

Memo to Ronald A Grassi
Assistant Chief Administrative Officer
El Dorado County

From Lewis Ridgeway CPA, ,
Member of Board of Directors Latrobe Fire Protection District

Re: Fire Protection and EMS Supplemental Funding (6 pages)

Dear Mr Grassi,

This memo is in response to your letter of March 3 2009 and a follow up to our meeting on March 11th and addresses the five specific points raised in your letter.

First however a few words about my background as it relates to the current situation. I have been a resident in Latrobe since 1987, have served approximately 2 years on the El Dorado County Regional Prehospital Emergency Services Operations Authority JPA, have served on the board of the Latrobe Fire Protection District for approximately three years, my son and daughter in law are both volunteers with the LFPD, my son being a full time paramedic with South Placer District and continues his 14 year volunteer service with LFPD when he is "off duty". Our volunteer training programs are comprehensive and extensive, and several of our volunteers put in many hours of time over and above the call of duty.

Professionally I provide management accounting, cost and financial analysis to businesses and other organizations, and my goal is to help provide management with "better information" not "more".!

I will now address each of your questions in the order they appear in the attachment to your letter ;

***Q.** Since 2001 Latrobe Fire Protection District has received funds from El Dorado County, what has been the historical use of these funds?*

A. These funds have been used to support our day to day operations. In the year ended June 30th 2008 these funds represented 46% of our total funding for that year. Our total funding that year included a FEMA grant of \$40,248, and if that grant were excluded as a non regular source of revenues, the supplemental funds represented 51% of our funding for that year.

Q What would be the impact on your district if funding was reduced by approximately \$23,000 for fiscal year 2009/2010 ?

A A reduction in funding of approximately \$23,000 for one year would not have a significant impact . We have adequate reserves , are without debt , and have no legally binding financial commitments that could impair operation in the short term.

Q What would be the impact on your district if funding was not available for fiscal 2010/2011?

A **Significant !** Based on our 2008 level of income we would lose approximately 51 % of our regular revenues. At our present level of service and commitment this would give rise to a “going concern” question.

We would have two choices, (a) continue with our present level of operations until the funds run out, by using our reserves and the reduced funding support to keep going as long as we can, or (b) immediately plan for reduced services based on the anticipated future level of income. The reduction in service would be considerable and would put the district in “survival mode” Not only would response times not be guaranteed, but the ability to service calls outside our district would be seriously curtailed. If you examine the records you will see that we service a considerable number of calls outside our district. **This is a tangible benefit to the surrounding communities but one that is next to impossible to quantify in dollar terms.**

If we assume that the rest of the funds will still be available, but we receive no supplemental income, and grants are no longer available, we can, by using our entire reserves, survive for two years. The third year will require drastic reductions in service in order to continue in existence. (I can make my calculations available if you wish) The big question then will be, is the level of service we are able to provide worth continuing the service. ?? **The reason I mention this is that we have a quality issue here rather than a dollar issue.** The day will surely arrive when the district is unable to respond to an emergency in a timely manner (for a variety of reasons) and questions will be raised as to our professionalism as a department, individual competence, and the inevitable liability issues. In a nutshell, the fire protection district is not being given the resources to run an efficient operation, which will in turn cause an inevitable reduction in public service.

Q What alternatives solutions can you offer to the current funding structure ?

A **Scrap the percentage allocation. !!** Percentage allocations are always subject to contention, accusations of unfairness, and when comparing rural, semi rural, wilderness and suburban districts create operational areas of such diverse nature that no allocation formula will ever be perceived as entirely equitable.

Use a dollar allocation based on historic operational costs. These costs are well known and well documented . Each district will submit (in advance of the next year) a “request for funding” (or any other name you care to give it) and a team of professionals will meet once a year to consider the applications, and make their decisions based on a criteria to be decided, but one that will be “activity based”

The request for funding could be for multiple years (not to exceed three) (five year plans will be abolished as that is crystal ball gazing and is not worth the time and expense spent on creating such plans)).

This is something that could be “brainstormed” and should not be a long or costly process.

One final suggestion is to consolidate the smaller districts into one, with a central administration. The individual day to day emergency response operations would continue to vest in the local “chiefs” but a centralized administration would handle all accounting, and administrative functions.

If it were planned along business lines it would be relatively simple to implement.

(We could even adopt a business accounting model and have balance sheets) !!

Q What other comments or suggestions can you offer which may assist the County in the decision making process?

(a) Overtime

Examine the overtime payments of all districts and the Prehospital Emergency Medical Services JPA. Make it an operational audit. Overtime payments can get out of all proportion to the overall payroll budgets.

(b) Cost analysis

Better management cost analysis of operations. Distinguish between direct costs and indirect costs, and in particular identify *allocated costs*.

© Allocated costs

Where material, allocated costs should be removed from program costs before decisions are made as to the future of a program. **Allocated costs are costs that will not go away if a program is terminated or suspended. This needs to be fully understood in the decision making process.**

(d) County oversight functions

Examine the number of county employees involved in the “oversight” of fire protection and emergency medical response organizations, and their job functions.. Examine their role and effectiveness of their contribution to the day to day operations. Do they make a difference ?

(e) Vehicle repairs and maintenance

Create a “pool” of funds that would serve to meet vehicle repairs and maintenance costs of the fire districts. This would relieve the individual districts of the burden of unexpected and unanticipated major repair costs. Such costs can cripple a small station . The fund could be set up to operate like an insurance pool, and could be funded out of each districts allocation based on the number of vehicles in operation, their age, and other relevant factors.

(f) Capital expenditures (primarily new vehicles)

Adopt the policy that I understand El dorado County has in place for capital expenditure, namely lease vehicles rather than purchase.

This will have several advantages

- (1) It reduces significantly the outflow of funds from reserves
- (2) The lease payments become part of the annual operating expenditures, and can be budgeted for with complete certainty.
- (3) Districts will be encouraged to replace when needed rather than hang on to old equipment thereby reducing (sometimes significantly) future repair and maintenance costs.
- (4) Such costs are funded by future tax revenues and therefore the burden falls on future tax payers as it is they who are receiving the benefit of the outlay and consequently we are matching future costs with future revenues and future use.
- (5) Leasing through a governmental leasing agency (such as The Municipal Finance Corporation) is not expensive. The last set of numbers that I ran showed that the net costs of leasing was less than the interest revenues forgone by buying outright and using reserves for such funding. (The county was making more from interest income than the lease was costing through the Municipal Finance Corporation.

(6) Budget for a future specific reserve level

Adopt a “reserve policy” and decide on a target for prudent reserve balance to be achieved. . Make that a target that will provide a cushion in the future against the type of economic situation we face today.

Thank you for the opportunity to take part in this discussion, I am available to participate in any future discussions that will provide benefit to the County, the Fire Protection Districts and the Public Benefit.

Lewis Ridgeway (taxpayer, and Director LFPD)

March 13th , 2009

Latrobe Fire

Fund# 652	Assessed Valuation and Debt Service Tax Rate Summary				
	Assessed Value		Delinquency		Means of Financing Voter Approved Debt
	Secured	Unsecured	Secured	Unsecured	Unsecured Secured Total Tax Rate
	\$229,688,290	\$928,905			

Summary of Estimated Additional Financing Sources
(Estimated Revenue, Other Financing Sources, and Residual Equity Transfer)

Sub-Obj.	Actual 2006-07	Actual 2007-08	Dist. Requested 2008-09	Adopted by Board 2008-09
0001 Fund Balance	42,671	43,818	49,152	49,152
Fund Balance Available	42,671	43,818	49,152	49,152
0100 PropTax - Current Secured	101,036	106,117	105,000	105,000
0110 PropTax - Current Unsecured	2,104	2,279	2,400	2,400
0120 PropTax - Prior Secured	-85	-11	0	0
0130 PropTax - Prior Unsecured	39	42	0	0
0140 Supplemental PropTax - Current	3,240	2,514	2,500	2,500
0150 Supplemental PropTax - Prior	3,147	1,013	1,000	1,000
0175 Direct Assessment	34,323	30,046	30,000	30,000
Taxes	143,804	142,000	140,900	140,900
0360 Penalties/Cost Delinquent Taxes	199	334	300	300
Fines, Forfeitures And Penalties	199	334	300	300
0400 Interest	4,794	3,489	3,500	3,500
Revenue From Use Of Money And Property	4,794	3,489	3,500	3,500
0820 State Homeowners Property Tax Relief	1,194	1,176	1,200	1,200
Intergovernmental Revenue - State	1,194	1,176	1,200	1,200
1200 Other - Government Agencies	148,754	209,226	223,400	223,400
Revenue Other Governmental Agencies	148,754	209,226	223,400	223,400
1403 Development Fees	34,516	0	10,000	10,000
Charges For Services	34,516	0	10,000	10,000
1940 Miscellaneous Revenue	0	34,661	5,000	5,000
Miscellaneous Revenues	0	34,661	5,000	5,000
2000 Sale of Fixed Assets	0	1,620	0	0
Other Financing Sources	0	1,620	0	0
Total Financing Sources	375,932	436,324	433,452	433,452

(Summary of Financial Requirements)

Sub-Obj.	Actual 2006-07	Actual 2007-08	Dist. Requested 2008-09	Adopted by Board 2008-09
3001 Temporary Employees	87,782	101,294	120,000	120,000
3004 Other Compensation	0	0	2,000	2,000
3020 Employers Share of Employee Retrmt Sys	2,735	0	10,500	10,500
3021 Employers Share of O.A.S.D.I.	5,409	6,269	7,000	7,000
3022 Medicare	1,265	1,466	2,000	2,000
3041 Employers Share of Unemployment Ins	0	716	0	0
3060 Workers' Comp Insurance	13,628	16,521	18,000	18,000
Salaries And Employee Benefits	110,819	126,266	159,500	159,500
4020 Clothing and Personal Supplies	4,366	15,673	6,000	6,000
4040 Communication - Telephone	5,047	5,197	5,500	5,500
4043 Communications - Dispatch Contract	840	595	1,200	1,200
4060 Food	0	134	500	500
4080 Household Expenses	781	877	1,000	1,000
4085 Refuse Disposal	495	334	350	350
4100 Insurance Premiums	9,212	10,076	11,000	11,000
4140 Maintenance - Equipment	1,165	4,151	4,200	4,200
4141 Maint - Office Equipment	118	10	200	200
4142 Maint Telephone / Radios	1,636	773	1,000	1,000
4145 Equipment Parts	0	133	0	0

Latrobe Fire

Fund# 652

Assessed Valuation and Debt Service Tax Rate Summary

Assessed Value		Delinquency		Means of Financing		Voter Approved Debt
Secured	Unsecured	Secured	Unsecured	Unsecured	Secured	Total Tax Rate
\$229,688,290	\$928,905					

**Summary of Estimated Additional Financing Sources
 (Estimated Revenue, Other Financing Sources, and Residual Equity Transfer)**

Sub-Obj.	Actual 2006-07	Actual 2007-08	Dist. Requested 2008-09	Adopted by Board 2008-09
4160 Maint Veh - Contract Services	38,027	17,104	12,000	12,000
4161 Maint Veh - Drop Ship Inventory	7,405	6,662	7,500	7,500
4162 Maint Vehicles - Supplies	198	1,555	0	0
4164 Maint Vehicles - Tires & Tubes	-55	841	5,000	5,000
4180 Maintenance - Bldng & Imprvmnts	1,168	5,476	4,000	4,000
4197 Building Supplies	902	477	500	500
4201 Medical Supplies - Field	126	1,209	1,000	1,000
4220 Memberships	1,236	580	600	600
4240 Miscellaneous Expenses	204	0	0	0
4260 Office Expenses	4,858	6,748	3,000	3,000
4261 Postage	0	52	100	100
4262 Software	0	248	1,000	1,000
4264 Books / manuals	0	0	200	200
4265 Law Books	0	0	500	500
4300 Professional and Specialized Services	3,205	4,045	5,000	5,000
4304 Spec Dept Exp - Agency Adm Fees	0	0	2,800	2,800
4305 Prof Serv - Accounting	1,123	11,050	4,000	4,000
4313 Prof & Spec Sev - Legal	31	31	500	500
4322 Blood Draws	250	282	2,000	2,000
4400 Publications and Legal Notices	23	264	300	300
4440 Rents & Leases - Bldg & Improv	0	0	2	2
4460 Small Toos & Instruments	1,567	3,558	3,000	3,000
4462 Computer Equipment	2,257	0	2,000	2,000
4463 Equipment: Telephone and Radio	2,064	76	2,700	2,700
4465 Equipment: Vehicle	329	4,888	5,000	5,000
4500 Special Departmental Expense	1,436	1,423	0	0
4502 Educational Materials	569	280	1,000	1,000
4503 Staff Development	113	667	1,500	1,500
4507 Fire and Safety Supplies	13,936	39,032	55,000	55,000
4540 Staff Development Reimbursement (Not 1099)	250	0	0	0
4602 Private Auto Mileage	0	0	300	300
4606 Fuel Purchase - Bulk	12,398	14,057	17,000	17,000
4620 Utilities	2,653	2,858	3,000	3,000
Services And Supplies	119,933	161,414	171,452	171,452
6040 Fixed Assets - Equipment	63,774	83,140	102,500	102,500
6043 Equipment - Capital Leases	12,588	0	0	0
Fixed Assets	76,361	83,140	102,500	102,500
7800 To Reserves	25,000	25,000	0	0
Reserves - Budgetary Only	25,000	25,000	0	0
Total Financing Uses	332,114	395,820	433,452	433,452

List of County-Funded Expenditures for LATROBE FIRE DEPARTMENT				
Period	Budgeted Expenditures	Amount	Actual Expenditures	Amount
	FY08 Aid to Fire Funds	\$ 168,978.00	FY08 Aid to Fire Funds	\$168,978
	8.33%	\$ 14,082.00	Actual - Month 1	
Jan-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 14,082.00	Fund Balance	\$154,898.00
	8.33%	\$ 14,082.00	Actual - Month 2	
Feb-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 28,164.00	Fund Balance	\$140,818.00
	8.33%	\$ 14,082.00	Actual - Month 3	
Mar-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 42,246.00	Fund Balance	\$126,738.00
	8.33%	\$ 14,082.00	Actual - Month 4	
Apr-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 56,328.00	Fund Balance	\$112,658.00
	8.33%	\$ 14,082.00	Actual - Month 5	
May-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 70,410.00	Fund Balance	\$98,578.00
	8.33%	\$ 14,082.00	Actual - Month 6	
Jun-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 84,492.00	Fund Balance	\$84,498.00
	8.33%	\$ 14,082.00	Actual - Month 7	
Jul-08	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	Fund Balance	\$ 98,574.00	Fund Balance	\$70,418.00

Aug-08	8.33%	\$ 14,082.00	Actual - Month 8	
	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	<i>Fund Balance</i>	\$ 112,656.00	<i>Fund Balance</i>	\$56,338.00
Sep-08	8.33%	\$ 14,082.00	Actual - Month 9	
	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	<i>Fund Balance</i>	\$ 126,738.00	<i>Fund Balance</i>	\$42,258.00
Oct-08	8.33%	\$ 14,082.00	Actual - Month 10	
	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	<i>Fund Balance</i>	\$ 140,820.00	<i>Fund Balance</i>	\$28,178.00
Nov-08	8.33%	\$ 14,082.00	Actual - Month 11	
	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	<i>Fund Balance</i>	\$ 154,902.00	<i>Fund Balance</i>	\$14,098.00
Dec-08	8.33%	\$ 14,082.00	Actual - Month 12	
	Personnel: Fire Protection		Personnel: Fire Protection	\$14,080.00
	Operating: Fire Protection		Operating: Fire Protection	
	Capital: Fire Protection		Capital: Fire Protection	
	Personnel: EMS		Personnel: EMS	
	Operating: EMS		Operating: EMS	
	Capital: EMS	-	Capital: EMS	
	Total Expenditures	\$ -	Total Expenditures	\$14,080.00
	<i>Fund Balance</i>	\$ 168,984.00	<i>Fund Balance</i>	\$18.00
SUMMARY				
Year-to-Date	Aid to Fire Budget	\$ 168,984.00	Aid to Fire Expenditures	\$ -
	Total Expenditures	\$ -	Total Expenditures	\$ 168,960.00
	<i>Fund Balance</i>	\$ 168,984.00	<i>Fund Balance</i>	\$ (168,942.00)

This spreadsheet is set up with the scenario that 1/12 of the funds are spent each month. Please return the spreadsheet with your fire department's planned expenditure rate. For instance, if you plan on using the funds for a special project over a four-month period, then use 25% in four percentage cells and delete the other eight.

Scope of Work: LATROBE

ACTUAL

PROPOSED

Month

Month	PROPOSED	ACTUAL
January-08	IMPROVING FIRE PROTECTION	
	1	
	2	
	IMPROVING EMERGENCY MEDICAL SERVICES	
	1	
	2	
February-08	IMPROVING FIRE PROTECTION	
	1	
	2	
	IMPROVING EMERGENCY MEDICAL SERVICES	
	1	
	2	
March-08	IMPROVING FIRE PROTECTION	
	1	
	2	
	IMPROVING EMERGENCY MEDICAL SERVICES	
	1	
	2	
April-08	IMPROVING FIRE PROTECTION	
	1	
	2	
	IMPROVING EMERGENCY MEDICAL SERVICES	
	1	
	2	
May-08	IMPROVING FIRE PROTECTION	
	1	
	2	
	IMPROVING EMERGENCY MEDICAL SERVICES	
	1	
	2	
June-08	IMPROVING FIRE PROTECTION	
	1	
	2	
	IMPROVING EMERGENCY MEDICAL SERVICES	
	1	
	2	
July-08	IMPROVING FIRE PROTECTION	
	1	

August-08	2	IMPROVING EMERGENCY MEDICAL SERVICES
	1	
	2	
September-08	1	IMPROVING FIRE PROTECTION
	2	
	1	IMPROVING EMERGENCY MEDICAL SERVICES
October-08	2	
	1	IMPROVING FIRE PROTECTION
	2	
November-08	1	IMPROVING EMERGENCY MEDICAL SERVICES
	2	
	1	IMPROVING FIRE PROTECTION
December-08	2	
	1	IMPROVING EMERGENCY MEDICAL SERVICES
	2	

PROGRAM ACCOMPLISHMENTS

Month	Accomplishments
January-08	Hired additional staffing
February-08	
March-08	
April-08	
May-08	
June-08	
July-08	
August-08	

September-08

October-08

November-08

December-08
