

Erica Lacroix

From: Ken Fletcher <townf@outlook.com>
Sent: Thursday, February 18, 2021 11:11 AM
To: Ray Caron; Benjamine B. Twitchell (bbtwitchell3@gmail.com); Jerry A. Quirion (antonio.jerry101@gmail.com); Jeff West; Lee Trahan; Joseph Gravel; padrapeau@roadrunner.com
Cc: Erica Lacroix
Subject: Winslow Fire Dept Budget
Categories: Budget

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Dear Councilors,

The following is offered for consideration during your budget deliberations.

The Fire Dept Budget has increased significantly during the last three years. The FY21 Budget was \$332,215 more than the FY19 Budget (a 58% increase.)

The decision to move forward with a fire dept. ambulance transport service was primarily justified because there was a consensus that the significant increases were not “sustainable” and the forecasted net positive \$150,000/yr. of ambulance revenue could be used to mitigate the need for future tax dollars to fund dept. costs and fire dept equipment needs.

In fact, the FY21 budget included a new debt service cost for the lease/purchase totaling \$263,534/yr for the Engine and Ladder Trucks in addition to the budgeted \$901,061.

<u>Fiscal Year</u>	<u>\$ Budget</u>
2017	534,492
2018	559,950
2019	568,846
2020	852,505
2021	901,061
2022	993,942 proposed

The proposed FY22 Ambulance budget gives a more complete picture of the costs and revenue. Included in the proposed ambulance budget is \$57,600 for paramedic coverage which actually represents an additional full time employee (2880 hours per year). Also in the ambulance budget is \$24,500 for Billing Service and Delta Ambulance Contracted Services. A Part time Admin. Assist. is proposed to help manage the large paperwork demands of a first

responder entity at a cost of \$26,030 per year. In fact, the proposed FY22 Ambulance budget provides for \$49,424 Admin. Salaries but I have only included the Part time admin. assist. costs for purposes of this analysis.

This analysis assumes that there will not be a total dept. increase for Vehicle & Radio Maint., Training, Protective Equipment and Rescue Medical Supplies as a result of the new ambulance service. Or in other words, this analysis assumes the cost to operate the ambulance service would be equal to the cost of operating the Rescue unit for these categories.

Therefore, the total additional operating costs to support the ambulance service is \$108,130 (paramedics + contracted services + admin. assist.).

In addition to the operating cost, capital investments of ~\$385,000 are planned to provide one used ambulance and one new ambulance (\$85,000 for used + \$70,000 to equip second ambulance + \$230,000 for new ambulance). The capital cost, if amortized over three years at an interest rate of 1.5%, would be \$131,323 per year. Even if there are existing capital fund balances that could be used for the acquisition of ambulances, capital funds will need to be replenished at a cost.

Therefore, the full cost of providing ambulance service would be \$108,130 operating cost + \$131,323 of capital cost for a total of \$239,453 per year. If the ambulance revenue received is \$200,000 as budgeted, then the loss would be \$39,453 per year. If this is the actual result, rather than providing \$150,000 per year of net positive revenue to reduce tax dollars required, the ambulance service would need to be supported by \$39,453 of new tax dollars.

There is another ancillary cost that needs to be recognized. The Rescue vehicle was purchased in 2017 at a cost of \$150,000 with an expected life of 15 years. Since the vehicle was used for three years before it was displaced by the ambulance vehicle, there is \$105,000 of remaining "life" which will not be recovered. Even if the vehicle is sold at the Reserve amount, a loss of \$25,000 would be incurred.

Hope this is useful.

Thanks

Ken Fletcher
382 Garland Rd

Erica Lacroix

From: Ken Fletcher <townf@outlook.com>
Sent: Tuesday, February 16, 2021 2:13 PM
To: Erica Lacroix; Town of Winslow
Cc: Benjamine B. Twitchell (bbtwitchell3@gmail.com); Ray Caron; padrapeau@roadrunner.com; Jerry A. Quirion (antonio.jerry101@gmail.com); Joseph Gravel; Lee Trahan; Jeff West; Ronald Rodriguez; Greg Levinsky
Subject: RE: 2/18 Fire Dept. Budget Workshop Questions

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Hi Erica and Council,

Erica, thank you for your information. I hope this helps the Council in their work ahead.

Prompted by our discussion about the current low interest rate of municipal bonding (i.e. 1.5%), would it be worthwhile to look at a municipal bond to pay for the Lease/purchase agreement for the two fire trucks which are requiring a debt service payment of ~\$263,500 in FY22? I think I remember that the lease/purchase option had an imbedded interest rate of ~5%. My back of the envelope calculations indicate that a 1.5% interest rate would reduce debt service costs by ~\$100,000 per year. If this is correct, would it be wise to refinance the two fire trucks and pay for the \$85,000 used for the first used ambulance and the ~\$300,000 for second new ambulance and equipment if purchased with a municipal bond vs. a lease option agreement? I understand that the first \$85,000 was from existing capital funds but the bond could be used to replenish fire dept. truck capital accounts.

Hope this helps

Ken Fletcher
382 Garland Rd

From: Erica Lacroix <elacroix@winslow-me.gov>
Sent: Tuesday, February 16, 2021 1:43 PM
To: Ken Fletcher <townf@outlook.com>; Town of Winslow <townofwinslow@winslow-me.gov>
Cc: Benjamine B. Twitchell (bbtwitchell3@gmail.com) <bbtwitchell3@gmail.com>; Ray Caron <rcaron@winslow-me.gov>; padrapeau@roadrunner.com; Jerry A. Quirion (antonio.jerry101@gmail.com) <antonio.jerry101@gmail.com>; Joseph Gravel <rgravel@winslow-me.gov>; Lee Trahan <ltrahan@winslow-me.gov>; Jeff West <jwest@winslow-me.gov>; Ronald Rodriguez <rrodriguez@winslow-me.gov>; Greg Levinsky <glevinsky@centralmaine.com>
Subject: RE: 2/18 Fire Dept. Budget Workshop Questions

Ken,

I will answer the questions that I can answer at this point. We will publish the Q&A along with the meeting materials after the workshop. See my answers in RED below.

NOTE: this is a preliminary budget. The proposed cost of living increase and position requests have not yet been approved. Numbers will not be final until the Council votes on the FY2022 Budget in May of 2021.

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Town Manager

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From: Ken Fletcher <townf@outlook.com>
Sent: Saturday, February 13, 2021 2:34 PM
To: Town of Winslow <townofwinslow@winslow-me.gov>
Cc: Benjamine B. Twitchell (bbtwitchell3@gmail.com) <bbtwitchell3@gmail.com>; Ray Caron <rcaron@winslow-me.gov>; padrapeau@roadrunner.com; Jerry A. Quirion (antonio.jerry101@gmail.com) <antonio.jerry101@gmail.com>; Joseph Gravel <rgravel@winslow-me.gov>; Lee Trahan <ltrahan@winslow-me.gov>; Jeff West <jwest@winslow-me.gov>; Erica Lacroix <elacroix@winslow-me.gov>; Greg Levinsky <glevinsky@centralmaine.com>
Subject: 2/18 Fire Dept. Budget Workshop Questions

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Dear Councilors,

Considering that this is the first Fire Dept. Budget which includes the new Ambulance service, I would suggest that a complete review be conducted and all the related cost centers such as Debt Payment Schedule and Fire Dept. Capital Improvement Budget be discussed as part of the 2/18 Budget Workshop. A key component will be the new 'Ambulance Revenue' and how these \$'s will be utilized to offset the increased costs as well offset future Fire Dept. capital needs which was the primary justification for starting the WFD ambulance transport service.

The following are my observations and **questions** with regard to the proposed Fire Dept. Budget:

1. The proposed FY22 Fire Dept Budget, including the new ambulance cost center, shows an increase of \$92,881 from FY21. **Is this correct? Yes**
2. Of the \$92,881 increase, \$38,378 is due to Payroll costs increases and \$54,503 is due to operating cost increases. **Is this correct? Yes**
3. Admin. Salaries increased by \$25,724 as compared to FY21. **Is this correct? Yes.**
NOTE: The majority of the increase is due to the request to add a part time Administrative Assistant to be split between Fire and Ambulance to help with payroll and reporting for both functions as well as any other clerical needs that arise within the department.
4. In the Regular Payroll account, four career FF payrolls were transferred to the Ambulance cost center from the Fire cost center. The Fire cost center indicates a reduction of \$218,080 and an addition of \$196,733.69 in the ambulance cost center for the four FF. **Why is there a \$21,346 difference in Regular Payroll for the four FF positions that were transferred? 1) Fire cost center is rounded, ambulance is not. 2) The monies set aside in the Fire Regular budget for increased pay due to becoming paramedics was moved to Per Diem Paramedics, not Full Time regular salaries.**
5. The proposed FY22 Budget for Part Time Help in the Fire cost center is \$23,600 less than in the FY21 budget. **If this account represents the funding for part-time firefighters payroll, does this indicate that there will be a**

~63% reduction in the utilization of part-time firefighters? No. Those monies were being utilized for part time ambulance help and therefore were moved to the Per Diem line item in the Ambulance budget.

6. The proposed FY22 Ambulance budget indicates that an appropriation of \$57,600 will be needed for Part Time Help designated as Per Diem Paramedics (to allow a paramedic on every shift). **How many hours per year of paramedic services will be provided with the \$57,600 appropriation? How many of the existing nine fulltime FF's are paramedics? How many of the nine fulltime FF are forecasted to be paramedics as of July 1, 2021? 2880 hours. 1 existing FF (Capt. Bolduc) is a paramedic. 2 are in school, not predicted to be certified by July 1. Per Diem help comes at a cost savings over full time staff (no benefits, no overtime). Therefore set-aside monies that were included in the Fire Regular Salaries line item were moved here.**
7. The proposed FY22 Budget indicates that Vehicle & Radio Maint. costs will be \$14,500 more than the FY21 Budget. **Why is this increasing by ~48% as compared to FY21? Has been consistently underbudgeted. 4 year average expenditure FY18 to FY21 is \$48,648 per year.**
FY18 \$49,052
FY19 \$55,230
FY20 \$45,763
FY21 \$44,545 (projected based on expenditures @1/4/2021)
8. The proposed FY22 Budget indicates that Training expenditures will increase from \$15,000 to \$22,000 in total from the FY21 Budget. It is noted that Fire Training will decrease from \$15,000 to \$6,600 while Ambulance training will be \$15,400. **Why will there be a reduction of \$8,400 in Fire Training? Funds were moved to the Ambulance training line item. This is an appropriate reflection of what Fire training will cost.**
9. The proposed FY22 Budget indicates an increase in Rescue Medical Supplies of \$12,000 as compared to the FY21 Budget. **Is the \$12,000 increase a result of the Ambulance service? No. Based on 4 year average. High year was FY2020 at \$27,250.**

Suggestions:

1. The addition of the Ambulance transport service will generate revenue. It would be helpful to also review the 'Fire Dept. Est. Revenue' account as part of the Budget Workshop on 2/18 so that the ambulance transport service revenue can be considered as to how this will offset the increased costs and where those funds will be utilized. **Revenue line item has been conservatively set at \$200,000.**
2. The FY21 Budget included a Debt Payment Schedule which showed an annual appropriation of \$263,534 for the two Fire Truck Lease/purchases. It is my assumption that the second ambulance capital costs will be shown on the Debt Payment Schedule as well. If so, it would be helpful to review the proposed budget for the second ambulance capital costs during the Fire Dept. Budget workshop on 2/18 so a complete 'picture' can be considered. **Debt service is paid from accounts that are separate from Capital accounts. If ambulance is leased monies will be transferred from Revenue line item to Debt Service. If purchased outright monies will come from Capital accounts.**
3. It would also be helpful to consider at the 2/18 Fire Dept. workshop the proposed Fire Dept. Capital Improvement Budget for all the related accounts such as Fire Truck, Fire Dept. Equipment, Rescue Replacement, Fire Dept. Facility and a new Ambulance account? **Capital accounts will be reviewed at the March 9, 2021 Budget Workshop.**

While I understand that there will be other Winslow resident questions, I would suggest that all responses to these and other inquiries be posted on the Town Website.

Thank you

Ken Fletcher
382 Garland Rd