



Budget and Tax Rate for FY2017  
and  
FY2017-FY2026 Long Range Plan

September 21, 2016

# Budget and Tax Rate for FY2017 and FY2017-FY2026 Long Range Plan

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## OVERVIEW

1. Tax revenue for FY2017 is projected to be \$1,333K. Expenses are projected at \$1,522K. The difference will be made up from unreserved funds from FY2016 of \$184K and very modest interest income of \$5K.
2. Funding for FY2017 will require use of unreserved funds from FY2016. This will totally deplete unreserved funds, precluding any of these funds in future years.
3. Funds do not allow for any needed capital expenditures in FY2017.
4. Operation in FY2017 will include two 24/7 ambulances with a peak-time unit as funds allow.
5. The greatest part of the FY2017 expenses is for manpower, \$1,369K. Other expenses amount to \$153K.
6. The ten-year projection for expenses is \$34,191K while the tax revenue at \$0.030/\$100 will produce \$19,309K.
7. Long-term needs indicate that the current capped tax rate of \$0.030/\$100 will not be sufficient to maintain service at the current level over the next ten years.

## FY2017 Budget

1. The projected tax revenue for FY2017 is \$1,333K based on a tax rate of \$0.030/\$100. This rate is tax cap limited. The FY2017 revenue is up from \$1,025K in FY2016. The increase is due to an increased tax rate, an increase in the tax base and the use of total taxable value not the adjusted taxable value as was done last year.

(A more detailed explanation: The increase is due to three factors. (1) The rate increase from \$0.0252/\$100 to \$0.030/\$100. (2) An increased tax base, \$4,020M to \$4,443M. And (3), the use of the "2016 total taxable value" (Line 19, 2016 Effective Tax Rate Worksheet, \$4,443M) and not the "2016 adjusted taxable value" (Line 23, 2016 Effective Tax Rate Worksheet, \$4,221M). This was recommended by the Hays County Tax Assessor/Collector as a more realistic estimate of the tax base. The use of this as the tax base reduces the probability that there will be an excess in taxes collected and the resulting tax revenue.)

2. In addition to the tax revenue, unreserved funds from FY2016 in the amount of \$184K are allocated to FY2017 expenses.
3. Expenses are a total of \$1,522K, \$1,284 for medic staffing, \$85K for an ESD CEO/Administrator and \$153K for operating expenses. The medic staffing includes staffing for two ambulances 24/7 and additional funding for staffing a third ambulance for peak coverage as income allows. Based on the budget projections, this would be in the January/February timeframe. The expense for medic staffing is based on a short-term contract with SMHC EMS of \$1.1M/yr. basis. This number may change as a result of the RFP process and the negotiation of a new contract.
4. There are three significant expenses in the total of \$153K for operating expenses. One is a one-time expense in the amount of \$15K for completing the RFP and new service provider contract. A second is \$40K for building maintenance resulting from an aging main station. And the third is \$13K for rent for the 290 East ambulance location.
5. There are no capital items included for FY2017 as the income versus expenses provide no funding. The capital and other expenses that are needed to maintain the operation of the ESD on a long-term managed basis are shown in the FY2017 Give-Ups chart in this report. A shortfall of \$498K.
6. A new aspect of the FY2017 budget is the chart showing the RESERVE CALCULATION. This chart shows that an Emergency Reserve of \$500K and a Oct-Dec reserve amount needed to fund the first three months of the following year when no tax revenue is received. This aspect of the budget is particularly important as it demonstrates that the actual cash on hand at the end of the fiscal year is not all available for use in the succeeding year.
7. Based on the income vs. expenses for FY2017, no funds are projected to be available for allocation to FY2018. To be clear, FY2018 will have to be funded strictly by tax revenue.

FY2017 Budget Projection (Corrected 11/9/16)					
				FY2017 Projection	
				FY2017 Proposed Budget	Footnote
Ordinary Income/Expense					
Income					
		4000 · Tax Revenue - NHESD 1		1,332,939.00	[A]
		4005 · Tax Revenues - Old District		30.00	
		4009 · Tax Revenue Refunds		0.00	
		Total Income		1,332,969.00	
Cost of Goods Sold					
		5000 · Contract - EMS		1,284,170.90	[B]
		ESD-CEO/Administrator		85,000.00	
		Total COGS		1,369,170.90	
Gross Profit					
				-45,183.90	
Expense					
		6245 · Miscellaneous Exp		20,000.00	[C]
		6410 · Repair/Maint - Building		45,000.00	[D]
		6080 · Appraisal District Fees Exp		7,500.00	[E]
		6541 · Utilities - Electric		7,290.80	[F]
		6042 · Auditing		5,197.50	[G]
		6040-A · Accounting Services		8,200.00	[I]
		6040-B · Payroll		850.00	[J]
		6040-C · General & Administrative Services		600.00	[K]
		6180 · Insurance -Building		4,377.80	[L]
		6225 · Legal Fees Exp		7,000.00	[M]
		6340 · Telephone/Communications Exp		4,800.00	[N]
		6535 · Travel Exp		1,920.00	[O]
		6412 · Repair/Maint - Equipment		6,000.00	[P]
		6160 · Dues and Subscriptions Exp		2,000.00	[Q]
		6543 · Utilities - Gas		1,000.00	[R]
		6542 · Utilities - Water		850.00	[S]
		6050 · Advertising Exp		1,000.00	[T]
		6260 · Office Exp		1,500.00	[U]
		6355 · Postage Exp		100.00	[V]
		6230 · Licenses and Permits Exp		200.00	[W]
		6120 · Bank Service Charges Exp		25.00	[X]
		6470 · Supplies Exp		0.00	[Y]
		US290 East Location Rent		12,600.00	[Z]
Short Term Projects Exp					
		Tax Cap Ballot Project		0.00	
		New EMS Contract & RFP Process		15,000.00	[AA]
		Exec Search for Dist Admin/CEO		0.00	
		Total Expense		153,011.10	
Other Income/Expense					
Other Income					
		8020 · Gain on Sale of Asset		0.00	
		8000 · Interest Earned		5,000.00	[BB]
		Miscellaneous Income		0.00	
		Total Other Income		5,000.00	
Other Expense					
		6950 · Capital Additions		0.00	
		Total Other Expense		0.00	
<b>INCOME &amp; RESERVE ALLOCATION</b>					
		Tax Revenue		1,332,969.00	
		Other Income		5,000.00	
		Reserve Allocation from Prior Year		184,213.00	
		Total Funds Available		1,522,182.00	
<b>EXPENSES</b>					
		EMS Manpower		1,284,170.90	
		Other Expenses & District Admin		238,011.10	
		Capital Expenses		0.00	
		Total Expenses		1,522,182.00	
FY2016 Year-End Estimate & FY2017 Budget Details - 160921.xlsx (Version approved Regular ESD 1 meeting, 9/21/16.)					
FY2016 Year-End Estimate & FY2017 Budget Details - 160921 (Final) Corrections.xlsx (Corrected version, 11/9/16, Total COGS.)					

## Footnotes

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[A] FY2017 Tax Rate of \$0.03/\$100

[B] Calculated by subtracting \$1.1M for two 24/7 units and all other expenses from funds available (\$1,522,182-\$1.1M-\$85,000-\$153,011=\$184,171) and then adding this back into this item for a peak time unit for the time this will buy.

[C] FY2016 of ~\$1,000/mo. Is base case estimate. Extra \$8,000 is unexpected expenses due to new contract and additional district administrator costs.

[D] Costs keep escalating with age of bldg. (e.g. major roof repair)

[E] Don't know why 2015 was higher than 2016 but assume cost will be consistent with 2015.

[F] 2016 was cooler due to rain but assume will return to weather of 2015 with 10% increase in cost.

[G] Assume minor increase of 5% over 2016.

[H] Average cost for Mar-Jul after process set up was \$639/mo. Projection for 2017 is this base cost times 12 months plus payroll and EE costs of \$3,000/yr.

[I] \$600/mo + \$500 for new budget setup + \$500 for new contract.

[J] Costed at \$50/mo. + \$250 for set up and misc expenses.

[K] Guess at \$50/mo.

[L] 6% increase from 2015 to 2016 assumed to apply in 2016 to 2017.

[M] No consulting projects or tax cap legal expenses but will probably escalate with new service provider.

[N] FY2016 amount (~\$4,200) + ROL cell phone (\$50/mo. \* 12 mo = \$600

[O] Less than FY2016 with SAFE-D in SM but with ROL travel (100 mi./mo. @ \$0.60/mi.)

[P] FY2016 was Lifepak maintenance. FY2017 may be a bit higher.

[Q] May be more participation in organizations with Lamb on board.

[R] While FY2016 was low at ~\$370, expect cost to be close to FY2015 of \$830.

[S] Increased use with peak time unit coming on.

[T] Increased PR with board's desire of more PR.

[U] Normal expenses (e.g. FY2015 of \$460) plus some office assistant help.

[V] A guess, will be somewhat higher than FY2016.

[W] Somewhat higher than FY2016 but may be some unpredictables.

[X] No expected change, should be zero.

[Y] Don't know what would be in this category.

[Z] Probably should renegotiate.

[AA] Some final costs to finish up the project in FY2017 and lingering FY2016 bills. Legal fees of ~\$10,000.

[BB] Will be less than FY2016 since reduced reserve result in reduced principle.

[CC] FY2017 based on FY2017 Budget Projection.

FY2017 Budget Projection					
			FY2016	FY2017 Projection	
			FY2016 Projected	FY2017 Proposed Budget	Footnote
<b>Ordinary Income/Expense</b>					
Income					
	4000 · Tax Revenue - NHESD 1		1,015,761.40	1,332,939.00	[A]
	4005 · Tax Revenues - Old District		26.24	30.00	
	4009 · Tax Revenue Refunds		-1,668.78	0.00	
	<b>Total Income</b>		<b>1,014,118.86</b>	<b>1,332,969.00</b>	
Cost of Goods Sold					
	5000 · Contract - EMS		986,227.22	1,284,170.90	[B]
	ESD-CEO/Administrator		15,000.00	85,000.00	
	<b>Total COGS</b>		<b>1,001,227.22</b>	<b>1,378,152.90</b>	
	<b>Gross Profit</b>		<b>19,866.64</b>	<b>-45,183.90</b>	
Expense					
	6245 · Miscellaneous Exp		12,048.38	20,000.00	[C]
	6410 · Repair/Maint - Building		33,598.40	45,000.00	[D]
	6080 · Appraisal District Fees Exp		5,236.29	7,500.00	[E]
	6541 · Utilities - Electric		5,863.37	7,290.80	[F]
	6042 · Auditing		4,950.00	5,197.50	[G]
	6040-A · Accounting Services		11,689.49	8,200.00	[I]
	6040-B · Payroll			850.00	[J]
	6040-C · General & Administrative Services			600.00	[K]
	6180 · Insurance -Building		4,130.00	4,377.80	[L]
	6225 · Legal Fees Exp		6,033.18	7,000.00	[M]
	6340 · Telephone/Communications Exp		4,184.60	4,800.00	[N]
	6535 · Travel Exp		2,158.72	1,920.00	[O]
	6412 · Repair/Maint - Equipment		4,711.80	6,000.00	[P]
	6160 · Dues and Subscriptions Exp		1,395.00	2,000.00	[Q]
	6543 · Utilities - Gas		370.00	1,000.00	[R]
	6542 · Utilities - Water		665.79	850.00	[S]
	6050 · Advertising Exp		1,023.28	1,000.00	[T]
	6260 · Office Exp		1,892.14	1,500.00	[U]
	6355 · Postage Exp		85.60	100.00	[V]
	6230 · Licenses and Permits Exp		39.50	200.00	[W]
	6120 · Bank Service Charges Exp		25.00	25.00	[X]
	6470 · Supplies Exp		0.00	0.00	[Y]
	US290 East Location Rent		17,300.00	12,600.00	[Z]
Short Term Projects Exp					
	Tax Cap Ballot Project		58,802.82	0.00	
	New EMS Contract & RFP Process		7,037.00	15,000.00	[AA]
	Exec Search for Dist Admin/CEO		14,268.00	0.00	
	<b>Total Expense</b>		<b>197,508.36</b>	<b>153,011.10</b>	
<b>Other Income/Expense</b>					
Other Income					
	8020 · Gain on Sale of Asset		0.00	0.00	
	8000 · Interest Earned		7,114.31	5,000.00	[BB]
	Miscellaneous Income		0.00	0.00	
	<b>Total Other Income</b>		<b>7,114.31</b>	<b>5,000.00</b>	
Other Expense					
	6950 · Capital Additions		60,000.00	0.00	
	<b>Total Other Expense</b>		<b>60,000.00</b>	<b>0.00</b>	
<b>INCOME &amp; RESERVE ALLOCATION</b>					
	Tax Revenue		1,014,118.86	1,332,969.00	
	Other Income		7,114.31	5,000.00	
	Reserve Allocation from Prior Year		230,527.41	184,213.00	
	<b>Total Funds Available</b>		<b>1,251,760.58</b>	<b>1,522,182.00</b>	
<b>EXPENSES</b>					
	EMS Manpower		986,227.22	1,284,170.90	
	Other Expenses & District Admin		212,508.36	238,011.10	
	Capital Expenses		60,000.00	0.00	
	<b>Total Expenses</b>		<b>1,258,735.58</b>	<b>1,522,182.00</b>	

RESERVE CALCULATION			
Preceding Year-End Balance			
Year-End Funds		1,046,388.00	
Emergency Reserve		500,000.00	
Oct-Dec FY2017 Reserve		362,175.00	[CC]
Balance Available for Succeeding Year		184,213.00	
[CC] FY2017 based on FY2017 Budget Projection.			
FY2016 Year-End Estimate & FY2017 Budget Details - 160921.xlsx			



## FY2017 Give-Ups

<u>Item</u>	<u>Estimated Amount</u> <u>\$K</u>	<u>Impact</u>
Opticom	15	Forego preemptive signal control at major intersections potentially lengthening response times.
Peak unit all year	91	A peak time unit will not be put into service until finances permit and this will jeopardize the level zero response times before it is in service.
Retrofit fourth unit for reserve	60	When third unit is put into peak time service will not have a fully equipped reserve unit potentially lengthening response time.
Remount/replace unit 72	250	It is not a given that this would have been done in FY2017 but experience tells us that as a unit accumulates more usage and miles maintenance costs increase and the unit is out of service more frequently necessitating a reserve unit to fill in.
Records retention update	10	Statute calls for secure maintenance of records, especially in the event of a situation where the records could be destroyed and implementation of a defined records retention policy and practice and we will be extending the time before we address this requirement.
Location cost for the peak time unit	12	While the unit will address the level zero coverage, without a third location for this unit, the potential reduction in overall response time will not be realized.
Tax cap election expenses	60	If the lack of addressing the above needs, the needs in the Long Range Plan and the increase in calls at a greater pace than the 100% in ten years premise prove to be even close to reality, additional funds will be needed to maintain service at the current level additional funds will be needed and another tax cap ballot will most likely be necessary.
Total	498	

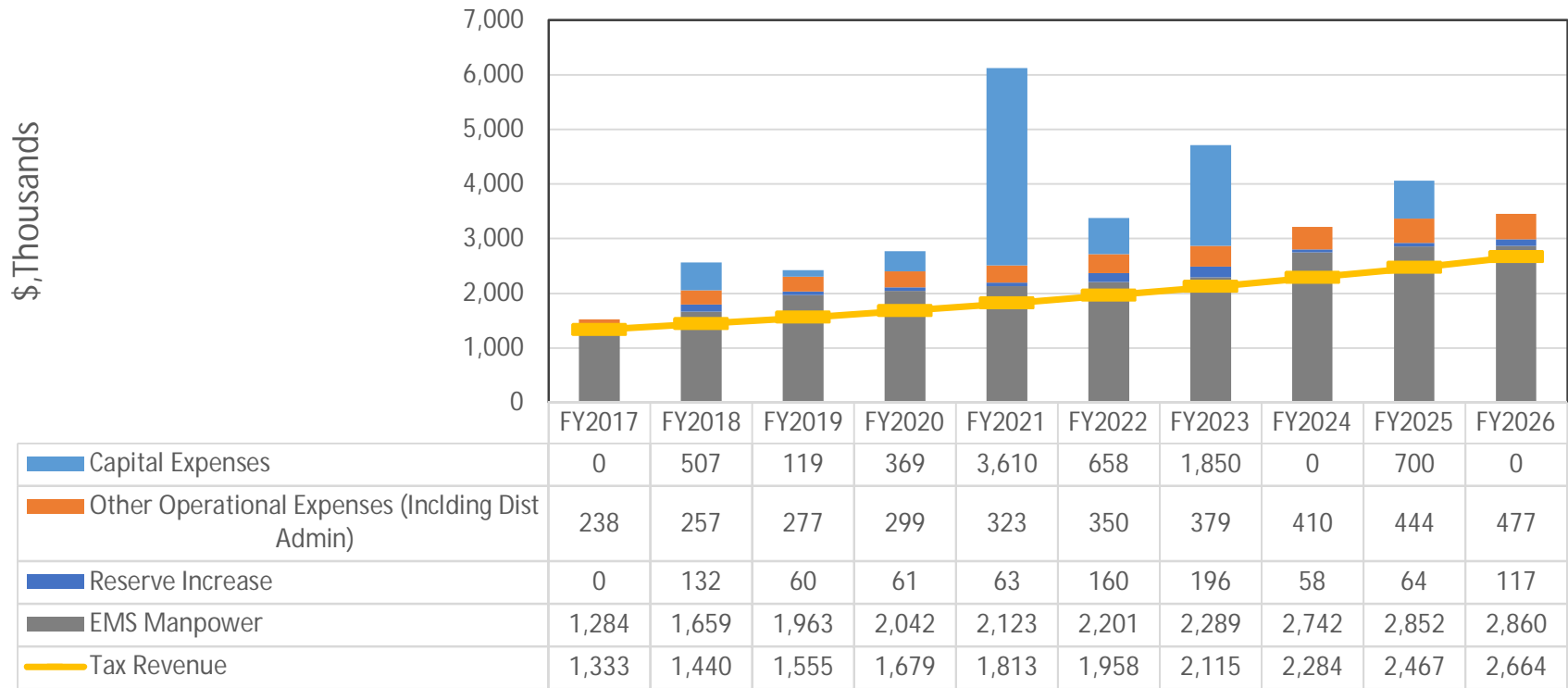
## FY2017-FY2026 Long Range Plan (LRP)

1. Continuing the trend from FY2016, the base assumption in planning for the ten-year period is that the population will double with attendant doubling of the need for EMS services and doubling of the total appraised tax value.
2. The LRP is based on adding resources to maintain service at the current level. It is a needs-based plan without financial constraints that clearly must be imposed if funding does not change.
3. During the early period of the LRP, two ambulances will be operated 24/7 with an additional peak-time (twelve hour, daytime) unit.
4. When the demand indicates, probably in the FY2018/FY2019 timeframe, the peak time unit will be transitioned to 24/7 service.
5. In FY2023, a fourth unit will be put into peak time service with transition to 24/7 when needed.
6. All units will be either replaced or remounted on a four to five year cycle.
7. The main station will be replaced in the FY2021 timeframe using donated property. The old location will be sold.
8. The location in the east US290 area will be rented.
9. A third location will be added in the FY2022/FY2023 time frame at a total cost of \$900K.
10. The Emergency Reserve funds will be maintained at a target level of \$500K, down from the 50% of expenses level in the FY2016 LRP.
11. With the tax cap of \$0.030/\$100, the projected total tax revenue income over the ten-year period is \$19,309K.
12. Projected total expenses for the ten-year period, FY2017-FY2026, is \$34,191K. Of this total, \$7.8M is for capital expenses, \$22M for EMS manpower and \$3.5 for operating expenses.
13. The long range projection during the FY2016 budgeting process was \$23,463. A number of factors contribute to this difference with this year's projection. First, the time period for last year's LRP is FY2016-FY2017 and this year's covers FY2017-FY2026; dropping FY2016 and adding FY2027 represents an increase in expenses of \$1.76M. Second, the projections for building a new main station and a third location as the need arises, later in the LRP period, has been revised from \$1.25M to \$5.0M. The dramatic increase is based on a moderate extrapolation of the current cost to build these facilities. The projection in last year's LRP was based on a very minimalist model and the actual cost when the time comes to build each station will be looked a very closely and will hopefully be between these two estimates. The high number is included in the LRP to provide somewhat of a safety margin. The third factor is the cost of EMS manpower. Since preparing last year's LRP, SMHC EMS have done an in-depth analysis of their costs, revenue and expenses as well as their long-range projections and as a result, our subsidy to SMHC EMS will increase at a rate higher than we had projected last year. Over the ten year period, this will represent an increase of \$5.0M. These three factors alone represent ~\$10.5M.

FY2017-FY2026 NHC ESD #1 LONG RANGE PLAN - Matrix Format

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
<b>Buildings</b>										
111 EMS Drive	Roof				Bldg					
E290	Rent	----->	----->	----->	----->	----->	----->	----->	----->	----->
Third Location						Property	Bldg			
<b>Ambulances</b>										
71 (2015 Horton)				Remount					Replace	
72 (2012 Frazer)		Remount					Replace			
#3 (595, 2009 Frazer)	Peak	Full / Replace					Remount			
#4 (535, 2008 Frazer)		Equip as Reserve		Remount			Peak		Full / Replace	
Captain/Paramedic		New								
<b>MISC</b>										
Opticom		2	1	1	1					
AED'sfor NHCFR						Replace				
Stryker Cots						Replace				
Cardiac Monitors for EMS						Replace				
<b>Staffing</b>										
71	Full	----->	----->	----->	----->	----->	----->	----->	----->	----->
72	Full	----->	----->	----->	----->	----->	----->	----->	----->	----->
595	Peak	----->	Full	----->	----->	----->	----->	----->	----->	----->
535							Peak	----->	----->	----->
Captain/Paramedic			Add	----->	----->	----->	----->	----->	----->	----->
District Administrator	On Board	----->	----->	----->	----->	----->	----->	----->	----->	----->
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FY2017-FY2026 LRP - Matrix Format.pdf										

## Long Range Plan - Tax Revenue vs. Expenses, FY2017-2026

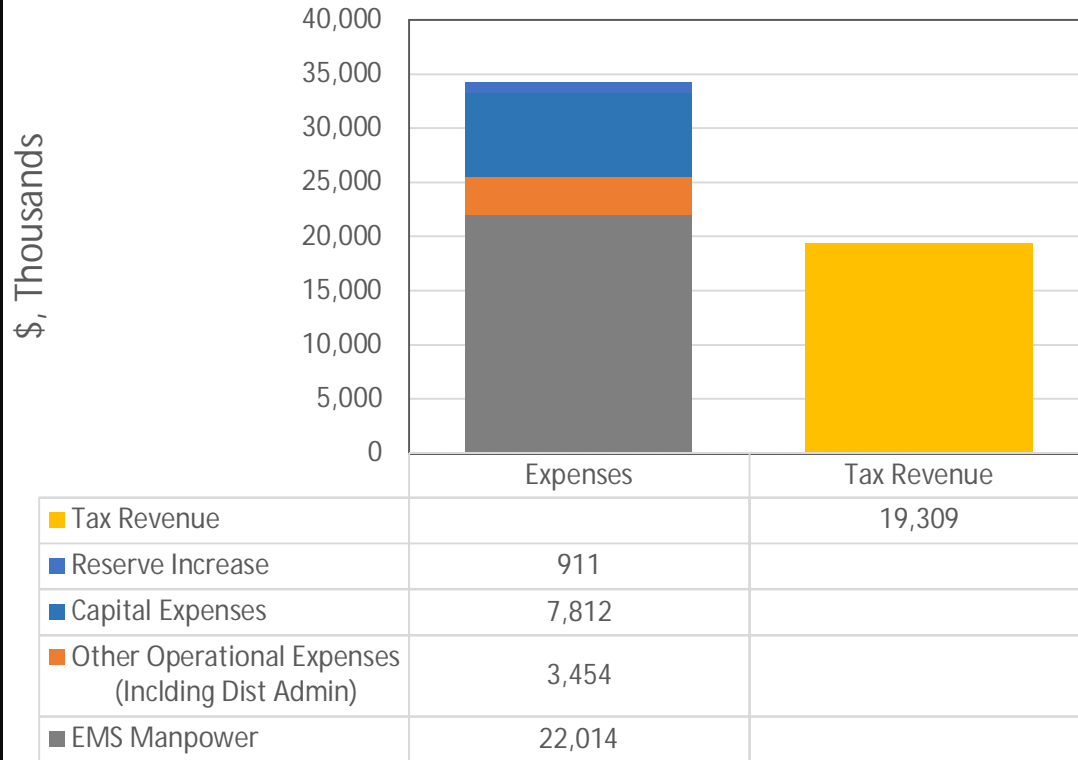


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## Long Range Plan - Grand Totals, FY2017-2026



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