



NEHALEM BAY FIRE RESCUE

BUDGET MESSAGE FISCAL YEAR 2026-27

Budget Committee:

I am pleased to present to you the proposed budget for the operation of the Nehalem Bay Fire & Rescue District for fiscal year 2026-27. I have done my best to estimate and forecast the revenues and expenditures needed for providing professional fire, rescue, and EMS services that our community expects and deserves.

The District uses the integrative budget format, supplemented with detailed descriptions and explanations of the proposed expenditures. The integrative budget is a program budget process which yields a final line-item format. Detailed descriptions are included to clarify the programs provided by the District. This format is conducive to the monitoring of spending throughout the year, and it has been well-received by the board and the budget committee in past budget processes. The goal is to create a management tool which will allow the budget committee an opportunity to have a complete understanding of the financial picture of the organization.

The budget document is divided into eight sections; the first contains the budget message, an overview of the district and policies, the budget calendar, and proposed language to approve the budget. The second section contains the summaries for the district's three funds. The third section contains the schedule supporting budgeted revenue items. The fourth section contains the various personnel related line-item justifications. The fifth section provides materials and services line-item justifications. The sixth section contains the budget year's capital outlay and debt service; it also shows a road map for future budget year capital projects. The seventh section details inter-fund transfers, contingencies, and ending fund balance. The last section contains a glossary of terms that may be used in the budget document.

TAXATION

Nehalem Bay Fire and Rescue District has a fixed property tax rate (\$1.15 per \$1,000 of assessed value), and we can forecast the amount expected to be received by ad valorem taxes. This budget document has been prepared based on a three percent (3.0%) increase over last year's values and an anticipated growth of 1%. The 3.0% tax increase is the maximum increase allowed by Measure 50.

PERSONNEL SERVICES

The District employs a full-time fire chief, finance manager, division chief, captain, lieutenant, and firefighter/EMT. Significant adjustments were made after a comprehensive salary study and an audit of workers' compensation rates were conducted, together representing an 11% increase in personnel services. One full-time position is partially funded by a FEMA SAFER Grant of \$300,000 over a four-year period; most of these funds will be exhausted by June 30, 2027. The District plans to augment fire season response again with part time paid firefighters funded in part by the Oregon State Fire Marshal in the amount of \$35,000. This budget adds funding to continue this program for the duration of fire season rather than the historical practice of ending the program once grant funds are exhausted. The recruitment and retention of volunteers remains a high priority for the District and is reflected in this budget with stipend pay, LOSAP (Length Of Service Awards Program) and several other volunteer incentives.

MATERIALS AND SERVICES

This section reflects the cost for actual operations of the District. It includes training, supplies, utilities, small equipment purchases, required equipment testing, fuel costs, etc. There is high priority on funding for training and education to ensure new and existing members are trained, ready, and well-equipped to do the job to the best of their ability. Operating costs are budgeted at approximately 6% higher this fiscal year due to conference training locations changing from local to distant and increases in overall operating supplies. Reductions were made in contract services, IT, uniforms, human resources, fuel/oil/lubricants and building maintenance.

CAPITAL OUTLAY AND TRANSFERS

Our capital outlay account will fluctuate from year to year depending upon our specific needs. This section of the budget will include major equipment or apparatus purchases that are tracked as capital assets. This budget allows for transfers from the General Fund to the Equipment Replacement and Construction Reserve Funds. These funds will grow over time and allow for timely replacement of equipment. The transfers scheduled for this budget year are allocated for the site work preparation of the future training facility and the replacement of the current HVAC system at Station 13 with a more energy efficient one. Due to a generous donation received in FY 2025-26 for specific facility projects, the District will have a healthy Construction Reserve fund opening balance July 1, 2026.

DEBT SERVICE

The lease/purchase payment schedule for the 2022 Rosenbauer Timberwolf Type III Fire Engine remains our only debt. We are over halfway through the lease/purchase agreement with three of seven payments remaining. The last payment is scheduled for FY 2028/29. An analysis was conducted to determine if paying off the debt from equipment reserve funds was more fiscally prudent than continuing with payments. The

conclusion revealed that the anticipated dividend interest revenue on our reserve funds exceeded the debt service interest rate of the agreement.

ENDING FUND BALANCE

Board policy requires the District to have an unassigned minimum fund balance of at least 15% of the General Fund Expenditures. These revenues support District operations from the beginning of the fiscal year, July 1, to mid-November when tax revenues are received. These funds are also available for economic uncertainties and are carried over year-to-year. This fiscal year, 46% of the General Fund Expenditures are being assigned to the minimum fund balance to build up reserve funds.

SUMMARY

The proposed budget meets federal and state mandates, as well as local obligations. Further, this budget will allow the District to maintain its current level of service. Since the formation of the District, a high priority has been placed on equipment replacement and sufficient staffing to meet the demands of the District. Contingency funds remain in place for unanticipated expenses.

In closing, this is a balanced and responsible budget. It allows us to provide the excellent service levels that our community expects and deserves, in a fiscally responsible manner.

I look forward to meeting with the Budget Committee and discussing this budget in greater detail.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Frank Knight III". The signature is written in a cursive style with a horizontal line at the end.

Frank Knight III, Fire Chief
Nehalem Bay Fire and Rescue District