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What's Our Financial Philosophy?

Stanwood, Wash. – Members of the public often ask questions of North County Fire & EMS personnel and board members. As it prepares for a fire levy lid lift request this fall, the Fire Authority wanted to respond to the question, “What is your financial philosophy?”

Three people were interviewed for this article: Fire Commissioner Ric Cade, Fire Chief John Cermak, and Finance Manager Randy Krumm. Each shared their role when it comes to financial management for the Fire Authority.

Fire Commissioner Ric Cade has served on the North County Fire & EMS Board since 2016. One responsibility of the Board of Fire Commissioners is to set policy for the agency, which provides fire suppression and emergency medical service to 25,000 people over 110 square miles.

Commissioner Cade says that he believes the Board has a responsibility to spend tax revenue as responsibly as possible and provide value for those tax dollars.

“We want to provide the highest level of service possible within budget,” said Commissioner Cade. “The issue is that when call volumes increase, costs increase. And then we have to make a hard decision: Do we cut service levels, or ask voters to increase funding?”

Call volumes have increased for the Fire Authority 37 percent since 2013. The Board of Fire Commissioners recently approved a resolution asking voters to consider a 14-cent fire levy lid lift during the November 5 General Election. If approved, the fire levy would return to \$1.50 per \$1,000 of assessed property value, the same rate approved by voters in 2008. The lid lift would last for six years and cost the average homeowner \$49 per year (\$4.08 per month). Funding would be used to hire up to six emergency personnel and purchase supporting apparatus to respond to calls.

Fire Chief John Cermak’s role is to take direction from the Board and put their requested policies into action. He says that the Board looks to revenue requests only after the Fire Authority has exhausted all other efforts to stretch tax dollars further.

“We do a good job of partnering with neighboring agencies to share costs,” he said. “We also have a strong record of earning grants. But grants eventually run out and cannot be considered a stable revenue source.”

The agency had a successful partnership with the City of Stanwood and city voters approved annexing to the Fire Authority last year. Currently, it partners with the City of Arlington's Fire Department on firefighter training and job sharing. These programs save money for taxpayers and improve emergency services for both communities.

When it comes to grants, North County Fire & EMS secured a \$400,000 grant to replace all breathing apparatus for its firefighters. It also earned a \$900,000 grant to maintain staffing levels during the last recession. Some funding from the levy lid lift will go to maintain these positions.

Chief Cermak also has looked for new revenue streams to offset higher costs. With passage of the *Affordable Care Act*, fire districts can now recoup more of what it costs to transport a patient to an area hospital. For local residents, the agency bills insurance companies for this cost, or forgives the expense if a patient does not have insurance. However, 40,000 visitors a year travel through the Fire Authority to Camano Island, a popular tourist destination.

"In the past, our taxpayers were subsidizing visitors if they had a medical emergency," said Chief Cermak. "Now we bill visitors for the actual cost of this expense, which provides additional revenue for staffing, apparatus and equipment."

Finance Manager Randy Krumm is responsible for managing all revenue and expenditures for the Fire Authority. He is the first Finance Manager the agency has had, and he says that the position reflects a commitment to sound financial practices.

"The Fire Authority had grown to the point it needed a person dedicated to managing revenue and expenditures on a daily basis," said Randy Krumm. "We are proud to operate under a balanced budget, and have passed all recent financial audits by the state."

His financial philosophy has been to ensure the agency has adequate reserves for daily operations as well as capital items. Paying cash for fire engines or ambulances is better for taxpayers than financing these purchases and paying interest charges. North County Fire & EMS maintains three months of operating reserves and an apparatus replacement fund for just these reasons.

"This isn't the Fire Authority's money. It belongs to our taxpayers and we are stewards of their tax dollars to save lives and property," said Krumm. "That is the core financial philosophy by which we operate."

The Fire Authority has a copy of its budget on line at www.northcountyfireems.com. Community members with questions are encouraged to contact Chief John Cermak at (425) 789-8036 or jcermak@northcountyfireems.com.

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North County Regional Fire Authority, known as "North County Fire & EMS," provides fire suppression and emergency medical service to 25,000 people over 110 square miles, including the City of Stanwood. More than 70 emergency personnel respond to approximately 4,200 calls per year. North County Fire & EMS is debt-free, operates under a balanced budget and has passed all its independent audits by the State. More information about the Fire Authority can be found at www.northcountyfireems.com.