

COMMUNITY ANNUAL REPORT

Building a Better Fire Service



**SACRAMENTO
METROPOLITAN
FIRE DISTRICT**

For the fiscal year ended
June 30, 2018

PROUDLY SERVING THE CALIFORNIA COUNTIES OF
SACRAMENTO AND PLACER



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Core Values

Integrity · Professionalism · Teamwork · Service Before Self

Financial information in the Community Annual Report is derived from the audited financial statements that form part of the Comprehensive Annual Financial Report (CAFR), which is a detailed report showing Metro Fire's financial condition. This annual report is not intended to be a substitute for the CAFR. To obtain a copy of the CAFR, visit

www.metrofire.ca.gov/index.php/about-us/fin-div

FIRE CHIEF'S MESSAGE

Dear Residents of Sacramento Metropolitan Fire District,

Just like Rome wasn't built in one day, building a better fire service is an undertaking that will take time. It requires that we keep our mission of providing professional and compassionate protection, education, and service to our community at the forefront of every decision. But like every undertaking, it takes one step at a time. So where do we start?

We start with our people. The men and women of Metro Fire come from diverse backgrounds and we continue to attract passionate people committed to serving the public. We create a culture of continuous improvement with unwavering focus on protecting the community and give our people the resources that they need to succeed. Everyone understands their role and takes responsibility. At the end of the day, we answer to the public.

I am pleased to present our first Community Financial Report, which focuses on how Metro Fire has effectively used your tax dollars to build a better fire service. The information presented here is based on the Comprehensive Annual Financial Report (CAFR) which is audited annually by independent auditors. The CAFR provides a detailed and complete report showing Metro Fire's financial condition. In an effort to provide greater transparency, we extracted information from the CAFR and presented it in a format that's easily understandable to the general public without a background in public finance. This report is not intended to be a substitute for the CAFR but will give you a better understanding of Metro Fire's condition and how we operate.

We welcome your questions, comments and suggestions regarding the information in this report and about how Metro Fire is performing. Thank you for the confidence you have placed in us.



Todd Harms
Fire Chief



Elected Board of Directors

as of June 30, 2018

PRESIDENT



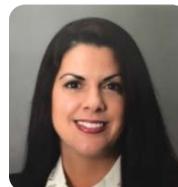
JIM BARNES
Division 9

VICE-PRESIDENT



GAY JONES
Division 8

SECRETARY



JENNIFER SHEETZ
Division 5



FREDERICK GAYLE
Division 1



GRANT B. GOOLD
Division 2



RANDY ORZALLI
Division 3



TED WOOD
Division 4



D'ELMAN CLARK
Division 6



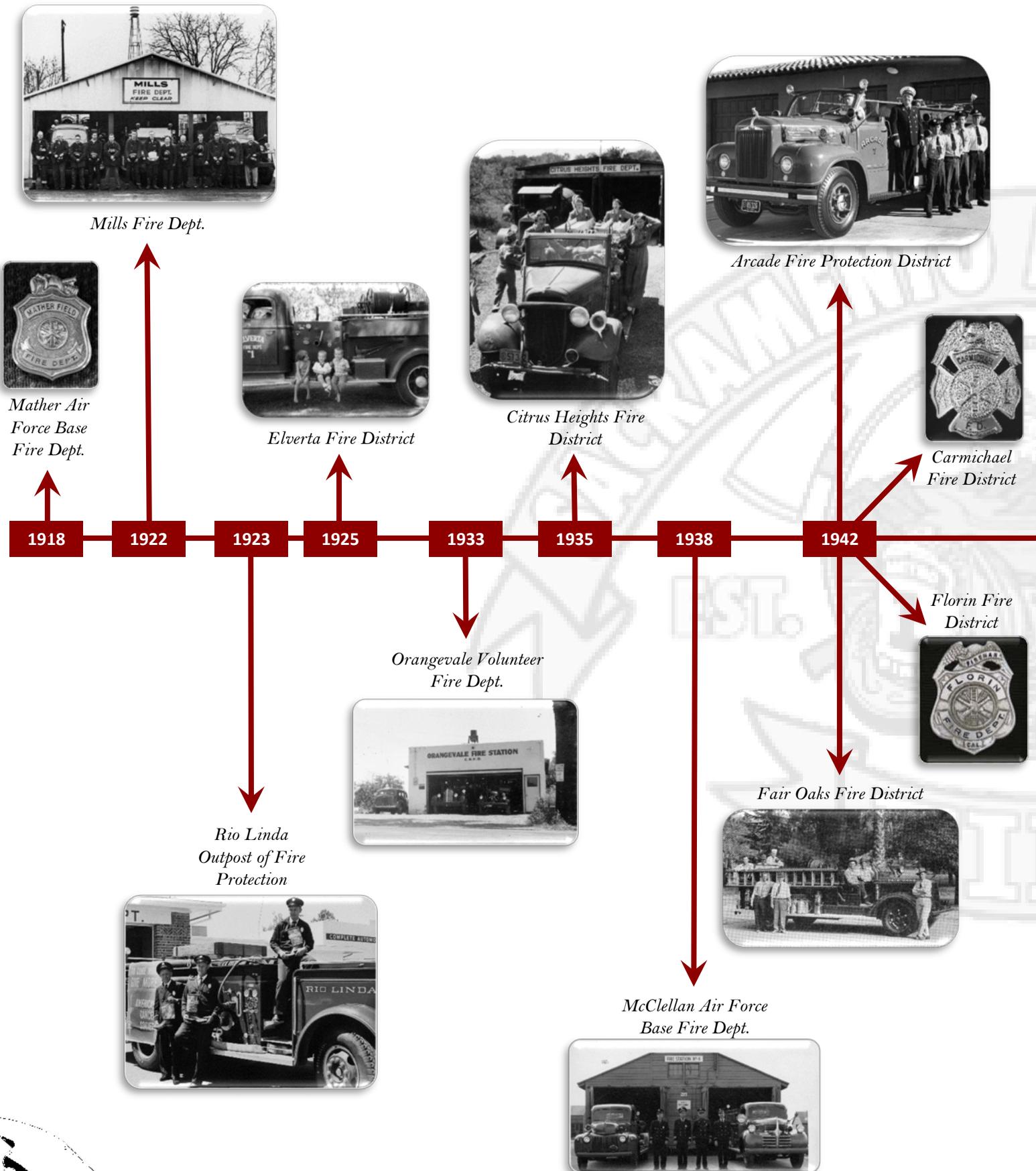
MATT KELLY
Division 7



FACES OF METRO FIRE



OUR HISTORY





North Highlands Village Fire District

Merger of North Highlands Village FD into Citrus Heights FPD



Consolidation of Arden FPD and Carmichael FD into American River FPD

Consolidation of Rancho Cordova FPD, Fair Oaks FD and Citrus Heights FPD into Sacramento County FPD

Consolidation of Citrus Heights FD and Orangevale Volunteer FD into Citrus Heights FPD

1943

Arden Fire District



1945

1947

Sloughouse Fire Protection District



1951

Rancho Cordova Fire Protection District



1958

1983

1984

1989

2000



Sacramento Metropolitan Fire District

Consolidation of all 16 historic fire districts

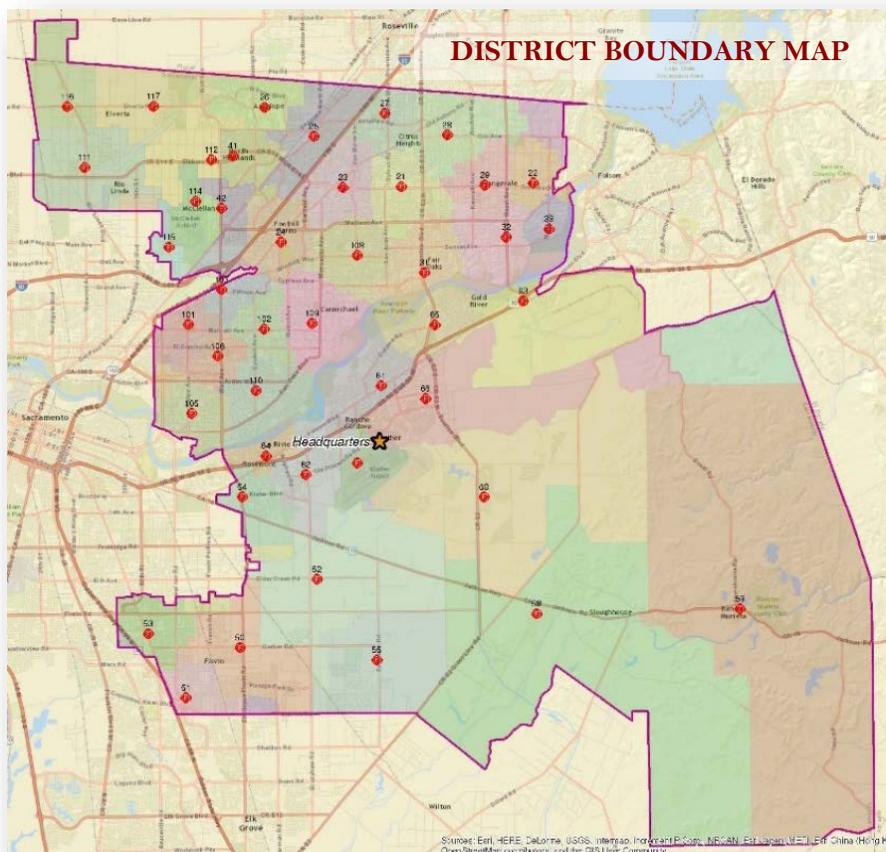


AT A GLANCE

Sacramento Metropolitan Fire District was established on December 1, 2000 through the merger of American River and Sacramento County Fire Protection Districts, which brought together 16 predecessor fire agencies including Arcade, Arden, Carmichael, Citrus Heights, Elverta, Fair Oaks, Florin, Mather Field, McClellan Field, Michigan Bar, Mills, North Highlands, Orangevale, Rancho Cordova, Rio Linda, and Sloughhouse. Metro Fire is governed by a nine-member Board of Directors duly elected by citizens from each of the nine geographical divisions in Metro Fire's area of responsibility.

Today, Metro Fire is the largest fire agency in the County of Sacramento and one of the largest in the State. The combined District provides fire suppression and emergency medical services along with various other public safety and hazard mitigation community services to 750,000 residents in approximately 359 square miles that includes two cities, most of the unincorporated area of Sacramento County, and a portion of Placer County. Within the boundaries of Metro Fire are wildland areas, single and multi-family residential units, commercial and light industrial occupancies, hotels, regional hospitals, institutional buildings, local airfields, numerous convalescent and assisted living facilities,

equestrian areas, and open space areas including hiking trails. Several major interstate highways also traverse Metro Fire's jurisdiction, along with the American River, a major recreation resource for area residents.



Metro Fire provides all-hazard emergency services to the communities it serves. Additionally, Metro Fire staff is not only routinely deployed to local and state emergencies, but also federal emergencies around the country.

did you know?

Although the City of Sacramento and four other regional areas have their own fire departments, with automatic aid, Metro Fire responds to calls within their borders when available and closer to the emergency. These fire departments do the same for us when needed.

BY THE NUMBERS

4m 22s

Average Response Time
Structure Fires

5m 31s

Average Response Time
Medical Aid

41

Fire Stations

281

Front Line Apparatus

58

Deployments

52 California
6 National

664

Metro Fire Employees

562 Fire, Medical, and Rescue
(440 Paramedics,
98 EMTs, 24 Others)
17 Fire Prevention
85 Support

10.4

Average Years
Working at
Metro Fire

Captain – 17 years
Engineer – 13 years
Firefighter – 6 years
All others – 11 years

97,252

Emergency Calls

67%

Medical Calls

2,654

Fires Extinguished

320

Community Events

94 Educational School Visits
108 Fire Station Tours
114 Community Events or Parades
3 Sidewalk CPR Educational
1 Smoke Alarm Community Distribution

12,806

Inspections and Plan Reviews

3,056 Code Enforcement Inspections
3,255 Plan Reviews
5,787 Construction Inspections
163 Fire Works Inspections
545 Weed Abatement Inspections

BUILDING A BETTER FIRE SERVICE

... requires a culture of continuous improvement

Metro Fire has been providing Advanced Life Support (ALS) care and transportation for decades, and we're continuously looking for ways to improve our processes. One example of that is in our ability to provide 12-lead electrocardiograms (EKGs) which reduces the patient's time to treatment. Twelve-lead EKGs provide a 3-dimensional view of the electrical activity inside the heart which helps paramedics to identify ongoing damage to heart tissue (a "heart attack") and decide which hospital can best serve the patient's immediate needs. The information is transmitted to the hospital while the ambulance is in route which helps the hospital prepare and plan for the patient's care before the patient arrives.



... requires involving the community

Metro Fire has an ongoing program called Sidewalk CPR that provides free training on hands-only CPR. It is open to everyone, takes only five minutes to learn, and the steps are easy to remember. If CPR is performed by someone on the scene before paramedics arrive, it greatly improves the chances of survival and full recovery of the patient. The training is provided throughout the year at different community locations and is included in our annual 4-day fire camp program for youths ages 11-13.

... requires staying on the cutting edge of technology

In a continuing effort to improve patient care and employee safety, Metro Fire applied for, and was awarded, a federal grant to purchase automatic chest compression (ACC) devices for every in-service ambulance. Not only does this device perform continuous chest compressions to its cardiac arrest patients, it also allows response personnel to focus on other critical patient care during transport, reduces possible personnel injury and fatigue, and maximizes efficiency of response personnel while significantly improving patient outcomes.



What We Own & What We Owe

The government-wide Statement of Net Position provides a “snapshot” of where Metro Fire stands financially at the close of each fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The largest portion of Metro Fire's net position reflects its net investment of \$70 million in capital assets, net of related outstanding debt used to acquire those assets. Metro Fire uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although Metro Fire's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Metro Fire's negative unrestricted net position is largely due to the recognition of the liability owed to its employees as they retire from Metro Fire. In 2017, this included the net pension liability owed to employees. In 2018, the net liability for post-retirement medical benefits was recognized. Metro Fire is addressing this deficit by setting aside money each year to slowly but surely chip away the liability.

did you know?

Metro Fire has two helicopters that can drop water and help in search and rescue with hoist and night vision capabilities!



June 30, 2018 and 2017 (in thousands)	FY2018	FY2017
ASSETS <i>What is owned by Metro Fire</i>		
Cash and other assets <i>Includes items such as cash and investments, receivables, and inventories</i>	\$ 91,334	\$ 79,252
Capital assets <i>Includes items such as land, buildings, apparatus, and equipment net of accumulated depreciation</i>	92,860	94,402
DEFERRED OUTFLOWS <i>Use of net position applicable to a future year</i>	129,314	80,217
Total assets and outflows	313,508	253,871
LIABILITIES <i>What Metro Fire Owes</i>		
Current and other liabilities <i>Includes items such as payables, payroll, accrued interest and unearned revenue</i>	11,530	11,844
Long-Term liabilities <i>Includes items such as bonds, net pension liability, other postemployment benefits liability, and other obligations</i>	846,666	583,488
DEFERRED INFLOWS <i>Net position received applicable to a future year</i>	45,515	14,968
Total liabilities and inflows	903,711	610,300
NET POSITION <i>Metro Fire's Net Worth</i> <i>The difference between: assets plus deferred outflows of resources; minus liabilities and deferred inflows of resources</i>		
Net investment in capital assets <i>Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire these assets</i>	69,839	70,897
Restricted <i>What is not available for use by Metro Fire because it is set aside for a particular use</i>	5,667	5,974
Unrestricted <i>Funds available for Metro Fire to use for operations</i>	(665,709)	(433,299)
Total net position	\$ (590,203)	\$ (356,429)

REVENUE

Where the Money Came From

Property tax revenue is the main source of Metro Fire's funding and provides support for its fire suppression activities. For every dollar paid by a resident in Metro Fire's jurisdiction, about 24¢ go to Metro Fire. Approximately 78% of Metro Fire's property tax revenue is derived from residential parcels, with an average homeowner contributing about \$538 in the current year.



24¢
Metro Fire

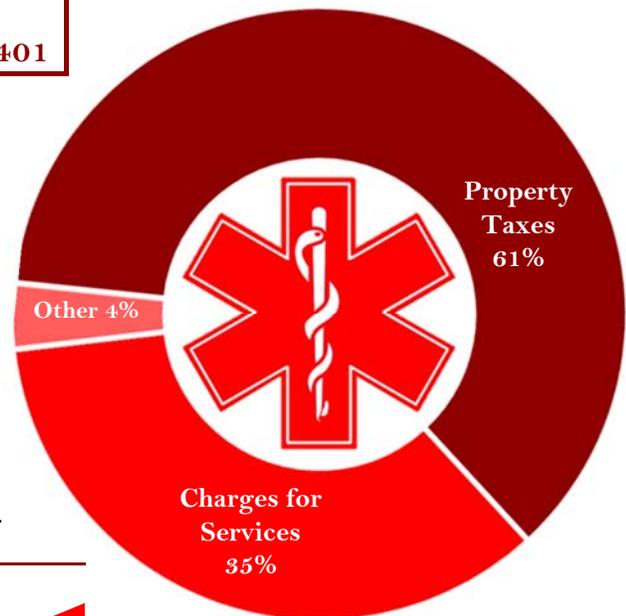
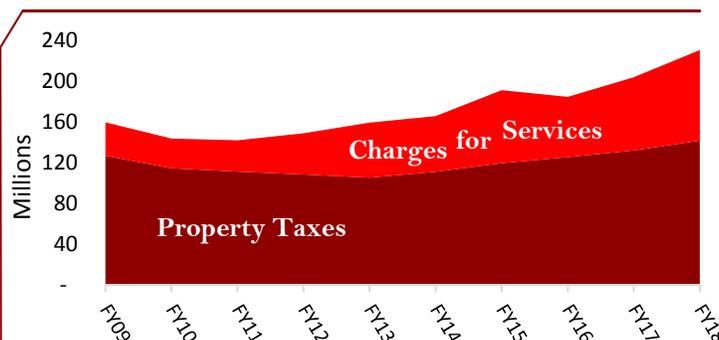
76¢
Sac County and other agencies

SOURCE <i>(in thousands)</i>	FY2018	FY2017
PROGRAM REVENUES		
<i>Revenues that are derived directly from the program itself or from other parties, not the taxpayers</i>		
Charges for services <i>Fees charged for ambulance transports, deployments to other jurisdictions, and other similar charges</i>	\$ 80,537	\$ 63,902
Grants <i>Resources received through federal and State grant awards</i>	1,794	1,407
GENERAL REVENUES		
<i>General revenues are those not required to be reported as program revenues</i>		
Property taxes <i>Real estate taxes received from property owners based upon the assessed valuation and tax rate</i>	141,519	131,875
Intergovernmental <i>Resources received from other local agencies</i>	4,234	4,107
Miscellaneous/Other Income <i>All other revenue such as investment and rental income</i>	2,049	2,110
Total Revenues	\$ 230,133	\$ 203,401

During the most recent recession, annual property taxes declined from a peak of \$129 million in FY2007/08 to \$105 million in FY2012/13. Since then, there have been five straight years of growth in assessed property values. In the current fiscal year, property taxes were \$142 million.

While management expects to see modest growth in property taxes, it continues to find ways to lessen its fiscal dependency on property tax revenues. These efforts successfully yielded better cost recovery on its emergency medical services. As can be seen on the graph below, property taxes contributed 80% of total funding sources nine years ago; that portion now comprises 61% of all sources.

Charges for services and other revenues amounted to \$89 million in the current fiscal year.



Where the Money Went

As a public safety provider, the majority of Metro Fire's operating expenses relates to personnel costs, which comprise about 77% of total expenses. The 5% increase in cost is mainly due to two 2.2% salary increases during the year as well as increasing costs of pensions.

The other significant expense is services and supplies which comprise about 18%. The almost \$11 million increase is mainly due to the associated costs of the IGT program which provides federal funding for Medi-Cal patients.

Metro Fire begins its budget process in the spring each year and adopts a preliminary budget in June, a final budget in September, and a mid-year adjustment in March. The overriding goals of the budget process are to optimize services to the greatest extent possible, ensuring that the ongoing all-risk fire, rescue, and emergency medical needs of the citizens are met; and to provide adequate reserves for future contingencies. The District's reserve policy calls for a minimum of 15% of budgeted General Fund operating expenditures to be set aside to cover unexpected costs or revenue shortfalls.

EXPENSES (in thousands)	FY2018	FY2017
Public Protection		
<i>Direct cost of services provided</i>		
Personnel <i>Includes salaries and benefits such as pension and medical costs</i>	\$ 187,118	\$ 178,385
Services and Supplies <i>Includes fees paid to external vendors for various services and supplies</i>	43,486	32,615
Other <i>Includes assessments paid to other local agencies</i>	2,228	2,097
Depreciation <i>Allocated cost of capital assets over their useful life</i>	4,628	4,721
Interest and Others <i>Includes interest expenses incurred on long-term debt and other miscellaneous expenses</i>	4,289	4,271
Total Expenses	\$ 241,749	\$ 222,089

did you know?

About 7 out of 10 Metro Fire employees are firefighters, engineers or captains. Firefighting services must be staffed 24 hours a day, 7 days a week.



CAPITAL SPENDING

Investing in reliable firefighting apparatus is a crucial step in building a better fire service. Not only does each apparatus have to be maintained in the highest state of readiness to respond to emergencies, it must also take advantage of better technology that will allow efficient and safe operation. Taking into account the operational needs, current fleet status, and available resources, Metro Fire invested in the following significant capital assets in the most recent year:

4 TYPE III ENGINES (\$1.4 million)



Engineered to handle rugged terrain, these engines carry a 500-gallon tank and are designed for wildland fires.

2 BATTALION SUVs (\$105,000)

Command vehicles used by battalion chiefs at fire scenes.

1 FLATBED (\$114,000)

5 TYPE VI ENGINES (\$906,000)

Smaller configuration engines designed for rugged terrain.

STATION ALERTING SYSTEM UPGRADE

(\$2.5 million) This system is in every fire house. It notifies the crew with sound and lights when a call is coming in from the 911 call center.

2
0
1
8

DOZER LOWBOY

(\$108,000)

The lowboy is the trailer used with a truck to quickly transport a dozer to wildland fires.



In the upcoming year, the following are the significant planned acquisitions:

6 TYPE III AMBULANCES (\$1.2 million)



Designed for better gas mileage, these are Metro Fire's main patient transport vehicles.

2 TYPE I ENGINES

(\$1.3 million)

When you hear a fire siren in an urban area, you typically hear a Type I engine. These engines are primarily designed to fight structural fires, hold 700 gallons of water, and have a larger flow capacity than any other apparatus in order to face the threat of high-rise fires.



2 WATER TENDERS (\$890,000)

Transporting more than 2,000 gallons of water, this is mainly used to fight fires in rural areas where there are no working fire hydrants within reach.



2
0
1
9

1 HAZMAT TRUCK

(\$953,000)

Responding to emergencies involving potentially hazardous materials, it also features a mobile laboratory and a command and communication center.



did you know?

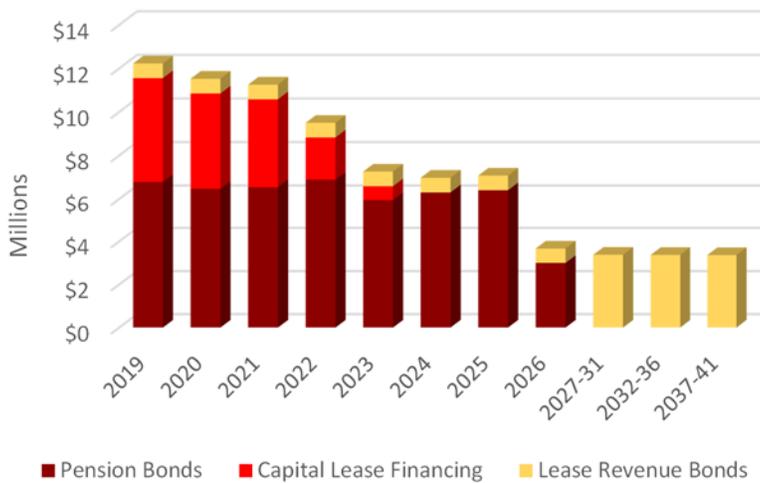


Commonly mistaken for a fire engine, this apparatus, with its ladder across the top, does not carry water and is actually called a ladder truck.

Metro Fire uses debt to spread the cost of larger purchases over time. Metro Fire’s debt policy requires that the maturity of a debt issue be consistent with the economic or useful life of the asset being financed, generally level annual debt services payments, and preferences for fixed interest rates and optional redemption at a reasonable call date. This policy prohibits the issuance of long-term debt to fund District operating costs.

Metro Fire has three major debt types: pension bonds, lease revenue bonds, and capital equipment financing. Pension bonds proceeds were used to reduce the unfunded actuarial liabilities of its pension plans. The lease revenue bonds were used to purchase the headquarters building, building improvements, and fire-fighting and computer equipment. Proceeds of capital equipment financing are used mainly for ongoing apparatus and equipment needs.

Future Debt Payments



AA

S&P Global Credit Rating

S&P upgraded Metro Fire's credit rating from AA- to AA which indicates an extremely strong capacity to repay its pension bonds.

Metro Fire has been awarded the “Certificate of Achievement for Excellence in Financial Reporting” by the Government Finance Officers Association for its Comprehensive Annual Financial Report (CAFR) every year since the first submission of the report for the fiscal year ending June 30, 2014.

In 2017, the Special District Leadership Foundation awarded Metro Fire the “District Transparency Certificate of Excellence” in recognition of our outstanding efforts to promote transparency and good governance.

In 2018, Metro Fire received the “Meritorious Award for Fiscal Year 2018-2019 Operating Budget” by the California Society of Municipal Finance Officers.

AWARD WINNING



District Transparency Certificate of Excellence
July 2017 - July 2018

The Special District Leadership Foundation is proud to present this District Transparency Certificate of Excellence to

Sacramento Metropolitan Fire District

In recognition of the district's completion of all transparency program requirements designed to promote transparency in their operations and governance to the public and other stakeholders.



Mission Statement

*“To provide professional and compassionate protection,
education and service to our community.”*