

Whatcom County Fire District #5

Point Roberts Fire Department

2030 Benson Road, Suite A

Point Roberts, Washington, 98281

Special Meeting of the Board of Commissioners

June 6th, 2023

MINUTES

In Attendance: Commissioner Virginia Lester
Commissioner Norm Katz
Commissioner Pat Harper
Chief Christopher Carleton
District Secretary Linda Hughes

Absent: Financial Manager Patty Markel

Guests: All Point Bulletin - Pat Grubb
Allison Calder
Holly Robinson
Rod Matheson
Circle of Care representative
Elizabeth
Steve

A. CALL TO ORDER

The meeting was called to order at 4:00 p.m. by Commissioner Lester.

B. DISCUSS POTENTIAL LEVY/BOND FOR DISTRICT

Chief Carleton began by thanking everyone for attending these important discussions regarding a potential Bond or Levy lid lift.

Chief noted that at the last Special Meeting of May 22nd, he was asked to expand upon the projected costs for a levy lid lift in excess of \$0.50. Chief produced his projection sheet, which included projections for the costs of levy lid lifts of \$0.55 and \$0.60. A \$0.50 lid lift would increase

annual revenue by \$514,303.76 in the first year and a \$0.60 lid lift would increase it by \$561,058.61.

Chief mentioned that the next Special Meeting to continue these discussions is scheduled for Monday, June 12th, at 4:00 pm.

Chief then continued his presentation with an overview of why the District needs additional funding at this time. He reported that the District is currently spending nearly all of its annual revenue in basic operations, and in 2022 there was only \$11,000.00 leftover that had not been spent and was therefore transferred into a reserve holding account. To bring perspective to what that amount represents, Chief noted that \$11,000.00 would not cover the cost of tires on one of the apparatus.

Chief will bring information relative to the last bond the District obtained, along with the payback details. He believes it was in or around 1991 and that the funds were used, in conjunction with funds provided by the Volunteer Firefighter Bingo, for a new fire engine at that time. He noted that while a bond can only be used for capital improvements or expenditures, levy income may be used for capital needs and operational costs.

Chief noted that the current levy brings in revenue of \$648,449.98 but reiterated that essentially all of these funds are being spent annually to run the District. In reviewing capital needs that this District will need, he pointed out that the District will soon be in a \$4 million deficit, not including the increasing operational costs.

There have been suggestions that the District consider seeking a lower levy lid lift rate at this time, start saving that capital, and then reach out to the community for smaller sized bond in a few years. While that is one option, the costs to purchase the projected necessary items listed in the Capital Facilities Plan will only increase, thereby further pushing the achievement of those goals further into the future, while relying on apparatus and equipment that is already quite aged.

Chief reminded everyone that the District is currently debt-free, and he is reticent to incur debt to be repaid over the next 20 years, essentially by the children of today.

Chief reported that each \$1 million of a bond, costs approximately \$75,000 per year to service. Most bonds are a 20-year payback scheduled.

Chief added that the needs of the District will likely continue to change, resulting in costs not yet accounted for. For instance, as more females join the organization, changes will have to be made in how members are housed. It will become a necessity to change or add additional rooms for proper housing / changing, etc. To do that, Chief has calculated that would require renovations at a cost of approximately \$2 million, which has not been factored in the current Capital Facilities Plan.

Chief said that current financial constraints have already delayed projects that were included in the 2018 Capital Facilities Plan.

Commissioner Lester asked which projects have been delayed. Chief responded that he will have to bring the 2018 Capital Facilities Plan to the next meeting to review in order to answer that question. The current Capital Facilities Plan does however identify the projects that were completed as planned.

Chief noted that another option would be to utilize funds currently held in reserve to buy a new engine now, and require less funding from a bond or levy at this time. He also noted that he has

written grant applications for a new ambulance and for new radios, but feels it is imprudent to rely on grant funding without a proper plan for funding in the event the grant is not procured.

He noted that a \$0.30 levy lid lift would increase current income by \$280,529, and after those funds have been saved up for a few years, the District could then seek a \$2 million bond for capital needs outlined in the Capital Facilities Plan. At that time, \$150,000.00 per year of the new revenue will be needed just to service the bond debt, leaving \$130,000 in income toward meeting the project \$4 million in deficit for capital needs, plus the increasing costs of operations.

Chief then reviewed the annual 1% limitation on levy lift and how it affects the District's revenue, noting that when property values in Point Roberts go up, the actual value of the levy (per \$1,000) goes down.

Chief reviewed the possibility of taking a non-voted bond, which the District may take up to \$3.5 million, but noted that the \$75,000 per million debt servicing would have to be paid from current revenue. Chief reiterates that his preference is to keep the District a debt-free organization.

Commissioner Lester commented that the District could do a bond in the future, and Chief responded that it could, but would still remain a debt that required repayment no matter when it's done.

Chief then reviewed some of the additional services the District could offer the community if it had access to additional funding.

Commissioner Lester asked if any members of the public attending this meeting had any questions for the Commissioners or the Chief.

Pat Grubb, All Point Bulletin, pointed out that the use of bonds is quite common for capital expenditures, and noted that the whole point of a Capital Facilities Plan is to outline the needs of an organization, with a planned timeline for procurement. Although he appreciates the Chief's desire to keep the organization debt-free, he asks what is the point of the Capital Facilities Plan if one of the most common funding tools is essentially being dismissed from consideration, resulting in non-adherence to the timeline of the Plan.

A lengthy conversation ensued reviewing the various funding options, payback, timelines, etc. Mr. Grubb is in favor of a bond to facilitate the Capital Facilities Plan, but Chief sees a bond as debt and essentially double taxing the public.

Commissioner Harper asked about seeking both a bond and a levy at this time. Chief responded that would carry the risk of one being passed and not the other. A bond without a levy lift would force the District to utilize current revenues (operations funds) to service the debt of the bond, thereby cutting services. A lower levy (which would be sought in conjunction with a bond) would generate funds that would have to be saved up over several years to be able to afford the capital improvements and equipment capital needs, and those costs continue to increase every year, pushing those objectives further and further into the future at higher cost levels.

Allison Calder asked if Chief could provide cost projections of a \$2 million bond to his current cost projection chart, and after some discussion of procuring the District's capital needs at today's prices, it was suggested that a \$4 million bond now might make sense. Allison asked the Chief to include \$2 million, \$3 million, and \$4 million bonds into his costs projections.

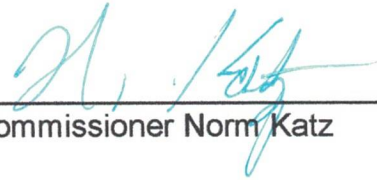
Chief then reviewed a number of costs that the District can expect over the next several years, including inflation, personnel costs, and other projections for equipment, etc.

C. ADJOURNMENT

As there was no further business, Commissioner Harper moved to adjourn the meeting at 5:29 pm. Commissioner Katz seconded the motion. **Motion passed 3 – 0.**



Commissioner Virginia Lester



Commissioner Norm Katz



Commissioner Pat Harper

Dated June 14, 2023

Attest: 

Recording Secretary Linda Hughes