



Fiscal Year 2019 Budget

June 2018 Budget Development Facts, Assumptions, Questions & Initial Working Numbers

Bill Fry, Commissioner



Actual MMA Balances in First Quarter FY18

Desired
Ending
Minimum &
Maximum
Cash
Balance for
FY19 is
\$150,000

Date	Reason	Major Spending	Major Deposits	Running Balance
9/30/2017	Ending Balance for FY17			\$346,496
10/2/2017	Xfer to UPPER CAPTIVA FI X81 9/30/17 AP & PR	(\$18,000)		\$328,496
10/13/2017	Xfer to UPPER CAPTIVA FI X81 Stewart & Sons Insurance	(\$7,500)		\$320,996
10/13/2017	Tax DB 14 LEE COUNTY 1596000707		\$299	\$321,295
10/16/2017	Xfer to UPPER CAPTIVA FI X81 PR & AP 10/15/17	(\$40,000)		\$281,295
10/31/2017	INTEREST PAID		\$141	\$281,436
10/31/2017	Xfer to UPPER CAPTIVA FI X81 FICA	(\$10,000)		\$271,436
10/31/2017	Xfer to UPPER CAPTIVA FI X81 AP & PR 10/31/17	(\$30,000)		\$241,436
10/31/2017	Unused Rev LEE COUNTY 1596000707		\$5,932	\$247,368
11/9/2017	Xfer to UPPER CAPTIVA FI X81 Manual Checks	(\$16,000)		\$231,368
11/15/2017	Tax DB 01 LEE COUNTY 1596000707		\$12,140	\$243,508
11/15/2017	Xfer to UPPER CAPTIVA FI X81 AP & PR 11/15/17	(\$35,000)		\$208,508
Subtotals	Amount Spent 1 Oct – 15 Nov 2017	(\$121,500)	\$18,512	
11/16/2017	DDA REGULAR DEPOSIT (BOAT MOTOR SALE \$4,092.75)		\$4,173	\$212,681
11/30/2017	INTEREST PAID		\$86	\$212,767
11/30/2017	Tax DB 02 LEE COUNTY 1596000707		\$188,417	\$401,184
11/30/2017	Xfer to UPPER CAPTIVA FI X81 11/30/17	(\$30,000)		\$371,184
12/1/2017	DDA REGULAR DEPOSIT (FUN RUN CONTRIBUTIONS)		\$750	\$371,934
12/15/2017	Xfer to UPPER CAPTIVA FI X81 12/15/17	(\$45,000)		\$326,934
12/15/2017	Tax DB 03 LEE COUNTY 1596000707		\$430,287	\$757,221
12/21/2017	DDA REGULAR DEPOSIT (FUN RUN CONTRIBUTIONS)		\$5,450	\$762,671
12/27/2017	RETURN ITEM FEE	(\$10)		\$762,661
12/27/2017	RETURN ITEM DEBIT	(\$400)		\$762,261
12/29/2017	Tax DB 04 LEE COUNTY 1596000707		\$120,971	\$883,231
12/31/2017	INTEREST PAID		\$278	\$883,510
1/2/2018	Xfer to UPPER CAPTIVA FI X81 12/31/17	(\$29,000)		\$854,510
1/2/2018	DDA REGULAR DEPOSIT (FUN RUN CONTRIBUTIONS)		\$7,759	\$862,269



Potential Revenue for FY19 Budget

FY18 & FY19 Comparisons

We need \$304 Million (a \$20 Million increase needed from FY17) in Property Valuations at 3.75 Mils in FY24 to Replace the Fire Services Special Assessment at Consolidated FY18 Spending Levels of \$1.16 Million

- Ad Valorem Valuations
 - ✓ FY18 \$194,790,208
 - ✓ FY19 **\$212,688,000 *Estimate***
 - ✓ Increase of **\$17,897,792**

- Ad Valorem Funding at **3.75 Mils**
 - ✓ FY18 \$730,463 (net **\$708,549**)
 - ✓ FY19 **\$797,580 (net \$773,653)**
 - ✓ Increase of **\$67,117 (net \$65,103)**

- Special Assessment Funding
 - ✓ FY18 \$466,042 (net **\$447,400**)
 - ✓ FY19 \$466,042 (net **\$447,400**)
 - ✓ **No Increase/Decrease**

- Generates \$1.22 million net in FY19**

- Ad Valorem Funding at **3.435 Mils**
 - ✓ FY18 \$730,463 (net **\$708,549**)
 - ✓ FY19 **\$730,463 (net \$708,549)**
 - ✓ **No Increase/Decrease**

- This is the “Roll-Back” rate that generates the same ad valorem revenue as this year **AND** increases year-end reserves (**saving taxpayers over \$65K in FY19**)

- Generates \$1.16 million**

- Ad Valorem Funding at **2.5 Mils**
 - ✓ FY18 \$730,463 (net **\$708,549**)
 - ✓ FY19 **\$531,720 (net \$515,768)**
 - ✓ Decrease of **\$198,743 (net \$192,761)**

- This is the rate that generates enough revenue to begin reducing year-end reserves to the desired \$150K level (**we have over \$400K now**), **saving taxpayers over \$250K in FY19**

- Generates \$963 thousand**

Unaudited Estimates

Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19
Ad Valorem Tax Rate (Mils)	2.09	2.29	2.543	2.996	3.147	3.75	3.75	3.75	3.75	3.75	3.75	
Estimated Total Value (Millions)	\$284.664	\$261.525	\$235.527	\$193.747	\$184.430	\$165.966	\$158.828	\$161.804	\$172.057	\$177.014	\$194.790	\$212.688
Annual Value Increase (Decrease)		(\$23.139)	(\$25.998)	(\$41.780)	(\$9.317)	(\$18.464)	(\$7.138)	\$2.976	\$10.252	\$4.957	\$17.776	\$17.898
Cummulative Decrease Percentage	0.0%	-8.1%	-17.3%	-31.9%	-35.2%	-41.7%	-44.2%	-43.2%	-39.6%	-37.8%	-31.6%	-25.3%
Ending Fund Balance (Actual GF & SA Only)		\$259,526	\$261,861	\$180,600	\$89,652	\$109,570	\$111,941	\$100,689	\$188,027	\$364,724	\$410,764	\$



Assumptions & Facts for Pay & Benefits for FY19

1. The Board has a fiduciary duty to the taxpayers of Upper Captiva to run the most effective fire protection and rescue service district in the most efficient manner at least cost **is apparently untrue**
2. The Board gave the Search Committee guidance in November to hold total pay & benefits costs for the **two Chiefs to \$206,000 or less** (if the new Chief worked only 3.5 shifts/week), the "budget neutral" baseline, then **increased that to \$250,000** at the April meeting, and **increased it again to \$270,000** in May
3. At the May meeting, the Board and Chief agreed to **contract termination effective 30 September 2018** or before, (with **continued "at will" employment without contract**, since a new Chief has hiring authority), with a decision on his total **cost** of employment determined after a new Chief is hired
4. Fry assumed **No Raises** since the Chief is pending replacement/demotion (and is **likely overpaid as our Assistant Chief**) ... plus some of his **EXISTING** dollars may be required for the New Chief's compensation
5. Funding Chief Kinniry's severance payment, is **roughly \$18K**, including taxes, by 1 October 2018, **if 28 days PTO or roughly \$22,000**, including taxes, **if 39 days PTO**)



Assumptions & Facts for Pay & Benefits for FY19

6. Chief **hired additional EMTs**, allowing him to schedule the "perfect model", that CAN **save over \$15,000** in the General Fund and **nearly \$14,000/year** in the Special Assessment fund (INSTEAD **no savings reduction with 6% "cushion" budgeted, as requested by Sward & LaVallie and approved by Board majority that will hide failing to staff the "perfect model"**)
7. Number of **Officers and Paramedics, if any**, that exceed staffing requirements and their disposition is currently unknown (and after hiring a **2nd Chief**, a possible **full-time Division Chief**, and more **EMTs** for each shift, **the excess number and COSTS get larger**)
8. Assuming elimination of off-island training for Chief Kinniry (budgeted in 2017 & 2018 and never used), that CAN **reduce the General Fund budget about \$3,500/year**
9. Assuming elimination of 3 Company Drills (8 hours each), budgeted in 2017 & 2018 without being performed, that COULD HAVE **reduced the Special Assessment budget nearly \$5,000/year** (INSTEAD, it was re-spent on the **Sward/LaVallie 6% Budget "Cushion"**)
10. **NEW:** Assuming elimination of Chief's Temporary Disability Insurance (budgeted in 2017 & 2018 and Chief never submitted reimbursement requests after 2016/2017 first year), **reducing the General Fund budget by \$3,000/year**



Assumptions for 2 Chiefs' **Costs** for FY19

	* Cost Difference	* New Chief	* Chief Kinniry
Shifts/Week	1 Day/2 Weeks	3.5 Shifts/Week	4 Shifts/Week
Base Salary	\$10,000	\$50,000	\$60,000
Retirement	\$10,000	10% Base Salary	25% Base Salary
Paid Time Off (PTO)	\$5,600+	2 Weeks (7 Days)	5 Weeks (21 Days)
Housing	\$17,000	None	\$14,400 + \$2,600 tax
Health Insurance	\$10,000+	Employee-Only	Employee & Spouse
Temp Disability Insurance	\$2,300+	None	Employee-Only
FICA & Workman's Comp	\$3,600+	\$6,200	\$9,800
Total Position Costs *	\$58,000+	\$74,000+	\$131,000+

*** Before negotiations and adjustments between New Chief & Chief Kinniry totaling \$206K and doesn't include extra paid shifts**



Chief Kinniry's **Costs** in FY17 & FY18

Chief Kinniry (**\$52,400 on 2015 W-2**)

Compensation Increases in 2016 & 2017

		<u>Pre-Tax Increase</u>	<u>District Cost Incl Taxes</u>
30-Jan-16	Added Temp Disability Plan (Ended Feb 17?)	\$3,000	\$3,000
30-Jan-16	Added 5 Days PTO, Eff 1 Oct 16	\$2,000	\$2,238
20-May-16	Added Cash Housing Stipend	\$14,400	\$16,111
20-May-16	Raise for Housing FICA Taxes	\$2,600	\$2,909
20-May-16	Extra Shift Pay \$400/Day (25 in CY17)	\$10,000	\$11,188
16-Jul-16	FY17 & FY18 Salary Raise, Eff 1 Oct 16	\$5,000	\$5,594
16-Jul-16	FY17 & FY18 Retirement, Eff 1 Oct 16	\$1,900	\$1,900
	Total Increases Approved	\$38,900	\$42,940

Payments TO Chief Kinniry 2017 W-2 **\$84,400** **\$94,427***

Payments FOR Chief Kinniry 2017 **\$43,800** **\$44,798**

Grand Total CY 2017 to/for Chief Kinniry **\$139,225** Page 6

Extra Shift Pay is Annually Variable @ \$400/shift

* Note: \$11,165 of the \$94,427 total are not "additive" costs to the District (he was paid what the unavailable FF-EMT would have been paid for those shifts)



Chief Kinniry's Severance Payment

For Mutually Agreed **Termination** of His Contract (**Not Employment**)

TERMINATE CONTRACT BEFORE **15** SEP 2018

✓ Salary & Benefits End **if** Employment Ends

- Housing, Health/Dental/Vision Insurance, PTO and Base Salary would **end when employment ends (not when contract ends)**
- The **\$15,000** retirement contribution is due by 1 Sep 2018
- County provides Chief an option for COBRA/post-employment coverage, at Chief's own cost

✓ 1 Month Severance Payment

- Section 4.4.2 requires 1 month's severance (**\$5,000**), if the contract is terminated **before the second** renewal date (ending 30 Sep 2018, **costing about \$5,600**, including taxes)

✓ Paid Time Off Accruals

- Up to 39 Days PTO accrued (**about \$16,800**, including taxes), if Chief Kinniry ends employment or cashes out accrued balance

CHIEF KINNARY WORKS WITHOUT CONTRACT AFTER 1 OCT 2018 IF RETAINED BY NEW CHIEF

✓ Salary, Housing & Insurance End **if** Employment Ends

- A minimum of 28 Days PTO accrued (**about \$12,000**, including taxes), plus any FY19 accrued PTO, if Chief Kinniry's employment ends
- Recommend that we convert annual retirement contributions currently paid in September each year to monthly retirement contributions paid at the end of each month, as it is "earned"

OPTIONS VIA **FY19 BUDGET** PROCESS

- ✓ Reduce salary and/or housing from \$74,400, retirement from 25%/ \$15,000, and/or add additional shifts/week
- ✓ Convert Chief Kinniry's Health/Dental/Vision Insurance from Employee & Spouse to Employee Only
- ✓ Continue paying Assistant Chief Kinniry all of his current pay & benefits, without reduction or reversion to his 2016 pre-selection as Chief of the District



Reducing Chief Kinniry's **Costs** In FY18 & FY19

General Fund (Current Before Hiring a 2nd Chief)	14 Shifts/ Week	Hourly Rate	Annual Pay Rate	21 PTO Days (5WKS)	Housing Allowance	FICA (7.65%)	W/C (4.00%)	Health, Dental, Vision, and Disability	Retirement (25%)	Subtotal Pay & Benefits COSTS
Payments To Chief Kinniry	4		\$60,000		\$14,400				\$15,000	\$130,194
Payments For Chief Kinniry (that Steve & AJ says shouldn't count as part of compensation)				\$8,084		\$6,310	\$3,299	\$20,100	\$3,000	

General Fund (Proposed AFTER Hiring a 2nd Chief)	14 Shifts/ Week	Hourly Rate	Annual Pay Rate	21 PTO Days (5WKS)	Housing Allowance	FICA (7.65%)	W/C (4.00%)	Health, Dental, Vision, and Disability	Retirement (20%)	Subtotal Pay & Benefits COSTS
Payments To Chief Kinniry	4		\$52,900		\$14,400				\$10,580	\$114,846
Payments For Chief Kinniry (that Steve & AJ says shouldn't count as part of compensation)				\$8,084		\$5,767	\$3,015	\$20,100	\$0	

Base Pay Was \$52,400 as Assistant Chief (May 2016)	\$52,400									(\$15,347)
Previously Approved Cost of Living Adjustment 0.3% in FY17	\$157									
Adjusted Base Pay w/ Pension	\$52,557									

Proposed Changes	14 Shifts/ Week	2017 Current	2018 Proposed	Difference	Proposed Current	Proposed Difference	Asst Chief Difference	Asst Chief 2015 vs Future Current	Proposed	Difference
Salary Base		\$52,400	\$60,000	\$7,600	\$60,000	\$52,900	(\$7,100)	\$52,400	\$52,900	\$500
PTO Days (1 in 2016, 21 in 2017 & 2018)		\$6,159	\$8,084	\$1,925	\$8,084	\$8,084	\$0	\$6,159	\$8,084	\$1,925
Housing Allowance		\$14,400	\$14,400	\$0	\$14,400	\$14,400	\$0	\$14,400	\$14,400	\$0
FICA Tax (Employer 7.65%)		\$5,581	\$6,310	\$729	\$6,310	\$5,767	(\$543)	\$5,581	\$5,767	\$185
Workman's Compensation (Employer 4%)		\$2,918	\$3,299	\$381	\$3,299	\$3,015	(\$284)	\$2,918	\$3,015	\$97
Health, Dental, Vision Employee & Spouse		\$20,100	\$20,100	\$0	\$20,100	\$20,100	\$0	\$20,100	\$20,100	\$0
Temporary Disability Insurance		\$0	\$3,000	\$3,000	\$3,000	\$0	(\$3,000)	\$0	\$0	\$0
Retirement Contribution (25% to 20%)		\$13,100	\$15,000	\$1,900	\$15,000	\$10,580	(\$4,420)	\$13,100	\$10,580	(\$2,520)
Grand Total Costs for Chief Kinniry		\$114,959	\$130,494	\$15,534	\$130,194	\$114,846	(\$15,347)	\$114,659	\$114,846	\$187

Severance Payment/Consideration for Contract Change					\$5,000	\$5,000		ONE TIME ONLY	\$5,000
FICA & W/C Cost as Consideration for Contract Change					\$583	\$583		ONE TIME ONLY	\$583
						<u>(\$9,765)</u>			<u>\$5,770</u>

A PROPOSAL FOR CHIEF KINNIRY TO KEEP HIS CURRENT PAY & ALLOWANCES

General Fund (Proposed AFTER Hiring a 2nd Chief)	14 Shifts/ Week	Hourly Rate	Annual Pay Rate	21 PTO Days (4WKS)	Housing Allowance	FICA (7.65%)	W/C (4.00%)	Health, Dental, Vision, and Disability	Retirement (25%)	Subtotal Pay & Benefits COSTS
Payments To Chief Kinniry	5		\$60,000		\$14,400				\$15,000	\$132,776
Payments For Chief Kinniry (that Steve & AJ says shouldn't count as part of compensation)				\$8,084		\$6,310	\$3,299	\$20,100	\$0	
Severance Payment/Consideration for Contract Change/Terminate Contract			\$5,000			\$383	\$200			

Fry would prefer to propose deeper cuts down to \$75K-\$100K (Page 5) but since even these cuts are unlikely, the budget drill would be superfluous! Cut only if a New Chief is Hired.



Pay & Benefits Worksheet for FY19

Pay and Fringe Benefits Budget Baseline Worksheet for FY19

General Fund	14 Shifts/ Week	Hourly Rate	Annual Pay Rate	Holiday Pay (12 Hrs x 4 Days)	PTO Days	Housing Allowance	FICA (7.65%)	W/C (4.00%)	Health, Dental, Vision, and Disability	Retirement & 25%)	Subtotal Pay & Ben COSTS
Payments To Chief Batz	3.5										
Payments For Chief Batz (that Steve Sward & AJ LaVallie says shouldn't count as Pay & Benefits)											
Payments To Chief Kinniry	4										
Payments For Chief Kinniry (that Steve Sward & AJ LaVallie says shouldn't count as Pay & Benefits)											
Payments To Chief Kinniry (potential maximum severance payment)			\$5,000		\$15,013		\$1,531	\$801			\$22,345
"Full-Time" Ops Division Chief	0	\$19.05	\$0				\$0	\$0			\$0
EMT	0	\$16.04	\$0				\$0	\$0			\$0
Officers	6.5	\$19.56	\$158,630	\$939			\$12,207	\$6,383			\$178,159
Budgeted FY18					\$334,600		\$25,250	\$14,000	\$23,400	\$15,000	\$412,250
Special Assessment	14 Shifts/ Week	Hourly Rate	Annual Pay Rate	Holiday Pay (12 Hrs x 4 Days)			FICA (7.65%)	W/C (4.00%)			Subtotal Pay & Ben COSTS
Paramedic	7	\$18.05	\$157,685	\$866			\$12,129	\$6,342			\$177,022
EMT	7	\$16.04	\$140,125	\$770			\$10,778	\$5,636			\$157,310
6% Plus-Up for Steve Sward & AJ LaVallie with majority Board approval			\$17,560	\$96			\$1,351	\$706			\$19,713
Subtotals			\$317,103				\$24,258	\$12,684			\$354,045
Budgeted FY18			\$316,500				\$24,100	\$13,320			\$353,920
Proposed FY19			\$317,100				\$24,260	\$12,640			\$354,000
Proposed Change			\$600				\$160	(\$680)			\$80

Note that our optimum staffing is 1 ALS paramedic and 1 EMT (and Chief hired more EMTs for each shift)

COMMISSIONERS ANSWER THESE QUESTIONS AND FILL IN FUNDING LIMIT FOR EACH CHIEF ABOVE BY 15 JUNE MEETING

1. What pay & benefit requirements does a new Chief have and how many 24-hour shifts will he work, if hired?
2. What reductions in costs for Chief Kinniry are proposed, if a new Chief is hired?
3. Will the new Chief decide to hire a "full-time" (2 shifts/week = 8 shifts/month) Operations Division Chief?



Questions to Answer At This Meeting

1. Access-Way Maintenance:

- ✓ Will the Board approve FY19 funding from the General Fund and Fire Services Special Assessment for access-way improvement and maintenance and, if yes, at what level?
- ✓ Is the Board going to propose a new referendum & special assessment to the Upper Captiva Community, with a minimum \$15,000 down-payment on Attorney & Consultant fees?
- ✓ Has the AMC updated their **final draft** estimated costs and timeline for a referendum, to make a decision?

2. Operating Expenses:

- ✓ Are there any operating expense categories that should be increased, decreased, eliminated or added?
- ✓ What Chief or Board priorities exist that have not been fully funded in recent years, if any?

3. Capital Purchases:

- ✓ Does Chief Kinniry have a proposed purchase list, prioritized for Board consideration, or do we wait for a new Chief?
- ✓ Are there high-cost requirements to purchase, like this year's High Volume/High Pressure pump & trailer?