolled up into the General Fund

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Cost of Living Adjustment (COLA):** An increase in salaries to offset the adverse effect of inflation on compensation.

**CPI:** See Consumer Price Index.

**CPI-U:** See Consumer Price Index for All Urban Consumers

**CPI-W:** See Consumer Price Index for Urban Wage Earners and Clerical Workers

**CPSE:** See Center for Public Safety Excellence.

**CRR:** See Community Risk Reduction.

**Debt Service Fund:** Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Debt Service:** The annual payment of principal and interest on the District's indebtedness.

**Deficit:** The excess of the liabilities of a fund over its assets or excess of expenditures over revenues during an accounting period.

**Deputy Chief:** Chief Officer serving as second in command to the Fire Chief and is the District's Chief Operating Officer. CWIFR's Deputy Chief supervises the Full-Time Lieutenants and Volunteer Captains.

**District Secretary:** An appointed position responsible for preparing agendas, keeping minutes, and other administrative tasks for the Board of Fire Commissioners. This function is filled by the Finance Officer.

**Division:** The term is used to administratively categorize the operational areas of the District (e.g., Administration, Operations, Life Safety/Community Risk Reduction, Training/Recruitment, Facilities, and Vehicle Maintenance).

**Emergency Medical Technician:** An emergency responder certified as an Emergency Medical Technician (EMT) Basic.

**EMT:** See Emergency Medical Technician

**Engine:** Fire apparatus equipped with a pump, water tank, and hose. CWIFR has two types of fire engines, Type 1 (Structural) and Type 6 (Wildland). CWIFR's Type 1 engines are designated by the letter "E" and have a 1250 or 1500 gallon per minute pump, 750 or 1000-gallon water tank and a substantial complement of hose and tools. CWIFR's Type 6 engines are designated by the letter "B" (Brush) have a 375 gallon per minute pump, a 300-gallon water tank, and a small complement of hose and tools.

**Excess Levy:** Excess levies are those that impose property taxes over and above the regular property tax levies described previously. They are in "excess" of the many limits we put on regular levies. Excess levies require not only voter approval; but most also require a 60 percent "super" majority to be approved.

**Executive Staff:** Senior staff comprised of the Fire Chief, Deputy Chief, and Finance Officer.

**Exempt Employees:** Employees who are exempt from the overtime provisions of the Federal Fair Labor Standards Act (FLSA). The District Fire Chief, Deputy Chief, and Finance Officer are exempt.

**Expenditures:** Decreases in net current assets. Expenditures include debt service, capital outlays, and those current operating costs which require the use of current assets.

**Facilities Plan:** A strategic level plan examining current facilities and their condition as well as future facilities requirements. CWIFR's facilities plan examines facilities requirements based on a 50-year service delivery timeframe.

**FBC:** See Fire Benefit Charge.

**Finance Officer:** A civilian member of the District's executive staff responsible for managing the Administrative Division. The Finance Officer supervises Part-Time Office Staff.

**Fire Benefit Charge:** The Fire Benefit Charge (FBC) funding method is a voter approved, two-part funding system that balances general purpose taxes and a user fee charged to buildings based on risk and need for service (Revised Code of Washington (RCW) 52.26.180). It is called a benefit charge because it refers to the benefit of having fire protection available.

**Fire Chief:** Chief Executive Officer of the District. The Fire Chief supervises the Deputy Chief, Office, Manager, Training/Recruitment Captain, and Firefighter Mechanic.

**Firefighter/EMT:** A firefighter who is also certified as an Emergency Medical Technician (EMT) Basic. Full-Time and Part-Time Firefighters are also certified as EMTs, Volunteer Firefighters may be certified as an EMT.

**Firefighter:** Emergency responder certified at least to the Firefighter 1 and Hazardous Materials Operational levels.

**Fiscal Year:** Any yearly accounting period, without regard to its relationship to a calendar year. The fiscal year for Central Whidbey Island Fire & Rescue begins on January 1 and ends on December 31.

**Fixed Assets:** Assets intended to be held or used for the long term, such as land, buildings, and improvements other than machinery, and equipment.

**FTE:** See Full Time Equivalent.

**Full Time Equivalent:** Acronym for Full-time Equivalent. FTE is a numerical expression that indicates a given position's budgeted proportion to a "full-time" position. A position budgeted at 40 hours per week for 12 months equals 1.0 FTE. Other frequently budgeted levels are 20 hours per week (.5 FTE) to show a position that has been split between two funds because the employee's responsibilities directly affect two funds.

**Full-Time:** Employees who are regularly scheduled for 40 hours per week or more are classified as Full-Time.

**Fund Balance:** Fund balance is the excess of a fund's assets of a fund over its liabilities and reserves.

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes

therein, which are segregated for carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**GAAP:** See Generally Accepted Accounting Principles.

**GAAS:** See Generally Accepted Auditing Standards.

**GAGAS:** See Generally Accepted Government Auditing Standards.

**GASB:** See Governmental Accounting Standards Board.

**General Fund:** The general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in other fund types.

**General Obligation Bonds:** Bonds for which the full faith and credit of the issuing government are pledged for payment.

**Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

**Generally Accepted Auditing Standards (GAAS):** Measures of the quality of the performance of auditing procedures and the objectives to be attained through their use. They are concerned with the auditor's professional qualities and with the judgment exercised in the performance of an audit. Generally accepted auditing standards have been prescribed by (1) the American Institute of Certified Public Accountants (AICPA), and (2) the U.S. General Accounting Office (GAO) in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (the Yellow Book).

**Generally Accepted Government Auditing Standards (GAGAS):** Standards established by the GAO in its publication Standards for Audit of Governmental Organizations, Programs, Activities and Functions ("Yellow Book") for the conduct and reporting of both financial and performance audits. GAGAS set forth general standards applicable to both types of audits and separate standards of field work and reporting for financial and performance audits. The GAGAS standards of field work and reporting for financial audits incorporate and build upon GAAS.

**GFOA:** See Government Finance Officers Association.

**Government Finance Officers Association:** The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices and promoting them through education, training and leadership.

**Governmental Accounting Standards Board (GASB):** The authoritative accounting and financial reporting standard-setting body for government entities.

**Grants:** A contribution of assets (usually cash) by one governmental unit or other organization to be used or spent for a specified purpose, activity, or facility. Typically, these contributions are made to local governments from the State and Federal governments.

**ILA:** See Interlocal Agreement.

**Interfund Transfers:** Amounts transferred from one District fund to another (i.e., General Fund to Capital Projects Fund or Compensated Absences Fund).

**Interfund:** Activity between the District's funds.

**Intergovernmental Revenue:** Grants, entitlements, shared revenues and payment for goods and services by one government to another.

**Intergovernmental:** Transactions conducted between two or more governments.

**Interlocal Agreement (ILA):** An agreement made between local governments (such as cities, towns, and special purpose districts) in accordance with the Revised Code of Washington (RCW) 39.34 Interlocal Cooperation Act.

**Internal Control:** A plan of organization for purchasing, accounting, and other financial activities, which provides that, (1) The duties of employees are subdivided so that no single employee handles a financial action from beginning to end, (2) Proper authorizations from specific responsible officials are obtained before key steps in the processing of a transaction are completed, and (3) Records and procedures are arranged appropriately to facilitate effective control.

**Lean Process:** In the public sector, the core idea of Lean process is to maximize community value while minimizing waste.

**Levy Lid Lift:** Initiative Measure No. 747 required state and local governments to limit property tax levy increases to 1% per year, unless an increase greater than this limit is approved by the voters at an election. A levy lid lift is an increase in the levy rate under the provision of the Revised Code of Washington (RCW) 84.55.050 approved by the voters within the boundaries of a specific government (such as a fire protection district).

**Levy Rate:** The rate at which taxes, special assessments or service charges are imposed. For example, the real and personal property tax levy is the rate at which property is taxed per \$1,000 of assessed valuation. The rate is determined by calculating the ratio of the maximum amount of property tax revenue allowable under state law and the total assessed valuation within the taxing district.

**Levy:** (Noun) The total amount of taxes, special assessments, or service charges imposed by a government.

**Levy:** (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities.

**Lid Lift:** See Levy Lid Lift.

**Lieutenant:** A Company Officer serving as a first level supervisor who is responsible for managing firefighters and emergency medical technicians. Volunteers and Full-Time employees may serve as Lieutenants. Full-Time Lieutenants manage a (budget) division or major program within the Operations Division (e.g. emergency medical services). Full-Time Lieutenants are also certified as Emergency Medical Technicians (EMT), Volunteer Lieutenants may be certified as an EMT.

**Limited Tax General Obligation Bond (LTGO):** See non-voted debt.

**Line Item:** A specific item or group of similar items defined by detail in a unique account in the financial records.

**Long Term Financial Plan:** A financial plan that forecasts and strategizes how to meet both current and future needs of the District. CWIFR's long term financial plan addresses a time horizon of ten years and includes all funds. This plan includes an analysis of the District's financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance and plan monitoring mechanisms.

**LTGO:** See Limited Tax General Obligation Bond.

**Medical Emergency Response Vehicle (MERV):** A vehicle that may be staffed by a volunteer to provide emergency medical response in addition to the on-duty crew. Use of the MERV aids in the District's ability to minimize response time, provide adequate staffing for medical emergencies and respond to concurrent calls for service. The District's MERV is a SUV.

**MERV:** See Medical Emergency Response Vehicle.

**Non-Exempt Employees:** Employees who are covered by the overtime provisions of the Federal Fair Labor Standards Act (FLSA). All District employees except for the Fire Chief, Deputy Chief, and Finance Officer are non-exempt.

**Non-Represented Employees:** Employees for whom terms and conditions of employment are not bargained by a union are designated as non-represented. CWIFR's Fire Chief, Deputy Chief, and part-time employees are non-represented.

**Non-Voted Debt:** Non-voted debt is issued on the authority of the Board of Fire Commissioners. The debt service on non-voted debt is paid out of general Fire District revenues. Non-voted debt is referred to as a Limited Tax General Obligation Bond (LTGO).

**Object (or Object Code):** Used as expenditure classifications. This term applies to the article purchased or the service obtained. Typical object codes include personnel services (wages and



salaries), contracted services (utilities, maintenance contracts, etc.) supplies and materials, and capital outlays.

**OCBA:** See Other Comprehensive Basis of Accounting.

**Operating Budget:** This budget presents a plan of current expenditures and the Adopted means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

**Operating Revenues:** Those revenues received within the present fiscal year.

**Operating Transfer:** The regular, recurring transfers of cash from one fund (usually the general fund) to another, appropriated through the budget process.

**Other Comprehensive Basis of Accounting (OCBA):** OCBA refers to a system of accounting other than Generally Accepted Accounting Principles (GAAP). As a Fire Protection District, CWIFR is required to use the Cash Basis of Accounting as an OCBA.

**Paid Time Off (PTO):** PTO is leave provided to the District's executive staff in place of Annual Leave, Sick Leave, and Holiday Leave.

**Part-Time:** Employees who are regularly scheduled for 35 hours per week or 150.5 hours per month are classified as Part-Time.

**PERS:** See Public Employees Retirement System.

**Program:** A broad function or area of responsibility of government services. It is a basic organizational unit of government that is composed of a group of specific activities and operations directed at attaining a common purpose or goal.

**Proposed Budget:** The Proposed Budget is an estimate of the future costs, revenues and resources submitted by the Fire Chief to the Board of Fire Commissioners.

**PTO:** See Paid Time Off.

**Public Employees Retirement System:** Stands for Public Employees Retirement System provided for all regular District employees, other than law enforcement and fire fighter personnel, by the State of Washington.

**Represented Employees:** These are employees for whom terms and conditions of employment are bargained by a union are designated as represented. CWIFR's full-time Firefighters, Lieutenants, and Captain are represented by Local 4299 International Association of Firefighters (IAFF).

**Rescue:** A fire apparatus designed to carry a substantial complement of rescue equipment. CWIFR's rescue primarily serves as a breathing air support unit (refilling the air cylinders used with self-contained breathing apparatus) and as a lighting plant (electrical generator and lights).

**Reserve Apparatus:** Apparatus placed in service by the District for use when other apparatus is being maintained or repaired.

**Reserve Fund:** A fund used to segregate a portion of equity as legally set aside for a specific future use.

**Reserve:** 1) A segregation of assets to provide for future use toward a specified purpose. 2) Apparatus maintained by the District for use when other apparatus is being maintained or repaired.

**Revenue Estimate:** A formal estimate of how much revenue will be earned from a specific source for some future period; typically, one year.

**Revenues:** Monies received or anticipated to be received during the year to finance District services. It includes such items as property taxes, interest income, and miscellaneous revenue.

**Salaries and Wages:** Amounts paid for services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime and seasonal help.

**Strategic Plan:** A plan that defines organizational strategy, or direction, and provides a basis for making decisions on allocating its resources to pursue this strategy, including its capital and people.

**Target Hazards:** Occupancies or locations that present a significant or unusual risk and/or which may require a large or specialized resource commitment in the event of an emergency incident are designated as Target Hazards.

**Taxes:** Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against persons or property for current or permanent benefits such as special assessments, or charges for services rendered only to those who pay.

**Transfers:** Internal movements of revenue and expenses among funds in the budget to provide needed sources of funding for expenses incurred on behalf of another fund.

**Type 1 Engine:** A fire engine designed for structural firefighting and other types of response activity that meets the National Incident Management System (NIMS) performance and equipment requirements this type.

**Type 1 Water Tender:** A fire apparatus designed to provide water supply in areas without fire hydrants that meets the National Incident Management System (NIMS) performance and equipment requirements this type.

**Type 6 Engine:** A small fire engine designed for vegetation (brush) fires that meets the National Incident Management System (NIMS) performance and equipment requirements this type.

**Unappropriated Fund Balance:** Where the fund balance at the close of the preceding year is not included in the annual budget, this term designates that portion of the current fiscal year's estimated revenues, which has not been appropriated. Where the fund balance of the preceding year is included, this term designates the estimated fund balance at the end of the fiscal period.

**Unit Designation:** The unit designation (e.g., E51) identifies the nature of the unit (e.g., Engine, Water Tender, Command Unit, Support Vehicle) and the station assignment (e.g., Station 51) or specific unit (e.g., C501 is the Fire Chief).

**Unlimited Tax General Obligation Bond (UTGO):** See voted debt.

**UTGO:** See Unlimited Tax General Obligation Bond

**Volunteer:** Members who volunteer their services. Volunteer members are paid a stipend that is dependent on their rank and role, but not on the number of hours of service provided (if they meet the District's minimum activity standard).

**Voted Debt:** Voted debt is authorized by the District's voters through an election. The debt service on voted debt is paid from excess property tax levies under RCW 84.52.056. Voter approved debt is referred to as an Unlimited Tax General Obligation Bond (UTGO).

**Water Tender:** Mobile water supply apparatus with a pump, large water tank and hose. CWIFR's water tenders are equipped with a 750 gallon per minute pump and a 2500-gallon water tank.

**Working Capital:** The year-end balance of current assets less current liabilities.

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## Appendix C - Financial Policies

The District has adopted comprehensive financial policies to guide budgeting and financial management. These policies are delineated in the *Board of Fire Commissioners Policy Manual* (CWIFR, 2017b) and Financial Standard Operating Guidelines.

### Direction

The Board of Fire Commissioners shall review the District's strategic goals and capital projects plan and provide fiscal policy direction to the Fire Chief before their regularly scheduled meeting in May to permit timely and efficient development of the District's operations and capital budgets (CWIFR, 2017b, p. 23).

The District's financial policies provide comprehensive guidance for the District's fiscal management. Analysis of these policies identifies several common themes central to long term financial planning. These include:

- Maintaining a conservative fiscal philosophy
- Make financial decisions in the best interests of the District's taxpayers
- Use of current revenues to fund current expenditures
- Avoiding use of one-time funds for ongoing expenses
- Maintaining adequate reserves and avoiding depletion of reserves for ongoing expenses
- Careful and considered use of debt to address major capital projects

### General Financial Guidelines

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.15 General Financial Guidance* (CWIFR, DRAFTo)

- Develop comprehensive financial policies to assure the financial strength and accountability of the District. These policies shall be adopted by the Board of Fire Commissioners and integrated into the development of financial SOGs to provide guidance for policy implementation and administrative procedures.
- Each of the District's Divisions (Administration, Operations, Community Risk Reduction, Training & Recruitment, Facilities, and Fleet Maintenance) shares in the responsibility of meeting policy goals and long term financial health.
- Proposed service plans and programs shall be developed to reflect current financial policies, projected resources, and future service delivery requirements.
- Service delivery will be analyzed on a periodic basis to ensure that quality services are provided to the community at the most competitive and economical cost. Emphasis will be placed on improving individual and work group productivity.

- Financial affairs will be diligently managed in an efficient and effective manner to ensure the District's long-term financial health and provision of essential public services.
- Compensation planning and collective bargaining will focus on the total costs of compensation which includes direct salary, health care benefits, pension contributions, and other benefits which are a cost to the District. Total cost of compensation, specific operational, legal or other compulsory items identified and discussed before ratification by the Board of Commissioners.

### **Transparency and Accountability**

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.14 Transparency and Accountability* (CWIFR, DRAFTn)

- Effectively and efficiently manage the District's financial resources and physical infrastructure.
- Conduct the budgeting and financial reporting process in a manner that is transparent and easy for taxpayers to understand.
- Post the Proposed and Adopted District Budgets and any mid-year Budget Adjustments on the District's web site in a timely manner to provide public access.
- Transact the business of the District in an ethical and accountable manner
- *Be open and transparent in decision-making, complying with both the letter and intent of the Washington Open Public Meetings Act and best practices in local government transparency.*
- Provide timely and easily accessible on-line information to our constituents, tax payers, and other members of our community or stakeholders.
- Provide timely response to requests for public records consistent with the letter and intent of the Revised Code of Washington (RCW) 42.56 *Public Records Act*.
- Provide for inspection and copying of requested public records as provided in this guideline, unless such records are exempt from disclosure as provided in RCW 42.56 or other law under which disclosure is regulated.
- The Board of Fire Commissioners shall conduct the business of the District in compliance with the letter and intent of RCW 42.30 Open Public Meetings Act.

### **Budget**

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.1 Budget* (CWIFR, 2017e)

- The Fire Chief shall annually present proposed operating and capital budgets to the Board of Fire Commissioners on or before the second Thursday in October. The Board of Fire Commissioners must adopt by resolution a preliminary budget no later than November 30<sup>th</sup> of each year.

- Ensure that the District's budgeting process has a direct and strong connection with the Strategic Plan, Standard of Coverage, Fire & Emergency Services Self-Assessment Manual (FESSAM), and Long Term Financial Plan as adopted by the Board of Fire Commissioners.
- Establish funding priorities and establish appropriate service levels that reflect our mission to partner with our community to proactively reduce risk from fire, illness, injury and other hazards
- Be a good steward of public funds and ensure that budgeting is compliant with applicable laws and regulations, and achieves results that are in the best interest of the District and its taxpayers.
- Include a 10-year balanced revenue and expenditure forecast in the District Budget examining ability to absorb operating costs due to changes in the economy, service demands, contractual obligations, and capital improvements.
- Encourage citizen involvement in the budget decision-making process using a citizen budget review team and by conducting public budget hearings.
- Avoid budget decisions or procedures that provide for current operational cost at the expense of future needs.
- Use the Washington State Auditors Budgeting and Reporting System (BARS) codes in budget development and fiscal reporting.
- Maintain a balanced budget, defined as funds total resources comprised of beginning fund balance, revenues, and other funds are equal to the total of expenditures, other fund use, and the funds ending balance.
- Maintain a balanced budget at the Division level (Administration, Operations, Life Safety & Community Risk Reduction, Training, Facilities, & Vehicle Maintenance).
- Require approval of the Board of Fire Commissioners for transfers between Funds, Divisions, or between line items within a Division.
- Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the Board of Commissioners.

### Procurement

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.2 Procurement* (CWIFR, 2017f)

- Be a good steward of public funds. To that end, district expenditures must be for a valid public purpose which benefits the community, is directly related to the District's authorized functions, and which does not have as its primary objective the benefit of a private interest.
- Make every effort to maximize any discounts offered by creditors/vendors.

- Follow the statutory requirements of Revised Code of Washington (RCW 52) *Fire Protection Districts*, RCW 39 *Public Contracts and Indebtedness* and other relevant state laws and regulations as applicable to fire district procurement.
- Maintain appropriate internal fiscal controls to promote effective and efficient use of resources; to safeguard resources against loss due to waste, mismanagement, abuse, or fraud; and to ensure compliance with applicable state and federal laws, regulations, and fiscal best practices.
- Fully justify sole source procurements based on the provisions of RCW 39.04.280 and documented according to the provisions of this SOG. Sole source procurements not exceeding \$10,000 may be approved by the Fire Chief. All other sole source purchases must be authorized by Resolution of the Board of Fire Commissioners.
- Endeavor to ensure consistency with the Government Finance Officers Association best practices and advisories related to procurement.
- Strive to maintain fair and equitable relationships with its contractors and suppliers.

### Finance and Accounting

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.3 Finance & Accounting* (CWIFR, 2017g)

- Finance and accounting policies and procedures shall comply with federal and state laws and regulations and be consistent with the requirements of the Washington State Auditor's Budgeting and Reporting System (BARS) for entities using cash basis accounting under the authority of Revised Code of Washington (RCW) 43.09 and the best practices recommended by the Government Finance Officers Association (GFOA).
- Financial and accounting duties and responsibilities shall be separated to the greatest extent possible so that no staff member has sole control over cash receipts, payroll, bank reconciliations, accounts payable, or other accounting functions.
- Monthly budget performance and financial reports showing the status of revenues and expenditures will be prepared and presented to the Board of Commissioners. Electronic financial systems will be maintained to monitor revenues, expenditures, and program performance on an ongoing basis.
- The Annual Financial Report will be prepared and submitted to the State Auditor's Office no later than 150 days from the end of the preceding fiscal year.
- The Annual Financial Report will be prepared based on accounting that demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles. The report will provide full disclosure of all financial activities and related matters.



- A biennial financial and accountability audit shall be performed by the Washington State Auditor's Office, which will issue an official opinion on the annual financial statements and ensure accountability for public resources and compliance with state laws and regulations and District policies and procedures.
- Access to computer or on-line systems for accounting, personnel, payroll, and banking is controlled by password access. Permissions within each system are set to allow appropriate level of access depending on role and responsibility.
- A Commissioner designated by the Board of Fire Commissioners shall perform an unannounced internal audit on a quarterly basis.
- Financial and accounting policies, inclusive of internal controls and cash handling procedures are reviewed annually by the Board of Fire Commissioners.
- The District will take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year end. The Board of Fire Commissioners may approve a short term interfund transfer or use of one-time revenue to address temporary gaps in cash flow although this will be avoided if possible.
- Be a good steward of public funds and ensure financial management is compliant with applicable laws and regulations, and achieves results that are in the best interest of the District and its taxpayers.

### **Travel and Training Expense and Reimbursement**

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.4 Travel and Training Expense and Reimbursement* (CWIFR, 2017h)

- Encourage all members to expand their knowledge skills and abilities through professional development programs on a local, state and national or international level. In addition, the District encourages its members to participate as a member of local, state, and national professional organizations.
- Be a good steward of public funds. To that end, district expenditures must be for a valid public purpose which benefits the community, is directly related to the Districts authorized functions, and which does not have as its primary objective the benefit of a private interest.
- Maintain appropriate internal fiscal controls to promote effective and efficient use of resources; to safeguard resources against loss due to waste, mismanagement, abuse, or fraud; and to ensure compliance with applicable state and federal laws, regulations, and fiscal best practices.

### **Asset Management**

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.5 Asset Management* (CWIFR, DRAFTe)

- It is the policy of Central Whidbey Island Fire & Rescue (CWIFR) to maintain accountability for its assets. The District shall maintain asset records and verify those records by a physical inventory at least annually.
- In addition, it is the policy of the District that the disposal of surplus property is accomplished through an efficient and appropriate process that is compliant with applicable laws and regulations, and that achieves results that are in the best interest of the District and its taxpayers.
- Capital assets and those meeting the definition of small and attractive assets shall be entered in the District's inventory when purchased. All capital and small and attractive assets will be tagged with a District asset tag before being placed into service except for vehicles (which have a clearly identifiable vehicle identification number and exempt license plate for identification).
- Assets that are removed from service shall be removed from the District inventory.
- Assets that are missing or stolen shall be reported to State Auditor's Office as required by the Revised Code of Washington (RCW) 43.09.185 and as necessary (e.g., for items that may be stolen) to the law enforcement agency having jurisdiction.
- The District shall conduct an annual inventory of capital and small and attractive assets

### Use of District Resources

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.6 Use of District Resources* (CWIFR, DRAFTf)

- Be a good steward of public funds and ensure that use of District resources complies with applicable laws and regulations, and achieves results that are in the best interest of the District and its taxpayers.
- With the limited exceptions provided in this guideline, members may not use District resources for personal benefit or gain or for the benefit or gain of other individuals or outside organizations.
- The District reserves the right to monitor members' use of district resources including telecommunications and information technology infrastructure and services. Members have no expectation of privacy when using District resources.

### Revenue

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.7 Revenue* (CWIFR, DRAFTg)

- The District's primary source of revenue is a property tax levy as specified in the Revised Code of Washington (RCW) Chapter 52.16. However, the District shall work to develop diversification of revenue to include, but not limited to intergovernmental revenue, and fees for service.

- Budgeted revenues will be estimated conservatively using accepted standards and estimates provided by the state, other governmental agencies or reliable economic forecasters when available.
- Consistent with the provisions of Washington State Constitution Article VIII § 7, District services that benefit specific users rather than the community must be supported by fees and charges. User fees should reflect the direct and indirect cost of providing the service.
- The District will fund current expenditures with current revenues, avoiding the use of one-time funds for ongoing expense, postponing needed expenditures, or depleting reserves to meet current expenses.
- Current expenditures will be funded by current revenues. If revenues from “one-time” or limited duration sources are used to balance the annual operating budget it is to be fully disclosed and explained at the time the budget is presented. It is the District’s goal to not rely on these types of revenues to balance the operating budget.
- The District will not use deficit financing and borrowing to support on-going operations in the case of long-term (greater than one year) revenue downturns. Revenue forecasts will be revised, and expenses will be reduced to conform to the revised long-term revenue forecast or revenue increases will be considered.
- The District shall clearly set forth transfers between funds (e.g., General Fund and General Capital Projects Fund) in the District’s annual budget or adjustments. If necessary to meet cash flow requirements, interfund loans shall be paid back in the near term and not result in a change in fund equity.
- The District will actively seek grant funding for both operating and capital expenditures, provided that the grant is consistent with the District’s mission and goals, provides a benefit that exceeds cost, and does not commit the District to long term tax funded expenditures following the completion of the grant period.
- General Fund and other unrestricted revenues will not be earmarked for specific purposes, activities or services unless otherwise authorized by the Board of Commissioners or required by law.
- Enterprise operations will be self-supporting. Charges for services shall accurately reflect the actual or estimated cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. The District may maintain a current schedule of fees and charges, showing when the fees were last reviewed and/or recalculated. Fees and charges will be reviewed every three years at a minimum.

### Investment

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.8 Investment* (CWIFR, DRAFT)

- It is the policy of Central Whidbey Island Fire & Rescue to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.
- Cash and Investment programs will be maintained in accordance with District regulations and will ensure that proper controls and safeguards are maintained. District funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
- Management responsibility for the investment program is delegated to the District's Finance Officer under the supervision of the Fire Chief.
- Pursuant to the provisions of Revised Code of Washington (RCW) Chapter 36.29.020, if the Board of Fire Commissioners determines that it is necessary to redeem or sell any of the purchased securities before their ultimate maturity date, the Board shall by resolution, direct the Island County Treasurer to take that action.
- Monthly investment reports will be prepared and distributed to all departments and the Board of Commissioners showing cash position, and year-to-date budgeted and actual expenditures.

### Financial Reserves

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.9 Financial Reserve, DRAFTi*.

- The Board of Fire Commissioners shall be responsible for establishing and managing all District Fund accounts and minimum fund set-asides and minimum balances. Changes to set-asides and fund balances require action by the Board of Fire Commissioners.
- The District shall strive to maintain adequate fund balances and reserves to provide sufficient cash flows to meet operating and capital expenses, while also providing the financial ability to address economic downturn and system emergencies. Operating expenditures shall include salaries, benefits, supplies, services, intergovernmental and interfund expenses, capital outlays and transfers.
- CWIFR will maintain a beginning General Fund balance of at least 33% of budgeted maintenance and operations expenditures to provide sufficient funds for operation prior to receipt of subsequent year's tax revenue.
- CWIFR will maintain a Contingency Fund beginning balance in the amount of 10% of budgeted maintenance and operations expenditures. The contingency fund will be used for unanticipated or exceptional unbudgeted expenditures only with the approval of the Board of Fire Commissioners.

- A sufficient balance will be maintained in the Capital Projects Fund to provide for the scheduled replacement of District vehicles and capital equipment at the end of their useful lives as specified in the capital project plan.
- At each fiscal year end the remaining dollars left in each fund that are undesignated and unencumbered constitute available reserves of the District. These fund balances will be included in the annual budget.

### Capital Projects

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.10 Capital Projects* (CWIFR, DRAFTj)

- The threshold used in determining if a given asset qualifies for capitalization is \$5,000 per item with a useful life of over three years.
- The District will maintain its physical assets at a level that is adequate to protect its capital investment and to minimize future maintenance and replacement cost. The District budget will provide for adequate maintenance and orderly replacement of capital assets.
- CWIFR will maintain a ten-year plan for capital projects, inclusive of capital maintenance projects that are in alignment with the District's Integrated Comprehensive Plan (Strategic Plan Standard of Coverage, Fire and Emergency Services Self-Assessment, and Long Term Financial Plan), update it annually and make capital improvements in accordance with the plan.
- The Capital Projects Plan shall include details on each capital project plan including estimated costs, sources of financing, impact on operational expense, and a full description of the project.
- The Capital Projects Plan will be updated annually and presented to the Board of Fire Commissioners for adoption by resolution in advance of the annual operating and capital budget development process.
- The District will endeavor to transfer sufficient revenue from the General Fund to the General Capital Projects Fund on an annual basis to fund replacement of capital assets having a useful life of 20 years or less (e.g., fire apparatus, other vehicles, and equipment) with current revenue.
- The District will consider issuance of debt for large capital projects having a useful life over 20 years.
- The capital and operating budget processes shall be integrated to allow consideration of operating and capital expenditures within the context of the current and projected fiscal condition of the District.

### Debt

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.11 Debt* (CWIFR, DRAFTk)

- Consider community needs; the District's current and projected long term fiscal position and overall cost to the District's taxpayers in determining if debt should be issued by the District.
- Long-term debt or bond financing shall not be used to finance current operating expenditures.
- Central Whidbey Island Fire & Rescue may consider issuance of debt consistent with the provisions of the Revised Code of Washington (RCW) 52.16.080 for major capital projects as defined in SOG 1.3.10 Capital Projects.
- The District may contract indebtedness as provided by the Revised Code of Washington (RCW) 52.16 and Article VIII of the Washington State Constitution. Bonds evidencing indebtedness shall be issued and sold in accordance with RCW 39.46. Refunding bonds shall be issued in accordance with RCW 39.53.
- The District shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.
- The District shall seek to maintain and improve its current bond rating through sound financial management, long range financial planning, continuous improvement and adoption of best practices in financial management.

### **Grants and Grant Management**

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.12 Grants and Grant Management (CWIFR, DRAFTI)*

- Consider grant funding that may be used to leverage existing funding for programs or projects which address the District's current priorities and policy objectives.
- As a one-time funding source, grants shall not be used to support ongoing programs.
- If the outcome of a grant will incur an ongoing expense (e.g., purchase of equipment requiring maintenance), the ongoing expense must be considered in evaluating if the grant is an appropriate source of revenue for the program or project.
- All grants and other federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor.

### **Financial Risk Management**

The following financial policies have been established by the Board of Fire Commissioners and are delineated in *Standard Operating Guideline (SOG) 1.3.13 Financial Risk Management (CWIFR, DRAFTm)*

- The District will identify and analyze its potential financial risks and determine the most appropriate way to mitigate or transfer these risks to an insurer.

- Financial policies and related SOGs shall be grounded in best practice to minimize the District's risk of financial loss.
- The District will maintain an adequate umbrella insurance policy covering district vehicles, general liability, commercial property, and crime and fidelity. Coverage on capital assets will be consistent with the annual inventory of capital and small and attractive assets.
- The District shall maintain a Surety Bond for Commissioners, District Secretary, Fire Chief, Deputy Chief, & Office Manager in an amount equivalent to approximately two months of the District's maintenance and operations expense.

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## Appendix D - CWIFR Long Term Financial Plan

Central Whidbey Island Fire & Rescue's (CWIFR) Long Term Financial plan is a component of the District's Integrated Comprehensive Plan. The Long Term Financial Plan projects revenues and expenditures over a ten-year period using assumptions about economic conditions, future spending scenarios and other variables. Financial planning allows the District to align its financial capacity with long term service delivery objectives.

For the last several years, CWIFR has operated with a Long Term Financial Plan presented the use of a voter approved bond to allow the District to address important capital projects while maintaining current service levels. In November 2017, the District's voters passed a bond measure for renovation and expansion of Station 53 on Race Road and purchase of three Type 1 Fire Engines. This has allowed the District to implement the strategy put forth in its Long Term Financial Plan.

Given passage of the bond measure, two of the three alternative scenarios presented in the District's Long Term Financial plan have become moot. As such they are not presented in detail within this abridged version of the District's Long Term Financial Plan. Download [Volume 5-Long Term Financial Plan](#).

### Introduction

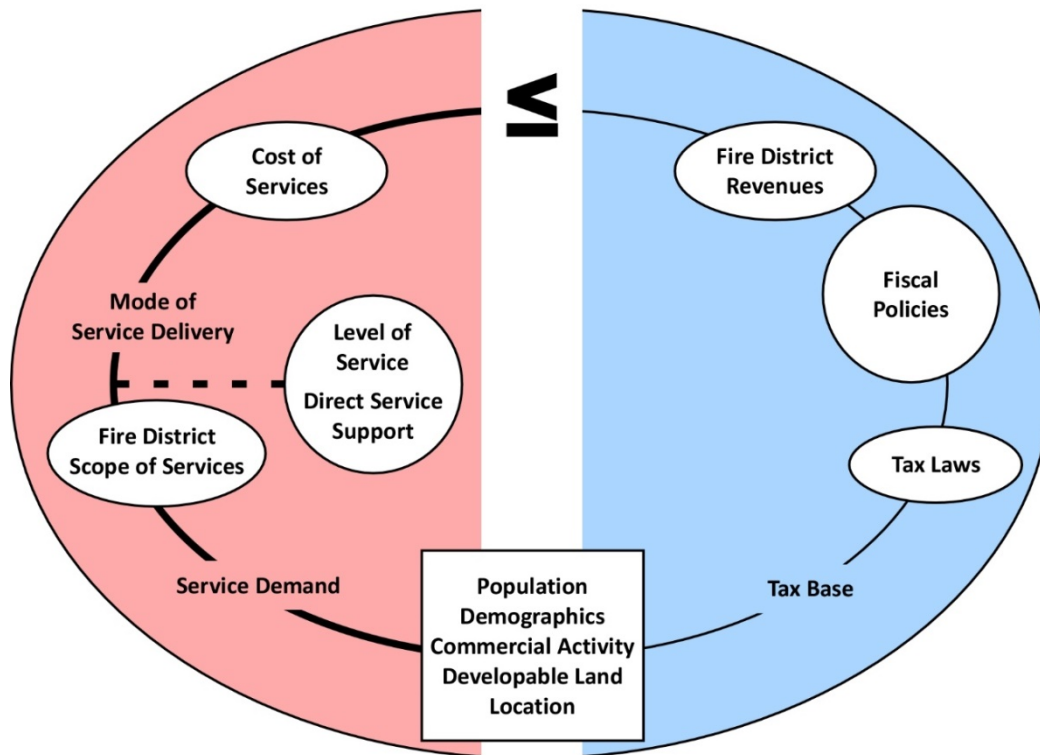
Overall the District is fiscally healthy, with no debt, adequate beginning balances in all funds, a positive cash flow and substantial progress towards achieving full funding for capital apparatus and equipment projects. However, as with all municipal corporations in Washington, the District is constrained by the constitutional limited increases in tax revenue, statutory limitations on fire district levy rates, and the community's financial capacity.

"All knowledge is about the past; and all our decisions are about the future" (Wilson, 2000, p. 24).

### Purpose of the Plan

The purpose of Central Whidbey Island Fire & Rescue's Long Term Financial Plan is to provide guidance to meeting the communities desired level of service on a fiscally sustainable basis. As illustrated in Figure 34, sustainable service must balance the desired level of service, the cost of that service, and available revenue within the context of tax laws and the District's tax base.

Figure 34. Sustainable Service Model



Note: Adapted from Hodgins, M. & Lincoln, A. (2015) *Bending the Cost Curve: A Roadmap to Fiscal Sustainability* [webinar]. Retrieved October 1, 2015 from <http://mrsc.org/Home/Training/Archived-Webinars/Bending-the-Cost-Curve-A-Roadmap-to-Fiscal-Sustain.aspx>

### Financial Planning Process

The District's Long Term Financial Plan (CWIFR 2017a) originally developed in 2015 as an extension of the District's first Strategic Plan, is a living document with annual revisions to reflect current and projected fiscal conditions and the District's financial position.

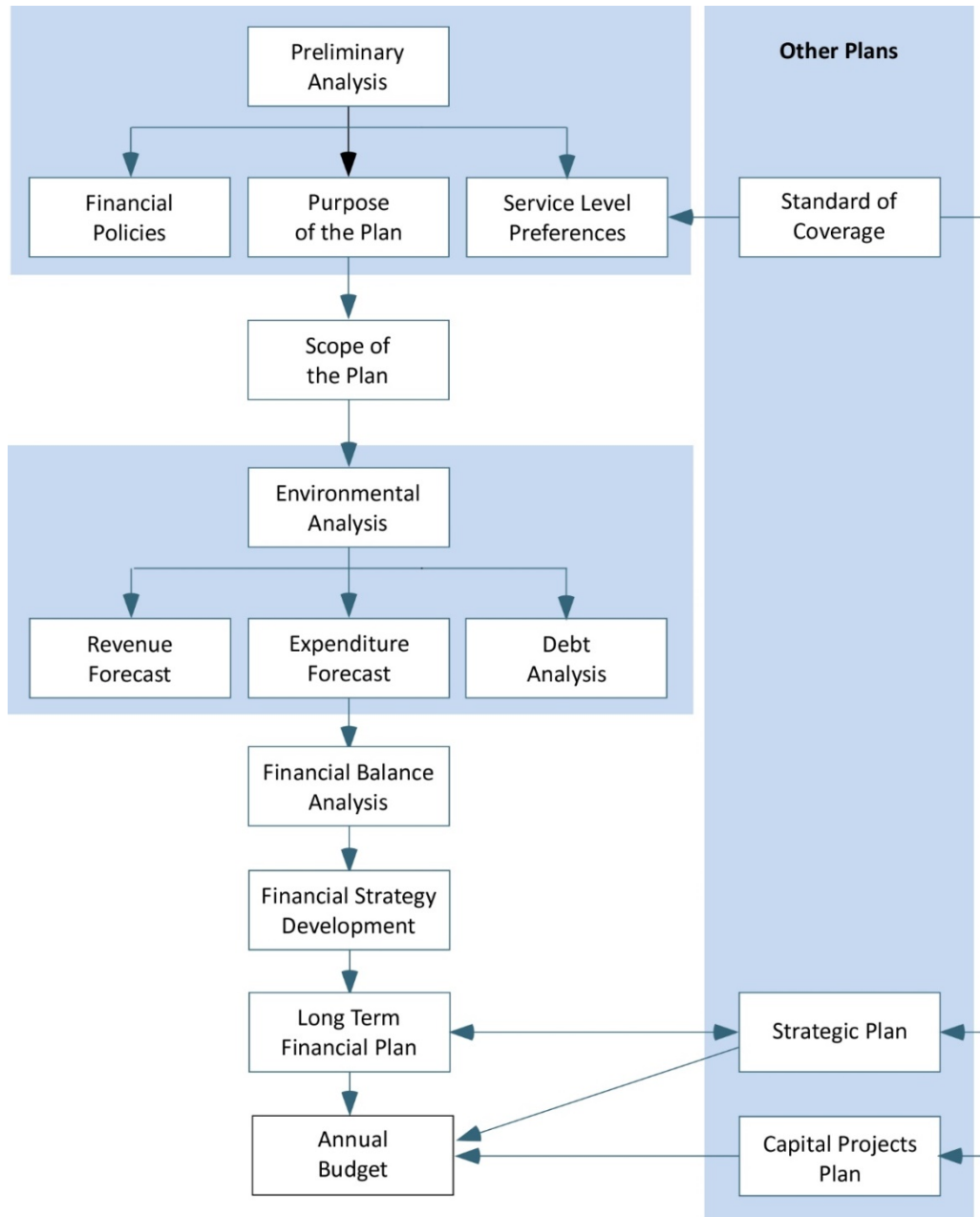
Long term financial planning involves financial forecasting and strategizing how to meet both current and future needs of the community. This process requires developing a financial forecast projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables.

Preparing for an uncertain future requires consideration of a wide range of factors as well as direct and indirect influences on Central Whidbey Island Fire & Rescue's success in providing the community's desired service delivery level on a sustainable basis. The planning process stimulates discussion and provides a framework for decision-makers to develop a long-range perspective and for communications with internal and external stakeholders.

The District has adapted the long term financial planning process presented in *Financing the Future* (Kavanaugh, 2007) as illustrated in Figure 35. Integration of long term financial planning with the

District's Strategic Plan, Standard of Coverage (which details fire and non-fire risk assessment and service delivery targets), Capital Projects Plan, and annual operating budget is a key element in this process.

Figure 35. Financial Planning Process

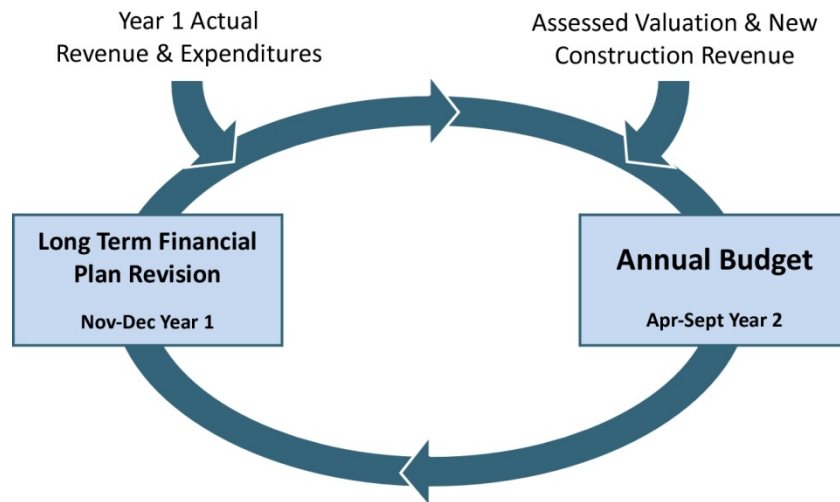


Note: Adapted from Kavanaugh, S. (2007) *Financing the Future*. Chicago: Government Finance Officers Association

## Long Term Financial Plan & The District Budget

The District updates the Long Term Financial Plan late in the fourth quarter of each year as specified in *Standard Operating Guideline (SOG) 1.1.14 Integrated Comprehensive Planning* (CWIFR, DRAFTd) to provide effective fiscal guidance in future years. Revision of the plan is informed by the Budget Process of the current year and informs the budget process for the upcoming year. As illustrated in Figure 36, additional financial data becomes available after revision of the long term financial plan including the District's actual revenue and expenditure and the assessed valuation (AV) and new construction revenue for the next year. The cycle of budget development and revision of the Long Term Financial Plan is based on the timing when this information becomes available.

Figure 36. Relationship Between the Long Term Financial Plan and Budget



## Financial Policies

The District has adopted comprehensive financial policies to guide budgeting and financial management. These policies are delineated in the District's Financial Standard Operating Guidelines and are included in Appendix C of the 2018 Adopted Budget.

## Service Level Preferences

For a fire district, service level preferences are about the type, amount, timeliness, and quality of services desired by the community. Particularly with emergency services, there is often tension between the desired level of service and the tax burden that the citizens are willing to bear.

## Community Risk Assessment, Standard of Coverage, & Community Risk Reduction Plan

Defining an appropriate level of service is an ongoing challenge faced by fire and rescue agencies throughout the world. Differences in hazards and risk faced by communities preclude a "one-size-fits-all" solution. Variation in risks and level of hazards within each community mandate that each department conduct a self-assessment, and design a response system that will meet the community needs in a safe, efficient, and effective manner.

Concurrent with development of this Long Term Financial Plan, the District is in the process of completing the *Integrated Comprehensive Plan Volume 3-Community Risk Assessment, Standard of Coverage, and Community Risk Reduction Plan*. This plan is a rational and systematic method of examining the response and proactive services provided by the District. The purpose of this document is to provide a system which will assist with:

- Assessing community fire and non-fire risks
- Defining baseline and benchmark emergency response performance standards
- Determining apparatus and staffing patterns
- Measuring emergency and non-emergency service delivery performance
- Supporting strategic planning and policy development relative to resource procurement and deployment

The key elements in the Community Risk Assessment, Standard of Coverage, and Community Risk Reduction Plan include:

- A community risk assessment identifying the fire and non-fire risk common and/or unique to the agency completing the process
- Analysis of the District's community risk reduction programs and their focus on key risk and effectiveness
- An analysis of the District's current response capability in terms of time and on-scene performance for personnel and equipment
- A development of standards describing how the District's resources will be allocated and deployed to maximize emergency response effectiveness throughout the area served.
- A determination of levels of service to be provided within the area served

The District anticipates completion of its Standard of Coverage in 2018.

### **Scope of the Plan**

Central Whidbey Island Fire & Rescue's Long Term Financial Plan addresses the following funds across a time frame of 10 years:

- General Fund
- Capital Projects Fund
- Compensated Absences Fund
- Debt Service Fund

The Grants Management Fund is not included within the Long Term Financial Plan as grants are generally one-time funds and the District maintains a policy of avoiding the use of one-time funds for ongoing expenses.

### Fiscal Environmental Analysis

Fiscal environmental analysis examines the District's forecasted revenues, expenditures, and debt as well as factors that impact on each of these elements of the fiscal environment.

#### *Funding of Fire & Rescue Services*

Property taxes serve as the primary funding mechanism for services provided by Fire Protection Districts established under the provisions of RCW 52. However, Central Whidbey Island Fire & Rescue (CWIFR) is also partially funded through Interlocal agreements with other agencies. For example, CWIFR staffs a Basic Life Support (BLS) ambulance for WhidbeyHealth (public hospital district) and provides fire and life safety inspection services for the Town of Coupeville & Island County.

**Property Taxes:** The Washington State constitution and related laws strictly limit the amount of property tax that local taxing districts can levy. While tax limitations are complex, there are two particularly important limitations for fire districts. The state constitution limits annual increases in property taxes levied to 1%, plus revenue from new construction added to the tax rolls in the previous year (Washington State Constitution Amendment 95 Article 7 Section 2). In addition, the Revised Code of Washington (RCW) limits fire districts to a maximum regular property tax rate of \$1.50/\$1000 of Assessed Value (AV) (RCW 52.16.130, 140, 160).

The Revised Code of Washington (RCW) 84.52.069, also allows emergency service agencies to impose an EMS levy to an amount not to exceed fifty cents per thousand dollars of the assessed property value. WhidbeyHealth Emergency Medical Services (WGH EMS) is currently the sole recipient of the EMS levy across the entire island, as such this funding stream is not directly available to CWIFR.

In addition to the regular tax levy for maintenance and operations, Fire Districts may also establish additional tax levies for specific purposes with the approval of the voters within the District as illustrated in Table 46.

Table 46. Voter Approved Levies for Fire Districts (Excluding EMS Levies)

Type of Levy	Approval Requirement	Validation Requirement	Duration
Excess (M&O)	60%	40% of voters voting in the last preceding general election	2 to 4 Years
Excess (Construction)	60%	40% of voters voting in the last preceding general election	2 to 6 Years
Excess (Bond)	60%	40% of voters voting in the last preceding general election	Length of Bond

Adapted from Ballot Measure Requirements, Washington State Department of Revenue

<http://dor.wa.gov/content/getaformorpublication/publicationbysubject/propertytax/ballotmeasures/#>

**Benefit Charges:** CWIFR does not use the Fire Benefit Charge (FBC) method of funding which is an alternative to use of AV and property taxes as the sole method distributing the cost of fire and rescue service among taxpayers. The Fire Benefit Charge (FBC) funding method is a voter approved, two-part funding system that balances general purpose taxes and a user fee charged to buildings based on risk and need for service (Revised Code of Washington (RCW) 52.26.180). It is called a benefit charge because it refers to the benefit of having fire protection available.

- A tax of up to \$1.00 may be levied on Assessed Values (AV) of property and used for all day to day operations and capital needs of the fire department.
- A Fire Benefit Charge (FBC) of up to 60% of the operating budget may be assessed and used only for day to day operational expenses such as salaries, equipment, fuel and utilities.

The Fire Benefit Charge formula calculates the amount of firefighting water that would be required to extinguish a fire(s) that could occur on a property and the number of fire department resources that would be required to deliver that amount of water.

Fire Benefit Charge (FBC) exemptions:

- Senior citizens and disabled persons who have been qualified through King County for senior and disabled discounts will receive the same discount offered on property taxes
- Improvements used specifically for religious worship or education is exempt from the Fire Benefit Charge.
- Public schools who pay a per student stipend are exempt from the Fire Benefit Charge.
- Entities with a contract for service with the fire department are exempt from the Fire Benefit Charge.

State law requires annual public hearings prior to adoption of FBC rates on an annual basis and voters may reauthorize use of a Fire Benefit Charge every six years.

**Other Revenue Options:** Chapter 39.34 Revised Code of Washington (RCW) Interlocal Cooperation Act provides enabling legislation that permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage. Interlocal cooperation can take many forms including contracts for service. The District currently has revenue generating Interlocal Agreements to provide emergency medical services and fire and life safety inspections. Other potential revenue generating opportunities include provision of fleet maintenance services for emergency vehicles. However, current space and staffing are constraints on this potential revenue source.

### ***Financial Planning Assumptions***

The District's Annual Maintenance and Operations Budget (short term perspective), Capital Projects Plan (long term perspective), and Financial Plan (long term perspective) must out of necessity be based on assumptions about the future. Transparency in fiscal decision-making and policy require that these assumptions be clearly stated and shared to ensure a common understanding.

The assumptions underlying development of the District's Long Term Financial Plan (2017a) and 2018 Proposed Budget are outlined on [pages 48-57](#) in this budget document.

### **Financial Balance Analysis**

Measuring and evaluating the fiscal condition of a municipal corporation such as a fire district is complex and whatever framework is used, evaluation requires knowledge of the jurisdiction and experienced judgment. Measurement and evaluation of fiscal condition is an ongoing process that must consider both internal factors and the influence of the external environment.

Assessment of fiscal conditions generally attempts to answer the ability of a governmental entity to do one or more of the following (Ramsey, 2013):

- Pay current bills
- Balance the annual budget
- Satisfy long-term financial obligations
- Meet current service level requirements
- Meet future service level requirements

### ***Expenses versus Revenue***

As previously outlined, constitutional and statutory limitations on tax revenue and historical inflation make it difficult for revenue to keep pace with the expense of maintaining a consistent level of service. As such the District has presented the voters with the option of increasing the tax levy to maintain services in 1992, 2004 and 2011. In all cases, the voters approved lifting the lid and maintained service delivery levels.

In November 2017, the District's voters passed a \$7,376,000 bond measure for capital improvements. This bond measure approved borrowing the funds for these projects through sale of bonds and funds the debt service on these bonds with an excess levy (separate from the District's general levy).

Revenue is sufficient to maintain current service levels through 2025, at which point it will be necessary to either increase revenue to maintain service delivery levels or reduce service levels to provide a level of expenditure that matches the available revenue.

### ***Minimum Beginning Balance Policy***

As recommended by the National Advisory Council on State and Local Budgeting and the Government Finance Officers Association (NACSLB & GFOA, 1998), Central Whidbey Island Fire & Rescue (CWIFR) has established a written fund balance policy. This policy was adopted by the Board of Fire Commissioners by Resolution 2017-1 (CWIFR, 2017l; CWIFR 2017r).

**General Fund:** As established by Board policy, the District maintains a minimum beginning General Fund balance of 33% of anticipated annual expenditures to provide for sufficient funds to meet current expenses in advance of receipt of tax revenue in April (CWIFR, DRAFTi).



**Contingency Fund:** The District also maintains a General Fund contingency in the amount of 10% of anticipated annual expenditures for use in the event of unbudgeted or unanticipated expense. The Contingency Fund may only be used if authorized by the Board of Fire Commissioners

### **Reserves**

Prior to 2012, CWIFR used a single (General) Fund and did not maintain dedicated reserve funds. Capital purchases were simply made from the General Fund on an as needed basis. Analysis of the unappropriated General Fund Balance and capital apparatus and equipment determined that there were insufficient funds for apparatus and equipment replacement. In addition, no funds had been set aside for future capital facilities projects. In addition, the District had not set aside funds to meet its liabilities for compensated absences.

The Capital Projects Fund was established in 2012 to accumulate assets for future capital purchases and for current capital expenditures. The District also established the Compensated Absences Fund to address its compensated absences liabilities.

Capital expenditures are for items having a cost greater than \$5,000 and a service life of greater than three years (e.g., major equipment, fire apparatus, and fire stations). In addition, items with a unit price less than \$5,000, but purchased in large enough quantity to reach the \$5,000 threshold have been combined into capital projects. Examples of this type of project include purchase of Automatic External Defibrillators (AEDs) and fire hose and appliances. Since 2012, the District has transferred funds from the General Fund to the Capital Projects Fund at an accelerated rate to address current requirements for apparatus and equipment as well as achieving full funding for apparatus and equipment and maintain sufficient cash flow to address short to mid-term capital needs.

Revenue has been insufficient to address capital facilities requirements on a pay as you go basis. This challenge led the Board of Fire Commissioners to place an unlimited tax general obligation bond (UTGO) on the November 2017 general election ballot. As previously discussed, this bond measure was passed by the voters. This bond measure will fund renovation and expansion of Station 53 and the purchase of three Type 1 Fire Engines. Removal of three engines from pay as you go funding would allow full funding for all other apparatus and equipment projects.

### **Discussion**

While the current position of the District is fiscally sound, constructional and statutory limits on revenue increase in combination with the increasing expense of maintaining current service delivery levels presents the District with a challenge; increase revenue or decrease the level of service to the community. To this point, the District's Board of Fire Commissioners and voters have indicated a preference to maintain or improve the level of service provided to our community.

### **Financial Strategy**

Scenario planning is a powerful tool in establishment of strategic direction and priorities. Scenarios provide perspective on potential events and their consequences, providing a decision-making context for policy makers and managers. Scenarios focus on the interrelated effect of multiple factors and

provide alternative views of the future. Consideration of a range of possible futures, decisions are better informed, and a strategy based on this deeper insight is more likely to succeed.

Examination of potential financial strategies in the District's Long Term Financial Plan was based on examination of three basic scenarios. The first, a baseline scenario examined fiscal conditions without any action to increase revenue to address capital projects and/or maintain current service delivery levels. The second and third scenarios examine alternative strategies to maintain current service delivery levels and address capital projects requirements.

It is essential to remember that these scenarios were not predictions! Key variables such as changes in assessed valuation (AV), inflation rate, and service level demand are defined based on consideration of historical data along with likely variation (but actual changes may be somewhat different than defined in the scenarios).

### ***Analysis of Fiscal Position***

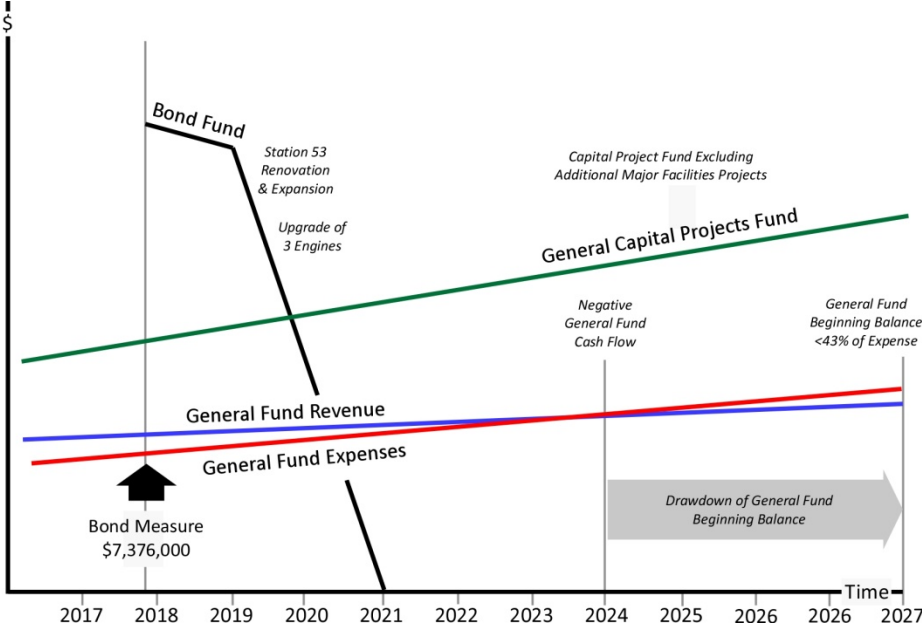
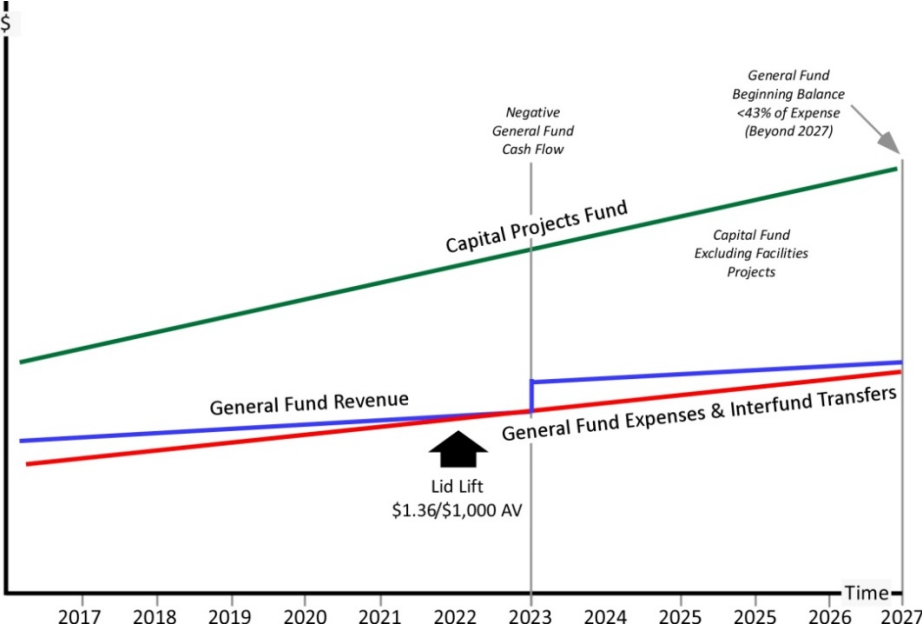
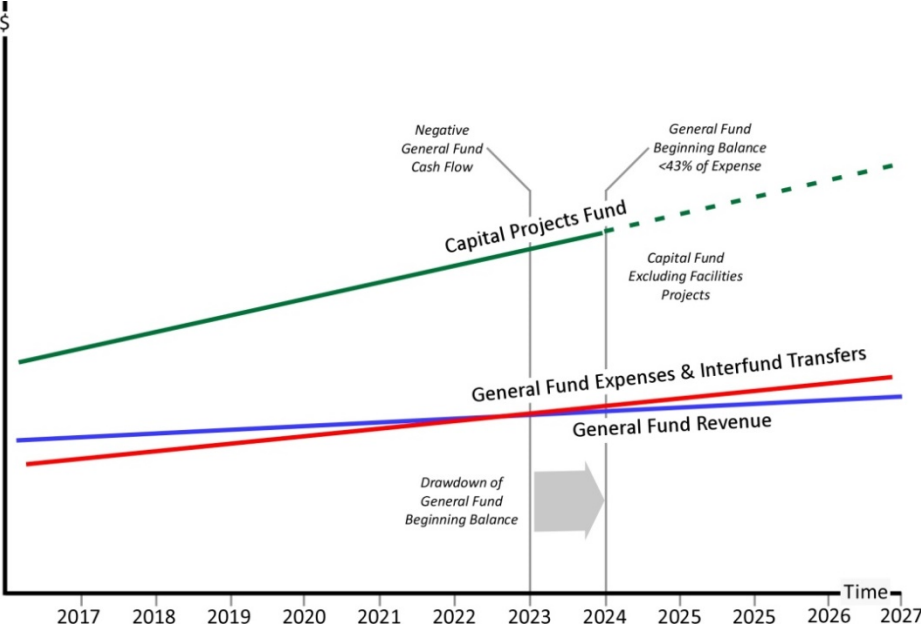
Analysis of CWIFR's fiscal position presented in each scenario must be considered on multiple dimensions. These include:

- The District's ability to maintain a balanced budget as indicated by a positive General Fund Cash Flow.
- Multi-year trends in Beginning Fund Balance (increasing or decreasing) for each fund.
- Adequacy of the General Fund Beginning Balance of at least 43% of budgeted maintenance and operations expenses (Inclusive of a Contingency Reserve of 10%).
- Ability to maintain a sufficient Funding and Cash Flow in the Capital Projects Fund to meet capital apparatus and equipment needs and to meet Capital Facility needs.

### ***Overview of Scenarios***

Several scenarios were examined as part of the District's development of a long term financial strategy. Table 47 provides an overview of three scenarios; Baseline, Lid Lift, and Voter Approved Bond. Graphs are provided in this table to provide a conceptual picture of the scenarios and outcomes. It is important to note that these graphs are not drawn to exact scale, but are configured to provide a clear illustration of the concepts involved in limited space. Each of these scenarios were detailed in tabular format in the District's Long Term Financial Plan. Given passage of a voter approved Unlimited Tax General Obligation (UTGO) bond measure in November 2017, summary is limited to financial analysis bond scenario.

Table 47. Fiscal Scenario Overview

Bond Scenario	Lid Lift Scenario	Baseline Scenario
<div></div> <p><b>Description:</b> This scenario is based on voter approval of a \$7,376,000 bond for renovation and expansion of Station 53 and replacement of three Type 1 Fire Engines. In addition, this scenario included capital projects for exhaust extraction systems at Stations 51 and 54 and a backup power generator at Station 51. Debt service on this type of bond is paid by an excess levy outside the District’s general levy used to fund maintenance and operations. In this scenario, current service can be continued until 2025 with a beginning General Fund balance of ≥43% of anticipated expenses.</p> <p><b>Assumptions &amp; Conditions:</b> The Voter Approved Bond scenario presents an alternate view of current and projected fiscal conditions based on the following:</p> <ul style="list-style-type: none"><li>• Statutory 1% increase in tax revenue (excluding new construction)</li><li>• Average increase in Assessed Valuation (AV) of 3.5%</li><li>• Increase revenue due to new construction of between \$5,000 and \$25,000 (distributed randomly)</li><li>• Increase in expense not to exceed 3.00% annually</li><li>• Full funding for the Capital Projects Fund (inclusive of all projects funded with current revenue).</li><li>• No funds set aside for future major capital facilities projects (e.g., Renovation and expansion of Stations 51 and 54)</li></ul>	<div></div> <p><b>Description:</b> This scenario was based on failure of voters to approve a bond for capital facilities and apparatus and passage of a lid lift increasing the levy rate to \$1.36/\$1000 in 2022. The capital plan in this scenario would include replacement of three Type 1 Fire Engines, but <b>would not include major capital facilities projects</b>. A voter approved levy lid lift is one method for increasing revenue within the context of constitutional and statutory tax limitations. In this scenario, current service could have been continued beyond 2027 with a beginning General Fund balance of ≥43% of anticipated expenses.</p> <p><b>Assumptions &amp; Conditions:</b> The Lid Lift scenario presented an alternate view of current and projected fiscal conditions based on the following:</p> <ul style="list-style-type: none"><li>• Statutory 1% increase in tax revenue (excluding new construction)</li><li>• Average increase in Assessed Valuation (AV) of 3.5%</li><li>• Increase revenue due to new construction of between \$5,000 and \$25,000 (distributed randomly)</li><li>• Increase in expense not to exceed 3.00% annually</li><li>• Transfer of sufficient funds from the General Fund to the Capital Projects Fund to maintain sufficient cash flow to meet capital apparatus and equipment needs and percentage of full at approximately 50% in a near to mid-term timeframe.</li><li>• No funds set aside for capital facilities projects.</li></ul>	<div></div> <p><b>Description:</b> Examination of the District’s current fiscal trajectory and at what point current service delivery levels would be unsustainable based on revenue limitations provides a baseline for comparison with other scenarios. At (or before) the point at which the General Fund beginning balance drops below 43% of anticipated General Fund expenses, it will be necessary to increase revenue or decrease expenses (and as a result, service delivery levels).</p> <p><b>Assumptions &amp; Conditions:</b> The baseline scenario presented an unfiltered view of projected fiscal conditions based on the following:</p> <ul style="list-style-type: none"><li>• Statutory 1% increase in tax revenue (excluding new construction)</li><li>• Average increase in Assessed Valuation (AV) of 3.5%</li><li>• Increase in revenue due to new construction of between \$5,000 and \$25,000 (distributed randomly).</li><li>• Increase in expense not to exceed 3.00% annually</li><li>• Transfer of sufficient funds from the General Fund to the Capital Projects Fund to maintain sufficient cash flow to meet immediate capital apparatus and equipment needs through 2024. <i>Note that maintaining sufficient cash flow in the near to mid-term and increasing the percentage of full funding is unsustainable in this scenario.</i></li><li>• No funds set aside for capital facilities projects</li></ul>

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***Voter Approved Bond Scenario***

The Voter Approved Bond Scenario was based on the Central Whidbey Island Fire & Rescue's current plan to maintain service delivery levels, achieve full funding of the Capital Projects Fund for apparatus and equipment, and address the District's most pressing capital facility needs. The District placed a \$7,376,000 bond measure on the general election ballot in November of 2017 and as previously discussed, this measure was passed by the voters. This bond will fund expansion and renovation of Station 53 and replacement of three Type 1 Fire Engines. In addition, this scenario includes installation of diesel exhaust extraction systems at Station 51 and 54 and installation of a backup power generator at Station 51.

This scenario was based on the following current and projected fiscal conditions:

- Statutory 1% increase in tax revenue (excluding new construction)
- Increase in Assessed Valuation (AV) of 3.5%
- Increase revenue due to new construction of between \$5,000 and \$25,000 (distributed randomly)
- Increase in expense not to exceed 3.00% annually
- Transfer of sufficient funds from the General Fund to the Capital Projects Fund maintain adequate cash flow to meet capital apparatus and equipment needs and to achieve full funding for apparatus and equipment by 2020.
- No funds set aside for future capital facilities projects (e.g., renovation and expansion of Stations 51 and 54)

As illustrated in Table 48, the District will maintain a positive General Fund cash flow through 2023 and the General Fund beginning balance will be greater than 43% through 2026. CWIFR financial policy requires the District to maintain a beginning General Fund Balance of 43% of budgeted expenditures (10% Contingency Fund and 33% for expenditures prior to receipt of current year tax revenue). Given this policy, the impact of this financial scenario is that the District will be able to maintain current service levels through 2025, but will need to increase revenue or decrease service levels to reduce expense prior to this point.

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Table 48. CWIFR Voter Approved Bond Long Term Cash Flow Projection (Revision 8.7)

General Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Beginning General Fund Balance</b>	\$2,331,498	\$2,628,225	\$2,541,748	\$2,591,324	\$2,596,317	\$2,551,218	\$2,456,094	\$2,308,977	\$2,107,833	\$1,849,920	\$1,533,718	\$1,156,991	\$716,904
Contingency (Administrative) Fund (10% of M&O)	\$190,745	\$227,410	\$230,532	\$237,448	\$244,571	\$251,908	\$259,465	\$267,249	\$275,267	\$283,525	\$292,031	\$300,792	\$309,815
Beginning GF Balance (Less Contingency)	\$2,140,753	\$2,400,815	\$2,311,216	\$2,353,877	\$2,351,746	\$2,299,310	\$2,196,629	\$2,041,727	\$1,832,566	\$1,566,395	\$1,241,687	\$856,200	\$407,089
<b>Revenue</b>													
Taxes	\$2,228,270	\$2,282,958	\$2,305,765	\$2,328,800	\$2,352,065	\$2,375,563	\$2,399,295	\$2,423,266	\$2,447,475	\$2,471,927	\$2,496,624	\$2,521,567	\$2,546,760
State Generated Revenue	\$10,601	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476	\$14,476
Charges for Service	\$217,959	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515	\$219,515
Miscellaneous Revenue	\$25,217	\$16,784	\$13,599	\$13,588	\$13,687	\$13,897	\$14,220	\$14,663	\$15,230	\$15,926	\$16,755	\$17,723	\$18,834
Other Revenue	\$12,894	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Investment Interest	\$6,921	\$2,500	\$5,701	\$5,712	\$5,613	\$5,403	\$5,080	\$4,637	\$4,070	\$3,374	\$2,545	\$1,577	\$466
Total Operating Revenues	\$2,501,863	\$2,538,733	\$2,561,556	\$2,584,591	\$2,607,856	\$2,631,354	\$2,655,086	\$2,679,057	\$2,703,266	\$2,727,718	\$2,752,415	\$2,777,358	\$2,802,551
<b>Expenditures</b>													
Regular Budgeted Expenditures (M&O General Fund)	\$1,907,446	\$2,274,096	\$2,305,317	\$2,374,477	\$2,445,711	\$2,519,082	\$2,594,655	\$2,672,494	\$2,752,669	\$2,835,249	\$2,920,307	\$3,007,916	\$3,098,153
Contingency Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment Fee	\$249	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Total Expenditures	\$1,907,696	\$2,274,396	\$2,305,617	\$2,374,777	\$2,446,011	\$2,519,382	\$2,594,955	\$2,672,794	\$2,752,969	\$2,835,549	\$2,920,607	\$3,008,216	\$3,098,453
<b>Interfund Transfers</b>													
To General Capital Projects Fund	\$288,000	\$349,000	\$203,745	\$204,214	\$206,325	\$206,464	\$206,605	\$206,749	\$207,540	\$207,688	\$207,837	\$208,518	\$208,672
To Compensated Absences Fund	\$9,440	\$1,814	\$1,431	\$607	\$619	\$632	\$644	\$657	\$670	\$684	\$697	\$711	\$726
To Grants Management Fund	\$0	\$0	\$1,186	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
To Debt Service Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transfers From General Fund	\$297,440	\$350,814	\$206,362	\$204,821	\$206,944	\$207,095	\$207,249	\$207,406	\$208,210	\$208,372	\$208,535	\$209,229	\$209,398
<b>Ending General Fund Balance</b>													
Contingency (Administrative) Fund Ending Balance	\$190,745	\$227,410	\$230,532	\$237,448	\$244,571	\$251,908	\$259,465	\$267,249	\$275,267	\$283,525	\$292,031	\$300,792	\$309,815
Ending GF Balance (Less Contingency)	\$2,437,480	\$2,314,338	\$2,360,792	\$2,358,869	\$2,306,647	\$2,204,186	\$2,049,511	\$1,840,584	\$1,574,653	\$1,250,193	\$864,961	\$416,113	<b>-\$98,211</b>
<b>Total Ending General Fund Balance</b>	\$2,628,225	\$2,541,748	\$2,591,324	\$2,596,317	\$2,551,218	\$2,456,094	\$2,308,977	\$2,107,833	\$1,849,920	\$1,533,718	\$1,156,991	\$716,904	\$211,605
Capital Projects Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Beginning Capital Projects Fund Balance</b>	\$1,074,998	\$1,331,031	\$1,573,738	\$1,443,755	\$1,482,269	\$1,337,870	\$1,233,239	\$1,433,550	\$1,609,247	\$1,764,431	\$1,966,560	\$2,135,800	\$2,303,197
<b>Revenue</b>													
Investment Interest	\$4,535	\$0	\$3,364	\$3,458	\$3,140	\$2,910	\$3,350	\$3,736	\$4,078	\$4,522	\$4,894	\$5,262	\$5,474
<b>Interfund Transfers</b>													
From General Fund	\$288,000	\$349,000	\$203,745	\$204,214	\$206,325	\$206,464	\$206,605	\$206,749	\$207,540	\$207,688	\$207,837	\$208,518	\$208,672
<b>Expenditures</b>													
Investment Fee	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92
Vouchers (Capital Projects Fund)	\$36,410	\$106,200	\$337,000	\$169,066	\$353,772	\$313,911	\$9,552	\$34,696	\$56,341	\$9,989	\$43,399	\$46,291	\$117,445
<b>Ending Capital Projects Fund Balance</b>	\$1,331,031	\$1,573,738	\$1,443,755	\$1,482,269	\$1,337,870	\$1,233,239	\$1,433,550	\$1,609,247	\$1,764,431	\$1,966,560	\$2,135,800	\$2,303,197	\$2,399,806

Table 48. CWIFR Voter Approved Bond Long Term Cash Flow Projection (Revision 8.7)

Capital Projects Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Capital Projects Fund Balance	\$1,074,998	\$1,331,031	\$1,573,738	\$1,443,755	\$1,482,269	\$1,337,870	\$1,233,239	\$1,433,550	\$1,609,247	\$1,764,431	\$1,966,560	\$2,135,800	\$2,303,197
Revenue													
Investment Interest	\$4,535	\$0	\$3,364	\$3,458	\$3,140	\$2,910	\$3,350	\$3,736	\$4,078	\$4,522	\$4,894	\$5,262	\$5,474
Interfund Transfers													
From General Fund	\$288,000	\$349,000	\$203,745	\$204,214	\$206,325	\$206,464	\$206,605	\$206,749	\$207,540	\$207,688	\$207,837	\$208,518	\$208,672
Expenditures													
Investment Fee	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92	\$92
Vouchers (Capital Projects Fund)	\$36,410	\$106,200	\$337,000	\$169,066	\$353,772	\$313,911	\$9,552	\$34,696	\$56,341	\$9,989	\$43,399	\$46,291	\$117,445
Ending Capital Projects Fund Balance	\$1,331,031	\$1,573,738	\$1,443,755	\$1,482,269	\$1,337,870	\$1,233,239	\$1,433,550	\$1,609,247	\$1,764,431	\$1,966,560	\$2,135,800	\$2,303,197	\$2,399,806
Bond Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Bond Fund Balance	\$7	\$7	\$7,424,544	\$7,045,880	\$1,912,576	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)
Revenue													
Bond Revenue	\$0	\$7,424,537	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment Interest	\$0	\$0	\$15,603	\$4,309									
Interfund Transfers													
To Debt Service Fund			\$2,337										
Expenditures													
Vouchers (Bond Fund)	\$0	\$0	\$376,327	\$5,133,305	\$1,958,775	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Bond Fund Balance	\$7	\$7,424,544	\$7,045,880	\$1,912,576	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)	(\$46,200)
Debt Service Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Debt Service Balance	\$0	\$0	\$0	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337
Revenue													
Property Taxes (Voter Approved Debt)	\$0	\$0	\$361,769	\$372,700	\$385,300	\$401,250	\$411,600	\$426,500	\$440,800	\$457,400	\$473,000	\$492,600	\$506,000
Interfund Transfers													
From Bond Fund	\$0	\$0	\$2,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures													
Vouchers (Debt Service)	\$0	\$0	\$361,769	\$372,700	\$385,300	\$401,250	\$411,600	\$426,500	\$440,800	\$457,400	\$473,000	\$492,600	\$506,000
Ending Debt Service Balance	\$0	\$0	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337	\$2,337



Table 48. CWIFR Voter Approved Bond Long Term Cash Flow Projection (Revision 8.7)

Compensated Absences Trust Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Compensated Absences Balance	\$17,684	\$27,170	\$29,047	\$30,545	\$31,220	\$31,908	\$32,610	\$33,327	\$34,057	\$34,803	\$35,563	\$36,338	\$37,129
Revenue													
Investment Interest	\$45	\$64	\$67	\$68	\$69	\$71	\$72	\$73	\$75	\$76	\$78	\$79	\$81
Interfund Transfers													
From General Fund	\$9,440	\$1,814	\$1,431	\$607	\$619	\$632	\$644	\$657	\$670	\$684	\$697	\$711	\$726
Expenditures													
Investment Fee	\$1	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
Vouchers (Compensated Absences)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Compensated Absences Balance	\$27,170	\$29,047	\$30,545	\$31,220	\$31,908	\$32,610	\$33,327	\$34,057	\$34,803	\$35,563	\$36,338	\$37,129	\$37,936
Grants Management Fund	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Grants Management Balance	\$0	\$0	\$23,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue													
Grants	\$0	\$23,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interfund Transfers													
From General Fund	\$0	\$0	\$1,186	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures													
Vouchers (Grants Management)	\$0	\$0	\$24,920	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Grants Management Balance	\$0	\$23,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Funds	Actual	Adjusted	Adopted	Projected									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Ending Balance (All Funds)	\$3,986,425	\$4,144,533	\$4,065,624	\$4,109,806	\$3,920,996	\$3,721,944	\$3,775,853	\$3,751,138	\$3,649,154	\$3,535,841	\$3,329,129	\$3,057,230	\$2,649,346

Table 48. CWIFR Voter Approved Bond Long Term Cash Flow Projection (Revision 8.7)

Fiscal Performance Measures	2016	2017	2018	Projected									
				2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Fiscal Responsibility</b>													
General Fund Revenue-General Fund Expense	\$594,167	\$264,337	\$255,939	\$209,814	\$161,845	\$111,972	\$60,132	\$6,262	-\$49,703	-\$107,831	-\$168,192	-\$230,857	-\$295,902
Expenditure/Capita	\$233.13	\$275.19	\$276.21	\$281.67	\$287.25	\$292.94	\$298.74	\$304.65	\$310.68	\$316.83	\$323.11	\$329.50	\$336.03
% Change in General Fund Balance	12.73%	-3.29%	1.95%	0.19%	-1.74%	-3.73%	-5.99%	-8.71%	-12.24%	-17.09%	-24.56%	-38.04%	-70.48%
& Change in Capital Projects Fund Balance	23.82%	18.23%	-8.26%	2.67%	-9.74%	-7.82%	16.24%	12.26%	9.64%	11.46%	8.61%	7.84%	4.19%
% Change in Compensated Absences Fund Balance	53.64%	6.91%	5.16%	2.21%	2.21%	2.20%	2.20%	2.19%	2.19%	2.18%	2.18%	2.18%	2.17%
General Fund Cash Flow/General Fund Revenue	23.75%	10.41%	9.99%	8.12%	6.21%	4.26%	2.26%	0.23%	-1.84%	-3.95%	-6.11%	-8.31%	-10.56%
General Fund Ending Balance/General Fund Revenue	105.05%	100.12%	101.16%	100.45%	97.83%	93.34%	86.96%	78.68%	68.43%	56.23%	42.04%	25.81%	7.55%
Long Term Debt/Assessed Value	n/a	n/a	0.36%	0.34%	0.32%	0.30%	0.28%	0.27%	0.25%	0.23%	0.21%	0.19%	0.17%
Debt Service/Operating Revenue	n/a	n/a	14.12%	14.00%	13.87%	13.75%	13.63%	13.50%	13.38%	13.26%	13.14%	13.03%	12.91%
% Full Funding of Contingency (Administrative) Fund	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% Full Funding of Capital Projects Fund	44.47%	48.88%	117.00%	121.87%	115.38%	84.13%	102.79%	104.44%	102.93%	105.40%	105.09%	106.44%	115.19%
% Full Funding of Compensated Absences Fund	126.43%	95.29%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Adequacy &amp; Sustainability of Funding</b>													
General Fund Balance as a % of GF Expense	122.22%	115.56%	110.24%	109.12%	106.14%	101.26%	94.65%	86.39%	76.57%	65.24%	52.51%	38.46%	23.14%
Revenue/Capita	\$305.74	\$307.17	\$309.93	\$306.56	\$306.26	\$305.96	\$305.66	\$305.37	\$305.07	\$304.79	\$304.50	\$304.22	\$303.94
Intergovernmental Revenues/Total Revenues	8.54%	8.42%	8.34%	8.27%	8.19%	8.12%	8.05%	7.98%	7.90%	7.83%	7.76%	7.69%	7.62%
Property Tax/Total Revenues	89.06%	89.93%	90.01%	90.10%	90.19%	90.28%	90.37%	90.45%	90.54%	90.62%	90.71%	90.79%	90.87%
General Levy Rate/Maximum Levy Rate	89.88%	86.33%	84.24%	82.21%	80.22%	78.28%	76.39%	74.55%	72.75%	70.99%	69.27%	67.60%	65.97%

*Note:* The District may not run a deficit, therefore the percentage change in General Fund balance and General Fund Ending Balance/General Fund Revenue are not calculated when a negative balance is projected in this analysis. The District would increase revenue or decrease expense prior to a negative balance to maintain a balanced budget. Per capita values are based on an estimated 1% annual increase in population.

**General Fund Cash Flow:** As illustrated in Table 48, the District maintains a positive cash flow (General Fund Revenue minus General Fund Expense) through 2023. However, this is only part of the picture as the District needs to transfer money to the reserve funds (Capital Projects and Compensated Absences Trust) and must also maintain an adequate beginning balance in the General Fund and Contingency Fund.

**Adequacy of the General Fund Beginning Balance:** The General Fund Beginning Balance must be sufficient to meet the District's operational expenses from January through March as tax revenue is received in April and November. The District has an established policy to maintain a minimum General Fund beginning balance of 43% of Maintenance and Operations Expenses (inclusive of a 10% within the Contingency Fund). As illustrated in Table 47, the District will maintain a General Fund Beginning Balance more than this minimum through 2026 while maintaining sufficient transfer to reserves for Capital and Compensated Absences.

The General Fund Beginning Balance will begin a continual decline in 2020. This decrease is anticipated due to increasing expense and because of transfer of money to the Capital Projects Fund. The General Fund beginning balance will eventually drop to the point where it is insufficient to cover expenses incurred prior to receipt of current year tax revenue.

**Capital Projects Fund:** The Capital Projects Fund is projected to be fully funded in 2018 due to transfer of upgrade of three Type 1 Fire Engines from the Capital Projects Fund to the Bond Fund. This fund will remain fully funded through 2025 based on current revenue projections.

The District has previously maintained an extremely conservative philosophy regarding funding for apparatus and equipment purchases by operating on a pay as you go basis. Using this approach, apparatus and equipment are amortized on a straight-line basis and funds are accumulated in the Capital Projects Fund in anticipation of future purchases and cash is paid at the time of purchase. However, the District implemented a policy that debt may be considered for major capital purchases such as facilities and major fire apparatus. Use of an Unlimited Tax General Obligation (UTGO) Bond, passed by the voters in November 2017 for expansion and renovation of Station 53 as well as purchase of three Type 1 Engines will allow the District to address important capital facilities and equipment needs while maintaining adequate cash flow for future apparatus and equipment purchases.

Within this scenario, the three Type 1 Engines purchased with bond revenue have been removed from pay as you go status. This has allowed reduction in the amount of revenue transferred from the General Fund to the Capital Projects Fund, permitting the District to extend current service levels through 2025 and deferring the need for a Lid Lift to increase the general levy to maintain service levels.

The Capital Projects Plan presented in the 2018 Adopted Budget includes transfer of sufficient funds to the Capital Projects Fund in future years to provide a sufficient balance to fund future purchases of apparatus and capital equipment. The District's *Integrated Comprehensive Plan Volume 6-Capital Projects Plan* provides additional detail on the schedule of capital expenditures within this financial scenario.

**Bond Fund:** The Bond Fund balance will decline between 2018 and 2021 as projects funded by the Unlimited Tax General Obligation (UTGO) bond are completed.

**Debt Service Fund:** Funds for debt service for the UTGO bond are provided by a bond levy (separate from the District's general levy) calculated to meet debt service expense requirements. Tax revenue from the bond levy is deposited directly into this fund.

**Compensated Absences Fund:** The Compensated Absences Trust Fund is fully funded and is projected to remain so.

### **Considerations**

Use of voter approved debt to fund major capital projects, inclusive of expansion and remodel of Station 53 as well as upgrade of Engines 51, 54, and 512 as they reach their 25-year service life allows the District to address both capital and operational needs in the near to mid-term and lays a solid foundation for meeting the District's longer term fiscal needs.

Reduction in the amount of funds transferred from the General Fund to the Capital Projects Fund will allow the District to maintain current service levels through 2025. Note that this scenario removes the three Type 1 Engines (Engines 51, 54, and 512) from the District's pay as you go strategy for apparatus and equipment. The option exists to modify this action and return one, two, or all three of these apparatus to pay as you go funding following a future increase in revenue.

### **The Bottom Line**

Use of a voter approved bond provides a sound means to address both capital and operational needs in the near to mid-term. In addition, this option maintains the District's regular levy well below \$1.50/\$1000 Assessed Value (AV), providing a buffer should the District experience another period in which AV is reduced below current levels.

### **The Way Forward**

Passage of an Unlimited Tax General Obligation (UTGO) Bond by the District's voters in November 2017 allowed the District to implement its Long Range Financial Plan (CWIFR, 2017a) to address capital apparatus and facilities requirements as well as maintaining current service levels through 2025.

### **Long Term Financial Plan**

As discussed in earlier sections of this plan, Central Whidbey Island Fire & Rescue is funded predominantly through property taxes. Constitutional and statutory property tax limitations provide a reasonably predictable, but severely constrained tax revenue stream. As the 1% maximum annual increase in the lawful property tax levy does not keep pace with the cost of service delivery, the District recognizes that it will be necessary to present the District's voters with the option to maintain (or improve) service delivery levels through an increase in the general levy or in the case of capital expenditures, through voter approved bonds. Barring a change in the property tax structure within Washington State, this will continue to be a normal part of the District's fiscal planning and operations.

### ***Fiscal Goals***

The District strives to provide quality service in an efficient and affordable manner. The Long Term Financial plan serves to address the District's strategic goals of ensuring adequate and sustainable funding as well as being fiscally responsible and operating with transparency. As outlined in this document, the District's fiscal strategy needs to address funding for capital projects as well as maintenance and operations expenses.

### ***Action Plan***

With passage of the voter approved bond for major capital projects, the District has been able to implement the strategy originally developed through its long term financial planning process. This necessitates a major revision in the plan to address alternative future scenarios based on these significant debt and revenue changes. Revision of Central Whidbey Island Fire & Rescue's (CWIFR) Integrated Comprehensive Plan Volume 5-Long Term Financial Plan will begin in late 2017 with anticipated completion in the first quarter of 2018 (prior to the start of the 2019 budget process).

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