

EMS Levy Budget Update

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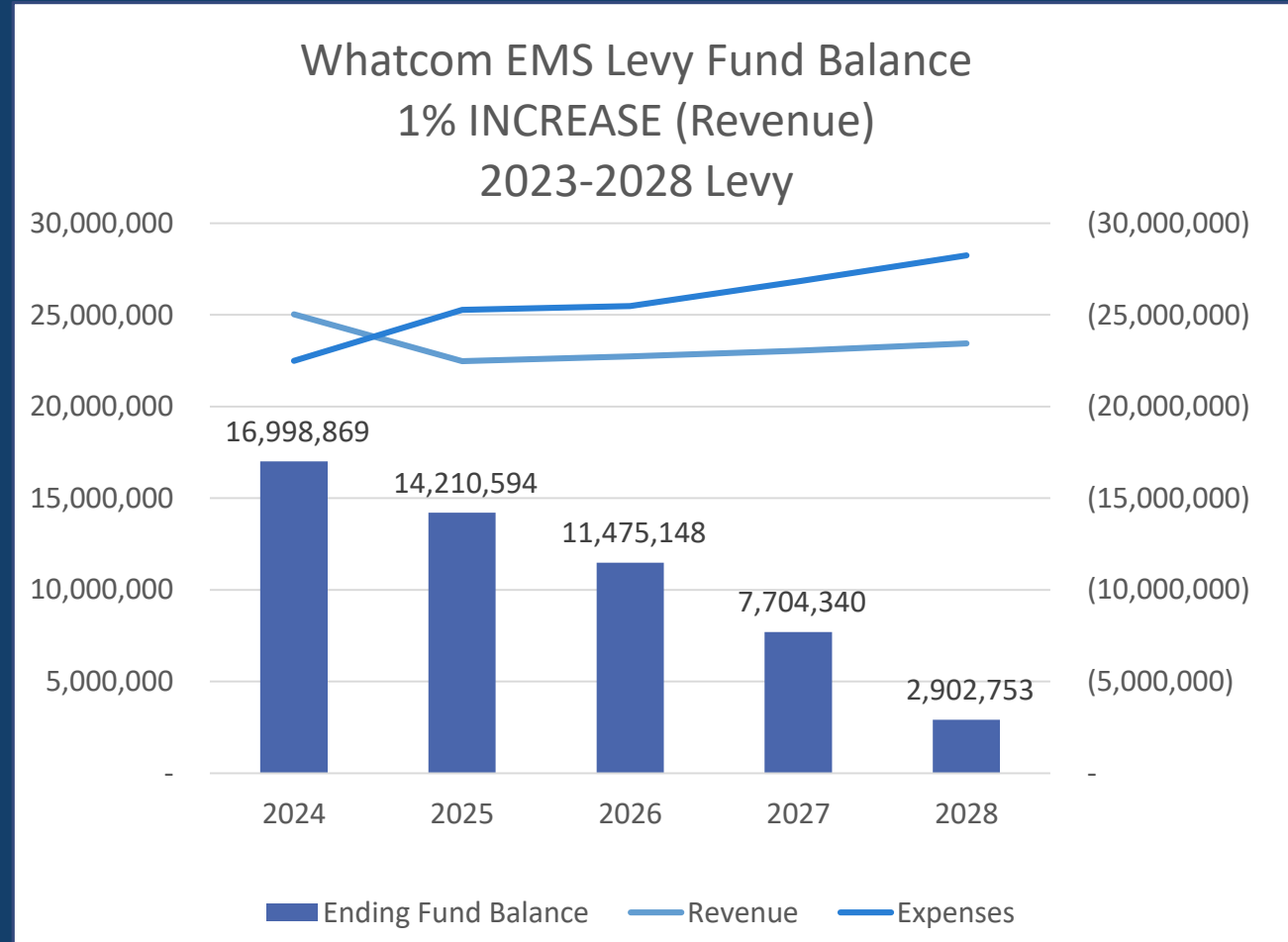
WHATCOM COUNTY COUNCIL COMMITTEE OF THE WHOLE



JUNE 24, 2025

Summary

- Expense escalation and stagnant revenues are creating challenges
- Costs are difficult to reduce due to contracts
- EOB considering recommendation regarding banked capacity





Outline

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- 3 Future Costs
- 4 Banked Capacity
- 5 Next Steps





Background

- In July 2022, the Council adopted the 2023-2028 EMS Levy Plan and put the EMS levy on the ballot, where it passed with 63.95% of the vote.
- The approved Levy budget included **\$13.2 million in revenue** in 2023, slowly moving up to \$13.9 million by 2028.
- The levy rate was \$0.295 per \$1,000 of assessed value, **however** the property values published by the Assessor in Oct. 2022 projected that would have collected \$15.5 million.





Background

- To address this, the Executive's office proposed to the council **to levy \$13.235 million** since that matched the adopted budget and levy plan. The council approved this ordinance and collections began in 2023.
- This leaves the County with approximately \$2.3 million in unused taxing authority (banked capacity).
- For 2024, the Council declined to take their 1% annual increase, but did take it in 2025.



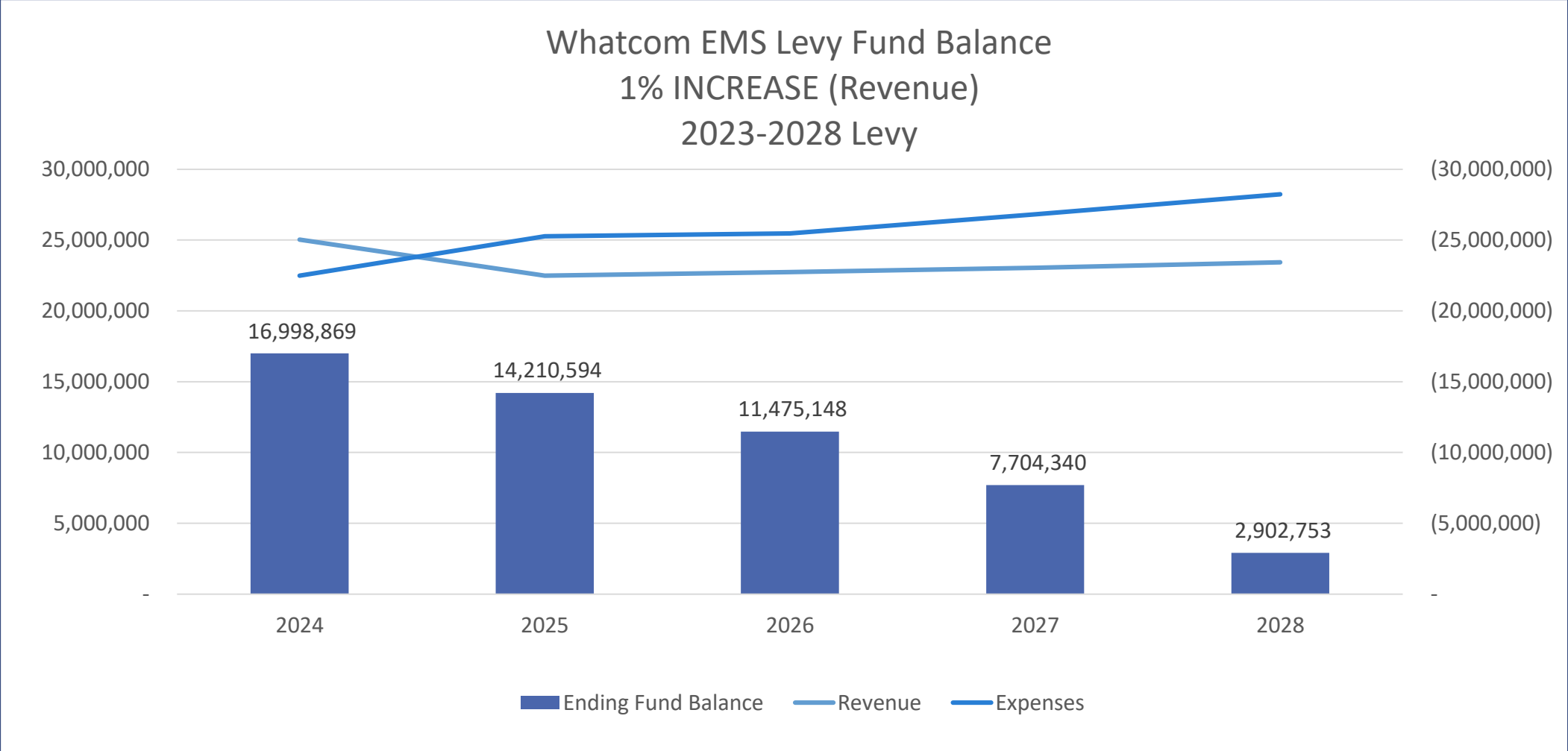
Reserve Target

- The EMS Levy Plan adopted a reserve policy:
 - The Fund Balance should be approximately 70% of current year's budgeted operating expenses and shall be budgeted at no less than 50% of these expenditures.
 - Should a reserve fall below its minimum target balance, the EMS administrator shall create a plan to bring the reserve back to minimal levels. This plan shall be approved by the Technical Advisory Board (TAB) and EMS Oversight Board (EOB) before presenting to the County Executive





EMS Fund Status





EMS Fund Status

- For 2023-2024, revenues were slightly up from projections (\$46.7 million versus a projected \$44.5 million), however so were expenditures (\$44.8 million versus \$43.1 million)
- Increasing costs tied to contractual commitments makes the 2025-2026 budget out of balance with \$45.2 million in revenue and \$50.7 million in expected expenditures.
- This results in a projected \$5.5 million draw on fund balance.
- The HCA's Ground Emergency Medical Transportation program provides approximately 10% of annual revenues to the EMS fund. Proposed cuts at the federal level would put these funds at risk.





Future Cost Escalation

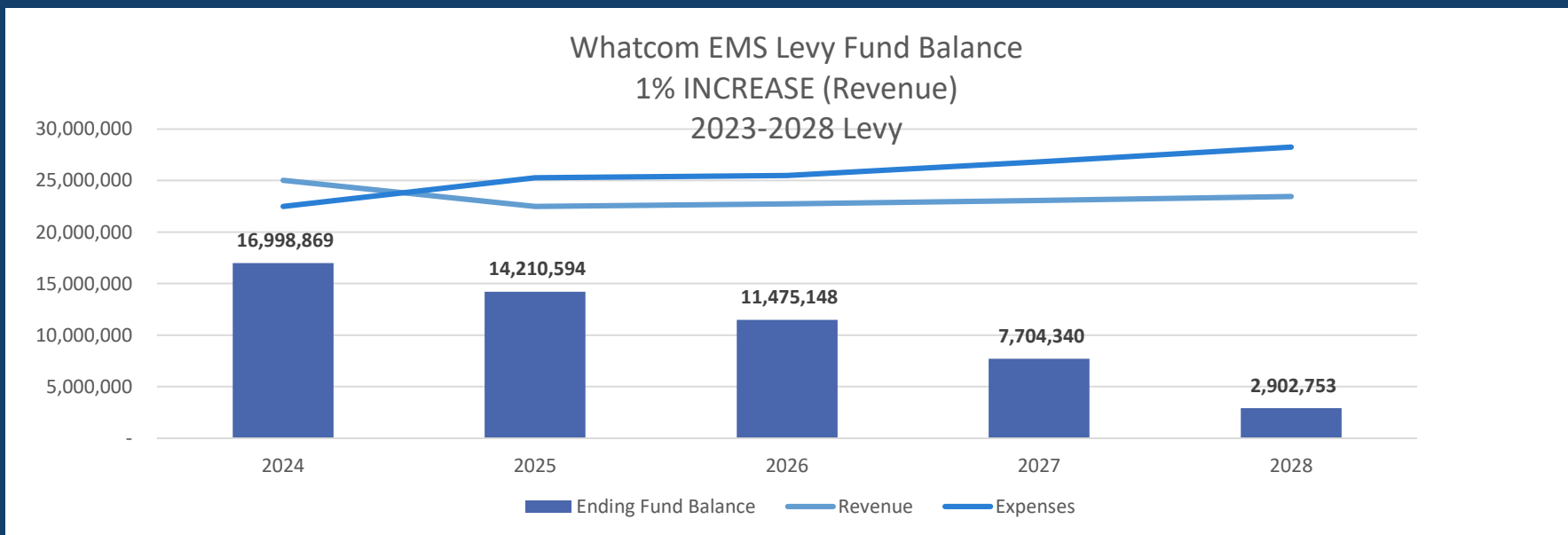
- ALS contracts signed in 2023 tied compensation to a formula (CPI-W+1%), which will increase costs over the next five years.
- Based on an assumption that those costs will accelerate at 5.6% annually, expenditures in 2028 may reach \$28.2 million, well above the \$25.1 million anticipated in the Levy Plan.
- This threatens the fund's reserve target and can create cash flow issues in 2028 and beyond.





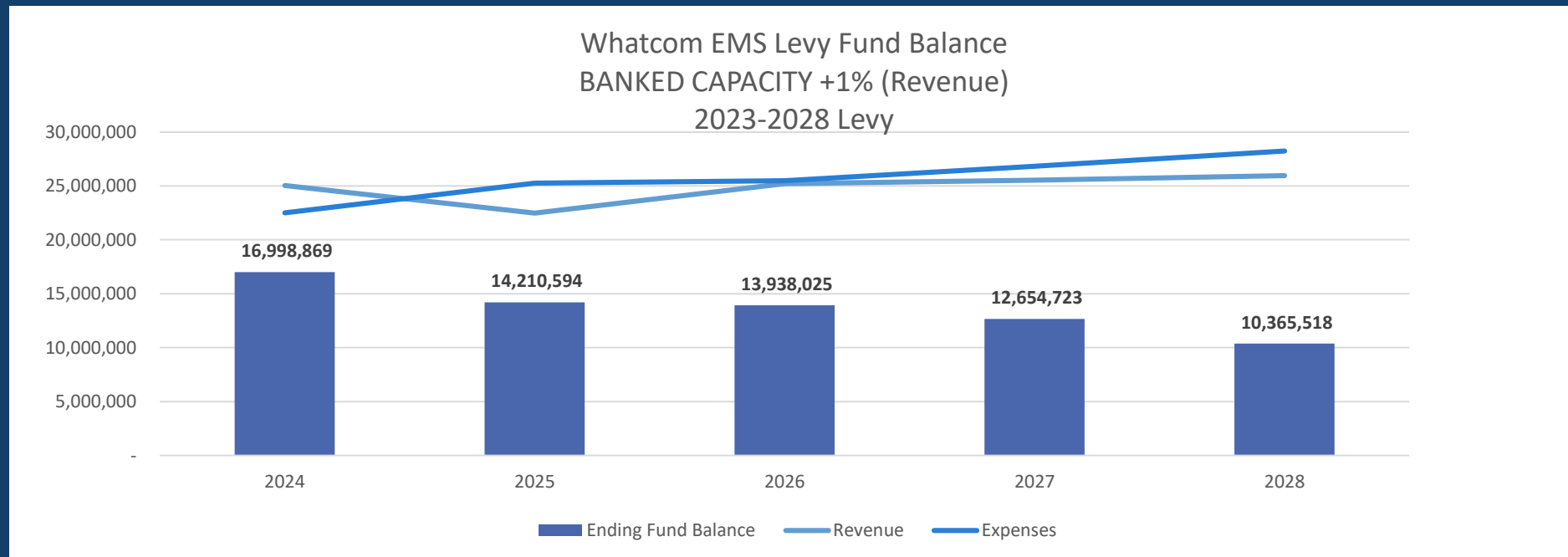
Future Cost Escalation

- 75% of operating funds are personnel
- The rest is equipment, training, fuel, fleet, and other operations costs
- Even taking the 1% increase results in a \$2.9 mil fund balance, well below reserve target levels



Banked Capacity

- EMS Finance Committee has met several times to try and resolve this issue. They recommended use of the banked capacity to the EOB in June 11, 2025 but the EOB deferred voting until late summer
- If banked capacity is used, it still leaves the projected 2028 end balance below the 50% target, and does not address the long-term stability of the fund.





Discussion and Next Steps

- The Executive has asked the Finance Committee and TAB to collaborate and report to the EOB with recommendations in preparation for the mid-biennium budget (August 2025).
- These discussions should shape future discussions for the next Levy period (post 2028).
- As always, we utilize our guiding principles for the budget process.

Guiding Principles

Economic Resilience

Core Services

Transparency