



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

PHONE: (907) 262-4441 • FAX: (907) 262-1892

www.kpb.us

MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Dale Bagley, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*

FROM: Craig Chapman, Director of Finance *C Chapman*

DATE: June 25, 2015

SUBJECT: Ordinance 2015-21, An Ordinance Providing for Submission to the Qualified Voters of the Central Emergency Service Area in the Kenai Peninsula Borough, Alaska, the Question of Authorizing the Issuance of General Obligation Bonds of the Central Emergency Service Area Not to Exceed Four Million Four Hundred Thousand Dollars (\$4,400,000) for the Purchase of Emergency Response Vehicles for the Central Emergency Service Area, at an Election in and for the Service Area on October 6, 2015

Central Emergency Service Area (CESA) has experienced multi-year flattening of its revenue and an increase in call volume and operational costs. Contributions to the capital fund to purchase the necessary items for fire suppression and rescue has become unsustainable.

Starting in FY2014, after many years of substantial increases in assessed values, these values decreased slightly. In FY2015, there was an additional decrease in values. Much of this decrease was due to increasing the personal exemption on residential property from \$20,000 to \$50,000. This decrease was partially offset by an increase in AS 43.56 (oil and gas) property.

A number of CESA emergency response vehicles (ambulances, engines, and support) are nearing the end of their useful lives and will need to be replaced in the next few years. These vehicles include:

Vehicle/replacement year	Year purchased	Estimated cost to replace
Engine 913 / FY2017	2001	estimated cost \$600,000
SUV 902 / FY2017	2004	estimated cost \$50,000
SUV 906 / FY2017	2000	estimated cost \$50,000
Ambulance 932 / FY2017	2007	estimated remount cost \$120,000
Ladder truck / FY2018	1998	estimated cost \$1,000,000
Ambulance 931 / FY2018	2008	estimated remount cost \$120,000
Utility vehicle 903 / FY2018	2008	estimated cost \$55,000
Utility vehicle 991 / FY2018	2008	estimated cost \$55,000

Engine 918 / FY2019	2005	estimated cost \$600,000
Utility vehicle 994 / FY2019	2009	estimated cost \$55,000
Tanker 923 / FY2020	1999	estimated cost \$500,000
Utility vehicle 907 / FY2020	2010	estimated cost \$55,000
Ambulance 933 / FY2020	2010	estimated remount cost \$120,000
Utility vehicle 993 / FY2020	2010	estimated cost \$55,000
Engine 919 / FY2021	2008	estimated cost \$600,000
Ambulance 934 / FY2021	2011	estimated remount cost \$130,000
Ambulance 939 / FY2021	2011	estimated remount cost \$130,000
Utility vehicle 996 / FY2021	2011	estimated cost \$60,000

Cost saving measures such as consolidating single function specialized apparatus into multi-function vehicles have been adopted. Replacing only the ambulance chassis under the existing ambulance patient care compartments cuts the cost of replacement of an ambulance by half.

Commercial growth in the service area has rendered some apparatus incapable of meeting required fire flows and building height increases have exceeded the reach of CESA's 75-foot aerial ladder truck. New NFPA recommendations and OSHA requirements have made current firefighter self-contained breathing apparatus parts and features obsolete in the next three years. Replacement for this equipment alone is estimated at \$900,000. Motorola will soon cease the production of radio parts for radios currently in service throughout the borough, having an additional financial liability that will impact all service areas.

This proposal is for the replacement or consolidation of existing vehicles only. These are not additions to the current fleet. CESA has eliminated several vehicles from its fleet in the last two years.

The CESA Board is proposing that debt be issued for the purchase of these vehicles. The debt is proposed to be issued in two or more phases, with phase I issued in 2016 in an estimated amount of \$2,100,000 and phase II issued in 2018 in an estimated amount of \$2,300,000. The estimated annual debt service is approximately \$440,000, an amount equal to roughly .17 mills in CESA based upon FY2016 assessed values.