



*From the Office of the
Fire Chief*

To: Tom Stevenson, Interim City Administrator **Date:** 07 February 2014

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From: Richard A. Hoppes, B.S., Fire Chief

Subject: FY15 Budget Submission (24035 & 24040 accounts)

As part of the FY15 budget submission this memorandum serves to briefly explain the overall SFD financial position and budget requests.

As indicated in the budget instructions provided by the City Administration, the department was asked to hold to level funding over the total of all operating accounts from FY14. The Internal Services – Finance department provided the total amount of operating accounts of the 24035 account lines. I have produced budget requests that attempts to adhere to instructions for all of the operating accounts, excluding the commodities or energy accounts with one exception, the turnout gear account.

Operating Accounts:

Account:	24035 – 546030 Turnout Gear
FY14 adopted budget:	\$ 28,224.00
FY15 requested:	\$ 63,224.00
Increase:	\$ 35,000.00

Justification: Turnout Gear must be replaced on a regular basis due to age, wear and tear, and in accordance with NFPA standards that require Turnout Gear be replaced every ten (10) years. Looking forward the department will need to replace twenty-six (26) coats and thirty-eight (38) pants that were purchased in 2005 (again now meeting the ten year replacement threshold), for a total cost of \$47,830.00. This request is proffered to meet the demand for equipping our personnel with P.P.E. in order to provide them with a proper protective envelop for performing their dangerous jobs. Their safety is our first and highest priority.

In the 24040 account lines, several changes to these accounts have caused a need to increase expenses and therefore our ability to hold level funding in these accounts has not been possible. Presented below is an explanation for the need to increase two (2) of the operating accounts for volunteer services budget requests.

Personnel Services Accounts:

Account:	24040 – 502050 Retirement - LOSAP
FY14 adopted budget:	\$ 169,305.00
FY15 requested:	\$ 178,880.00
Increase:	\$ 9,575.00

Justification: The increase in funding is to cover the premiums as submitted by the vendor. By way of historical information, the City moved to eliminate an existing enterprise fund that was originally created to fund the volunteer LOSAP benefit approximately eight (8) years ago. The decision was made to incrementally draw down the enterprise fund until all funds were exhausted and it became a budgetary item funded as a part of the operating budget of the fire department. The fund was to be completely drawn down over a five (5) year period. The finance department has determined the fund is has a zero (0) balance which triggers an increase to cover the total premium costs through the FD operating budget. The increase is to fully fund the costs for the LOSAP for the volunteer members of the department and will be subject to premium increases/decreases as the market moves from year to year.

Operating Accounts:

Account:	24040 – 556900 Miscellaneous
FY14 adopted budget:	\$ 3,138.00
FY15 requested:	\$ 6,000.00
Increase:	\$ 2,862.00

Justification: The increase in funding is to cover the expense of criminal background checks for new volunteer members and to cover the expense of purchasing service awards for members that reach service milestones of 20, 30, and 40 years of service.

For clarification purposes, the total increase for Volunteer Personnel Services accounts is **\$12,437.00**. As you know, I conduct an assessment of the volunteer contribution made by our members that serves as a direct cost offset to the citizens/taxpayers of our City. This is accomplished by utilizing a template provided by the National Volunteer Fire Council, which is nationally recognized as the leader in volunteer fire service advocacy. The template provides a quantifiable valuation of the volunteer services for the SFD. This valuation is termed as a cost avoidance figure which means that all things being equal the volunteer fire service saves the taxpayers an amount

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that avoids the costs for career services at the same delivery model. The calculation for the Salisbury Volunteer Services equals an astounding **\$8,127,987.00**. When compared to the actual operating expenses budgeted, the City taxpayers are funding the volunteer services for the department at a rate of **2.74%** of actual costs for services.

If you require further information in explanation of the SFD FY15 budget submission please feel free to contact me.

cc: File