

**CORTEZ FIRE PROTECTION DISTRICT  
FISCAL AFFAIRS COMMITTEE MEETING  
September 15, 2014**

*(The special Fiscal Affairs Committee meeting was scheduled at the regular BOD meeting August 20, 2014, and was noticed in the Legal Section of the Cortez Journal, the paper of record, on Friday, September 9, 2014.)*

**CALL TO ORDER**

All members of the Board of Directors are appointed as members of the Fiscal Affairs Committee. Lori Johnson, Orly Lucero and Kent Lindsay were present for the meeting which commenced at 5:20 p.m. Diane Fox and Sherri Wright were absent. Also present were Chief Jeff Vandevoorde, Asst. Chief Charles Balke, and Administrative Assistant Wendy Mimiaga.

**NEW BUSINESS**

A draft copy of the proposed 2015 budget and the justification sheet was distributed to each Board member.

Chief Vandevoorde started with the ordinary income, the property tax and the S.O., specific ownership, tax. We use a five year average to determine the S.O. tax, and calculate the property tax based on the valuation from the assessor's office. Property tax is estimated at \$1,433,308 and the S.O. tax is estimated at \$80,000. Last year we had a \$10 million decrease in our valuation, but this year we have a \$400 thousand increase. Hopefully the trend will continue. The rest of the income budgeted is estimated income that could come in and grants that will be applied for. This income is not guaranteed, and is not figured in for the ordinary expenses.

The ordinary expenses are comprised of wages, insurance, benefits, overhead expenses, etc. We look at the past years expenses and average increases to try to determine the expense for the coming year. We add a little bit of a buffer to make sure we are covered. We sometimes do not know the rate increases until after we approve the budget.

The reserve funds are figured into the budget. The funds are allocated into four categories plus the required Tabor reserve. We do not want to spend the reserves on the ordinary expenses; they are earmarked for capital and/or unforeseen expenses.

President Lucero asked about the amount proposed for "grants" under Resources. This is the total amount in grants we are expecting to apply for, but does not include the SAFER and AFG grants, as they are listed separately. This would include the DOLA gaming grant, EMS provider grant, etc. We show all that we hope to apply for so if we receive the grants, we will not have to amend the budget to be able to expend them during the current budget year.

**Administration** - The Chief then proceeded to go over each expense category and each line item beginning with administration. The 2015 budget includes a 5% raise for the full time firefighters, 2.5% cost of living and up to 2.5% merit. The firefighters will be evaluated on their performance based on their job description and the additional tasks they are each given, i.e communications, pub-ed, vehicles, etc. We have about a 9% increase for wages and benefits from last year. Based on the ordinary income, the property tax and the S.O. tax, the total wage expense is about 70% of the budget. We have included the health benefit, health insurance, at the current rate, but we are looking into other health insurance programs for a lower rate. The \$90,000 reflected in the budget is the most we would pay for health insurance. Currently, we are looking at up to a \$30,000 reduction in health insurance, which could be attained by changing to a higher PPO plan with our current

company, C.E.B.T., going from a \$600 to a \$2,500 deductible. The co-pay could increase \$5, but the wellness benefits would remain the same. We are also looking on the exchange. The District covers the full cost of health insurance for the full time employees, but if they want to include their spouse, they pay 100% for the spouse. We have ten employees who have health coverage, and two who opt-out, as they have coverage with their spouse.

Ms. Johnson asked why the full time firefighter wages seemed to increase more than the 5% for the wage increases, from \$306,000 to \$390,000. Chief Vandevorde explained that we will be promoting three firefighters to officers, and the total wages include the new officer salaries. The base salaries have been calculated at an average of \$32,500 for the six firefighters, and \$36,000 for the three officers. The total for the salaries also includes built in overtime, which is time and a half for anything over 212 hours in a 28 day period based on FLSA. This averages about an extra \$3,000 per year on top of the base salary. The separate overtime line item is for backfill. Based on the salary projections, the two part-time firefighters are figured to cost \$263+ thousand, but are represented on the budget at \$280 thousand. This is due to hiring back part-time firefighters for extra pub-ed events, open house, etc. Most of the line items for wages are figured a little higher than calculated to cover any unforeseen costs. For total wage expenses we have budgeted \$1.047 million.

Most line items were kept the same as the 2014 budget except for a few. Printing and advertising was increased to \$1,500 to accommodate for any additional legal ads that might need to run for the new fire station, and the miscellaneous line was decreased to \$4 thousand, and an additional line item for recruitment and retention was added for \$4 thousand. This will include the annual banquet and some additional programs we are looking to implement in an attempt to attract more volunteers.

Communications and computers for administration was lowered to \$10 thousand, this is mostly for IT and internet services. We have a total 5% increase overall for administration.

**Fire Suppression** – Most of the line items under fire suppression are explained and broken down on the justification sheet. Fire operating supplies were decreased to \$40 thousand for 2015. In 2014 a large amount of the line item was budgeted to start replacing the air packs, six or more at a time. With the award of the AFG grant, \$284,050, to replace all of the air packs, we were able to reduce this line item for 2015. Our out of pocket will be \$14 - \$20 thousand. We will be able to purchase forty air packs and three RIT packs. It was explained that all equipment is now inventoried, with an item and category number, before it goes into service so that it is better tracked. Most of the 'large ticket items' that need to be purchased and/or replaced, are being done so on a schedule so that they are staggered so not all will need to be purchased at the same time.

Physicals and vaccinations were increased to \$20 thousand from \$12 thousand. This could increase more after we receive the amounts for the annual physicals, which will be NFPA 1582 compliant. This is more in-depth than a regular physical you would receive from your doctor. We will be requiring every member to have a physical each year for liability issues. Everyone needs to be declared fit for duty.

In total we have about a 69% reduction in the budget for fire suppression. We were able to budget for more in 2014, and catch up on many purchases that we needed, due to having the SAFER grant.

**Training** – A breakdown of the proposed trainings and needed materials was also broken down on the justification sheet for both fire and EMS. All of the amounts cited for each individual training account for all cost associated with that training, i.e. registration travel, accommodations, etc. Even though we are showing a 38% decrease in the training budget from 2014, we are not putting any less emphasis on training, but rather looking into having more in house trainings and instructors coming here to conduct trainings, rather than sending people out to individual trainings. We have many high level training opportunities.

Ms. Johnson inquired how it is decided who gets to attend the trainings. The firefighter must be in good standing, and the training must be of benefit to the District and the community. All members

must apply to be able to attend each training, as there are a limited number of spaces allocated for each training. They must then come back and help train the rest of the members. All trainings are an investment in our personnel.

Ms. Johnson asked if the Chiefs had thought about including the trainings in Aniston, AL that are paid for by the Federal Government. Asst. Chief Balke explained that the NSA courses open up twice a year. You have to pay up front, but are then reimbursed. These are not included in the budget as they are reimbursed, only out of pocket expenses have been included.

The training supplies for fire and EMS is for in-house training for manuals, classroom supplies, and supplies to build training props.

President Lucero asked if there was a way to ensure the firefighters will stay with the District after receiving and/or attending all the trainings. Asst. Chief Balke said that legally we cannot contractually obligate people to stay. We do try to keep it even among the firefighters when sending them to trainings.

**Equipment Repair & Maintenance** – We have about a 32% decrease in the budget for 2015. Vehicle repair was reduced from \$40 thousand to \$25 thousand based on what was spent this year, and with the new engine, repair costs have gone down. Gas and oil was also decreased by \$5 thousand based on what has been spent this year. Several categories have been cut back since we no longer have the SAFER grant to help offset the costs.

**Station Operation and Maintenance** – The basic utilities will remain the same, but a substantial decrease was made for miscellaneous station repair and maintenance, from \$60 thousand to \$10 thousand. With the SAFER grant this year, we were able to accomplish more projects, i.e. we will be putting a security fence around station two. Communications also decreased by \$10 thousand. The 40% decrease in this section, from \$146,500 in 2014 to \$88,500 in 2015 is mostly due to having the SAFER grant in 2014 to help offset the cost for the projects that needed to be done.

**Other** – Treasurers fees will remain the same, but we have increased payroll expenses to \$3,500 based on what we have paid this year. Capital outlay was increased to \$50 thousand to cover the cost of the plans for the new station out of the budget instead of taking the funds out of the reserves. The grant expenditures is the amount of grant funding we are applying for, and grant match is the amount we will need to match the grants if funded. The required match for the AFG grant, if funded, is listed separately. The SAFER retention grant, if funded, does not require a match. The grants that we are planning to request, along with the required match and what they will be used for is written out in the justification document. The lease purchase is a set payment for the new fire truck for the next nine years.

A \$40 thousand contribution is budgeted for the volunteer pension fund for 2015. The pension contribution along with the total allocations, the reserve funds, subtracted from the excess revenues, \$1,696,984, leave us with a projected over/under revenue of \$265,984. It is important to have this amount left in the general fund to carry over to the following year, 2016, so that we are able to start the year with enough money for the general operating expenses. We do not receive a large distribution from the Treasurer until March, and we do not want to take money out of the reserves for general operating expenses.

Chief Vandevoorde asked the Board what they want to keep in the reserve fund. When we apply for grants, we have a better chance of funding if we are able to offer a higher match. Even though we need to replace apparatus and equipment, we cannot put in for every grant. We have to be aware of how much the match will cost us, and how much will need to come out of the reserve funds. Once the reserve funds are gone, it is almost impossible to build them up again. Mr. Lindsay asked what would we need to operate and replace equipment. Chief Vandevoorde said the average is to have six months of operating expenses in the reserve funds, but he thought that was

too low for a total amount. When we look at the budget, we start with the ordinary income and ordinary expenses. Then we add in the grants we will apply for, as this is not guaranteed income. We need to evaluate the grants we are going to apply for, and look at putting in for a lower match. We already have \$22 thousand budgeted for lease purchase for the next nine years, and do not want to add to that as we will probably need to lease purchase the new station. We need to move forward on getting the plans for the new station, even if we do not get a grant for half of the cost. We need to know what the cost will be, and if we can do it. Mr. Lindsay inquired what the Chief would do with the old station. The Chief has thought about using it for storage, equipment, a live in program. This will also be discussed at the Board retreat in January when we start looking at capital projects.

**Other Financing** – This includes the \$40 thousand contribution to the volunteer pension fund, shows the allocations for the reserve funds and over/under revenues that are used to pay the general operating expenses at the beginning of the next budget year.

The first reading of the 2015 Budget will be at the Board of Directors meeting October 8, 2014, the public hearing will be held at the BOD meeting on November 12, 2014, and the budget will need to be adopted at the BOD meeting on December 10, 2014. It must be submitted to the Board of County Commissioners by December 15, 2014.

The Chief feels very good about the budget, and has looked at salary and benefit projections for the next several years and feels we are in a good range, and they will be supported by the budget. Chief Vandevorde asked the Board to review the budget and to come to him with any questions or concerns before the October, 2014 meeting so they can be addressed and included in the first reading of the budget.

## **ADJOURNMENT**

Having no further business to come before the Fiscal Affairs Committee, The meeting adjourned at 6:35 p.m.