

# Sterling Rural Fire District Informational Meeting

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1/26/2010

# What is the City of Sterling's Role?

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- The City is not inherently responsible for fire protection
- In this case, the City is a contractor, contracted to provide a service to another governmental agency, the Sterling Rural Fire District
- The City's current contract ends in June 2010.

# Why an Increase Now?

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- Economic downturn reduced revenues
  - The City had never needed to scrutinize contribution levels in the past
  - The City was at risk of running a deficit during the last budget formulation, and now has a budget deficit due to the declines in revenue
  - The city has competing priorities in safety, infrastructure maintenance and economic/job development

# Why Now?

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## Two Largest General Fund Sources:

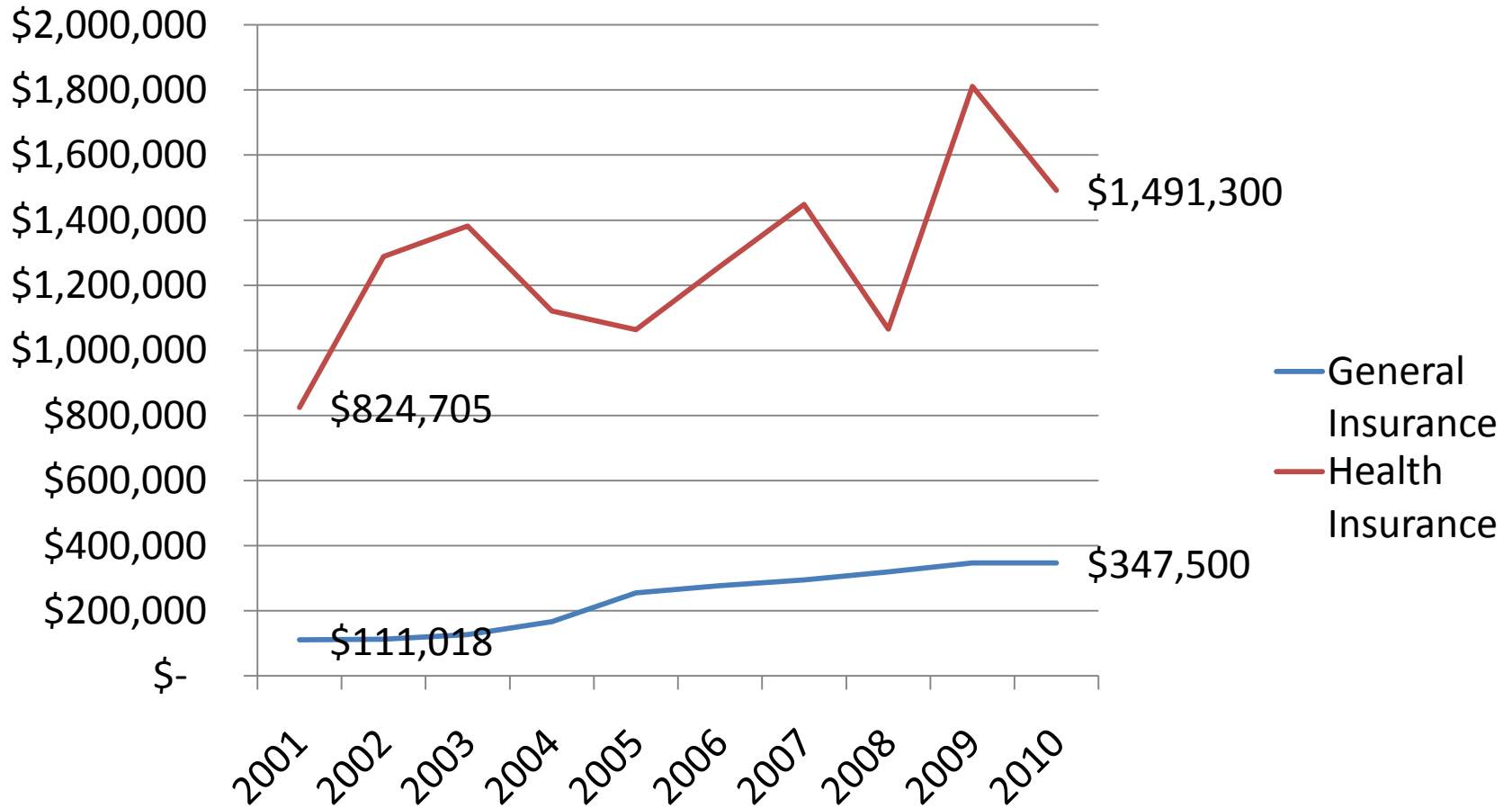
Revenue	May- Jan 2008-09	May-Jan 2009-10	Change \$	Change %
Sales Tax	\$2,467,857.58	\$2,323,558.01	-\$144,299.57	-5.85%
State Income Tax	\$1,094,662.65	\$858,919.04	-\$235,743.61	-21.54%
Combined	\$3,562,520.23	\$3,182,477.05	-\$380,043.18	-10.67%

# Why an Increase Now?

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- Expenses are increasing faster than inflation (EAV growth, sales tax growth doesn't match increases to capital and operating costs)
  - Health insurance
  - Liability insurance
  - Contractual costs
    - Must negotiate concessions
    - City subject to “interest arbitration”
  - Pension increases
    - The State sets the rules and cities are left to fund them
    - Local employees don't negotiate pension benefits
    - Pension changes rest with State level lobbyists & the General Assembly
    - City and local taxpayers are left to fund the State level decisions and there is no option out. Cities can only control pension costs by controlling payroll (negotiating reductions or layoffs) or increasing investment returns

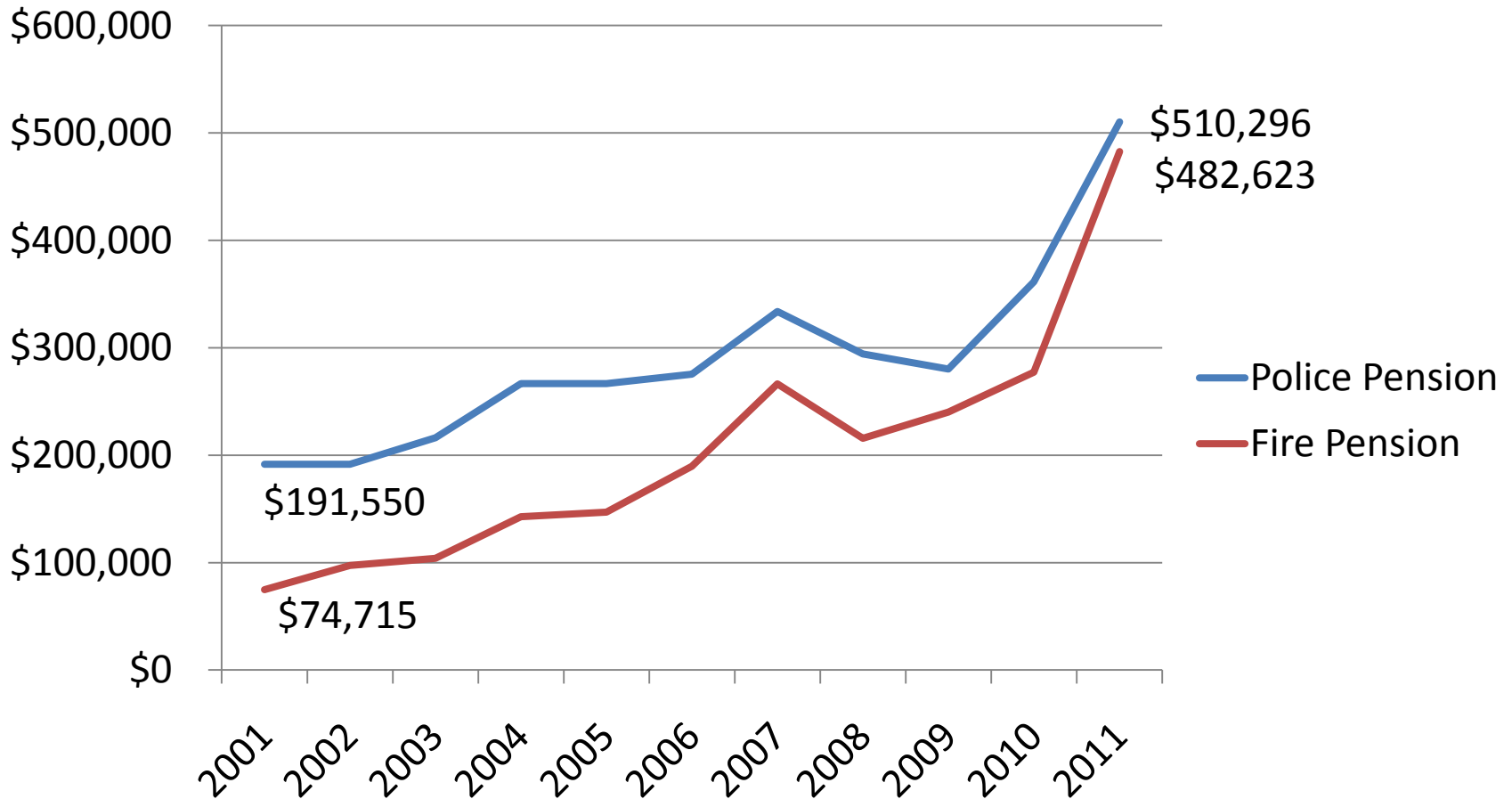
# Expense Changes



Health Ins – 80.8% increase; General Ins – 213.0% increase

# Pension Costs

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\*2011 amount is actuary's recommendation

# Fire Department Budget

Activity	FY 2009-10 Budget
Payroll	\$1,262,058
Health Insurance	\$250,000
Pension	\$256,900
Debt Service (Vehicle)	\$100,072
Utilities	\$3,800
Fuel	\$13,450
Operations/Equipment	\$65,395
Capital	\$28,000
Liability Insurance	\$52,120
<b>TOTAL</b>	<b>\$2,000,615</b>

\*does not include administrative costs such as payroll processing, legal, auditing, etc

# How is the Fire Department Funded?

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- The Fire Department is a portion of the City's General Fund.
  - It receives a portion of General Funds Revenues:
    - Sales Tax
    - State transferred Income Tax
    - State transferred Replacement Tax
    - Interest
    - Corporate Property Tax
  - City Fire Protection Property Tax Levy
  - City Fire Pension Property Tax Levy
  - Rural Fire Protection contract

# How is the Fire Department Funded?

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- How does one measure service?
  - Is ISO rating relevant to measuring service or measuring risk?
  - Is response time a measure of service or a measure of performance?
  - Is service measured by manpower and equipment at the scene?
  - Is service measured by manpower and equipment ready and available?

# How is the Fire Department Funded?

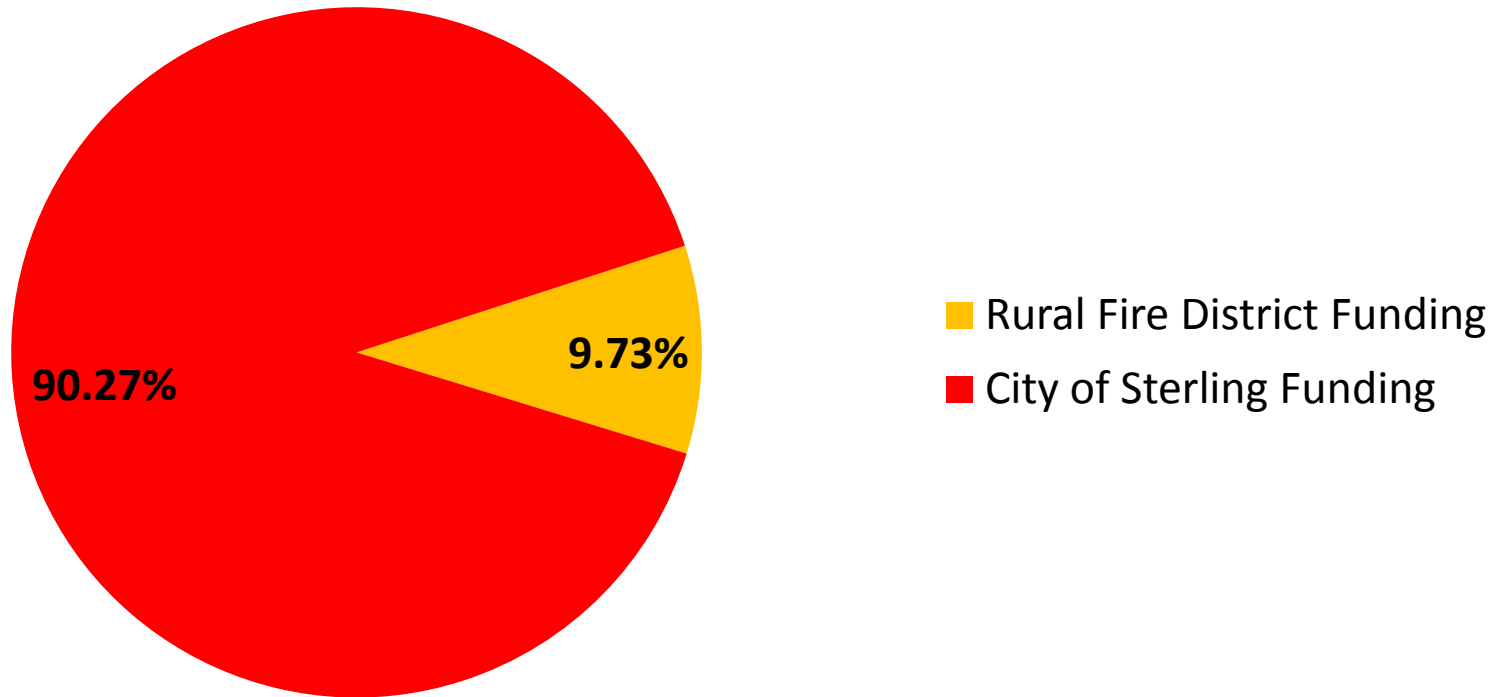
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- How to determine costs?
  - Can all costs be assigned to rural or city fires?
    - A tanker or brush truck may be strictly rural, but a squad vehicle may be used for both
    - Can the cost of a Mutual Aid (MABAS) call be assigned to city or rural? The cost of Automatic Aid?
    - Can public education program costs be assigned to city or rural?
    - How can down time be divided between rural and city?

# Fire Department Funding

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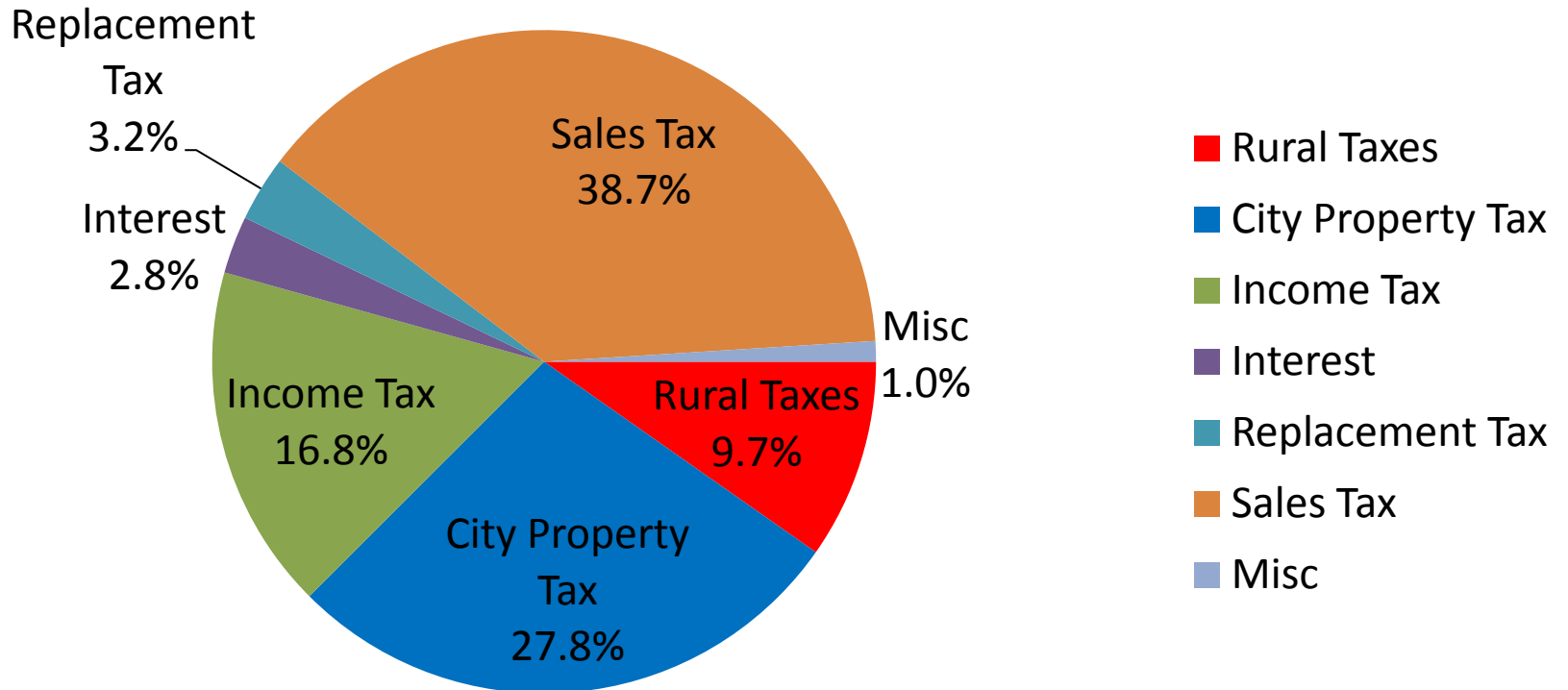
**FY 2009-10 Budget**



# Fire Department Funding

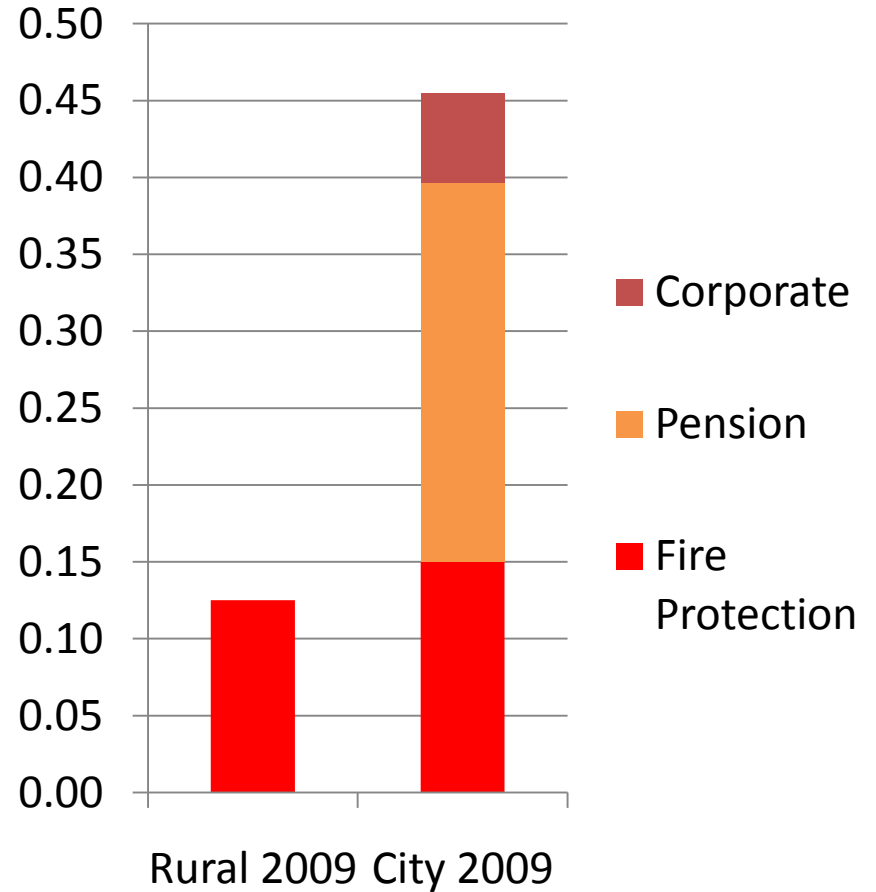
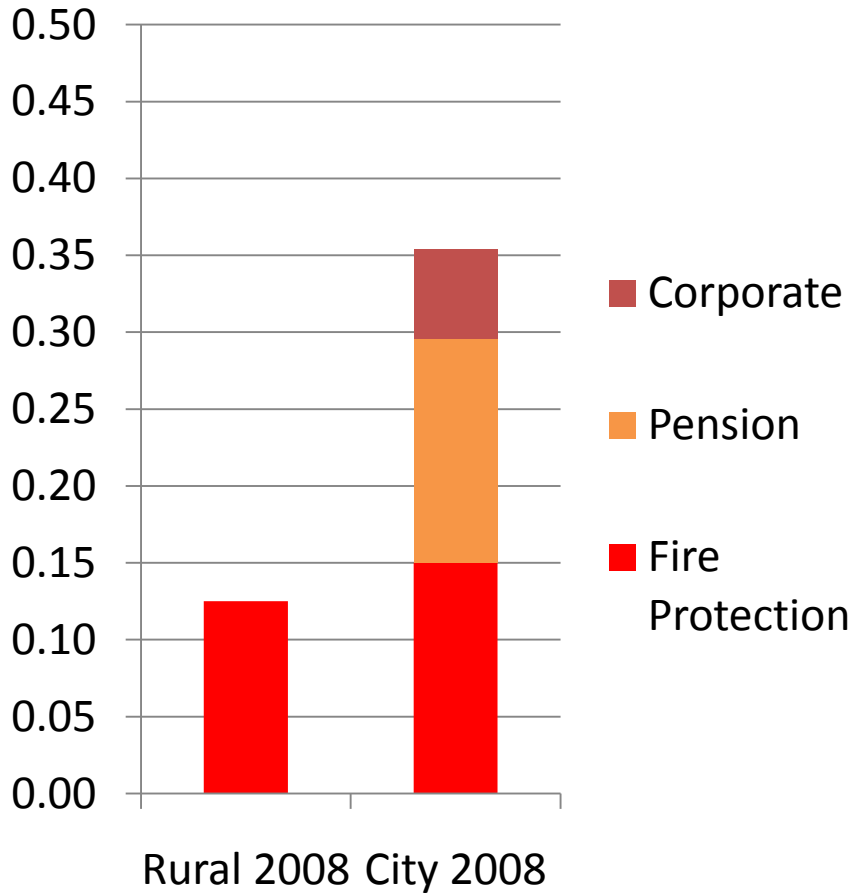
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## Sources



# Property Tax Levy

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# What Other Districts Pay

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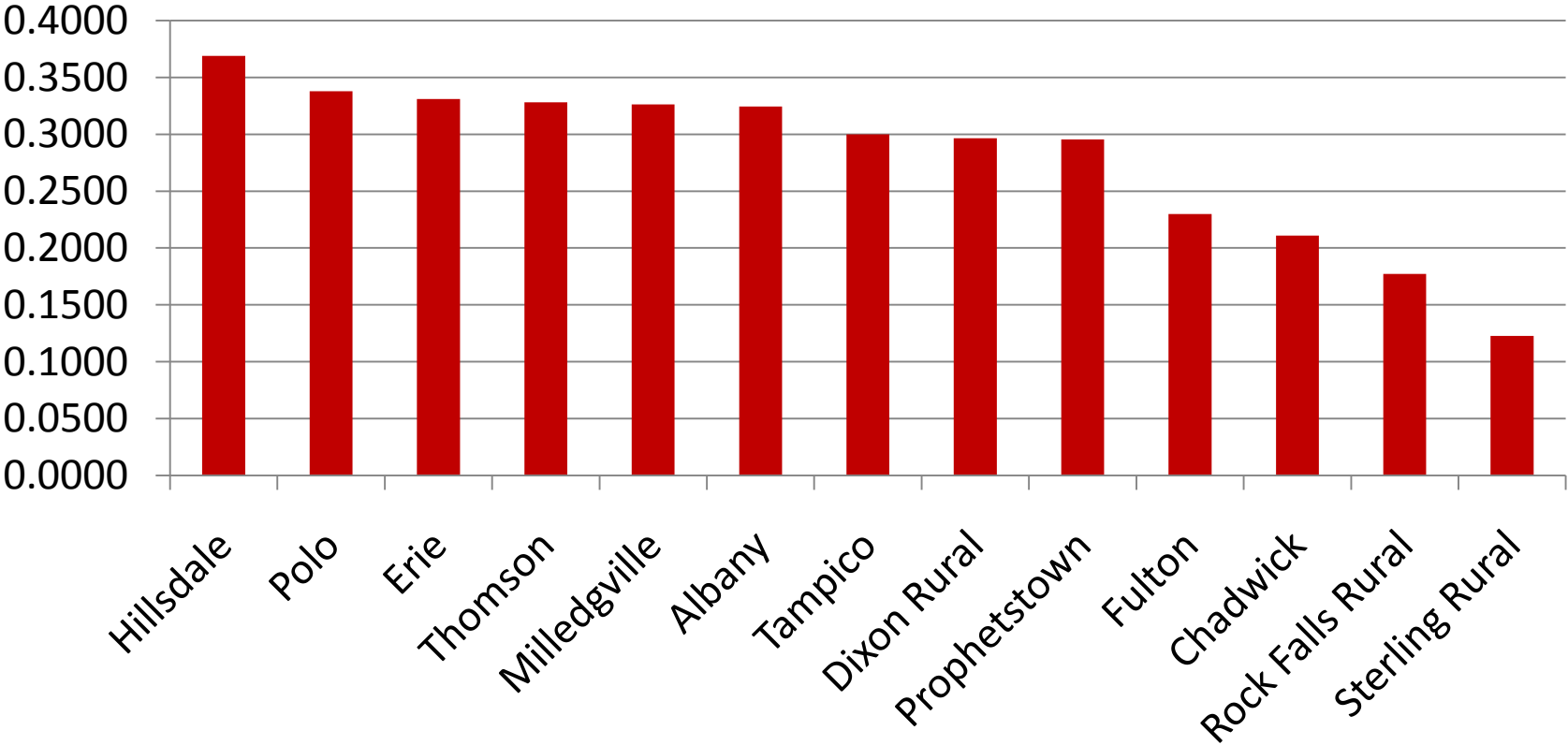
Actual Property Tax Rate 2008

	Corporate Rate	Pension Rate	Audit Rate	Tort Rate	Unemployment Rate	Work Comp Rate	Ambulance rate	Rate w/o Ambulance	Rate w/Ambulance
Hillsdale	0.3000			0.0690			0.1208	<b>0.3690</b>	0.4898
Polo	0.2761					0.0617	0.2924	<b>0.3378</b>	0.6302
Erie	0.3000			0.0212		0.0098	0.2500	<b>0.3310</b>	0.5810
Thomson	0.2967		0.0005	0.0309			0.2035	<b>0.3281</b>	0.5316
Milledgville	0.3262						0.1175	<b>0.3262</b>	0.4437
Albany	0.3244						0.2048	<b>0.3244</b>	0.5292
Tampico	0.3000						0.2500	<b>0.3000</b>	0.5500
Dixon Rural	0.2095	0.0555	0.0050	0.0069	0.0007	0.0190	0.1596	<b>0.2966</b>	0.4562
Prophetstown	0.2661			0.0293			0.1035	<b>0.2954</b>	0.3989
Fulton	0.2300						0.1528	<b>0.2300</b>	0.3828
Chadwick	0.2109						0.2109	<b>0.2109</b>	0.4218
Rock Falls Rural	0.1773						0.0000	<b>0.1773</b>	0.1773
<b>Sterling Rural</b>	<b>0.1228</b>						<b>0.0000</b>	<b>0.1228</b>	0.1228

# What Other Districts Pay

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Property Tax Rate w/o Ambulance



# What Other Districts Pay

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Prophetstown	0.2661			0.0293			0.1035	<b>0.2954</b>	0.3989
<b>Sterling Request</b>	<b>0.2800</b>						<b>0.0000</b>	<b>0.2800</b>	<b>0.2800</b>
Fulton	0.2300						0.1528	<b>0.2300</b>	0.3828
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# Concluding remarks

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