

**CORTEZ FIRE PROTECTION DISTRICT
FISCAL AFFAIRS COMMITTEE MEETING
September 16, 2015**

(The special Fiscal Affairs Committee meeting was scheduled at the regular BOD meeting August 12, 2015, and was noticed in the Legal Section of the Cortez Journal, the paper of record, on Friday, August 28, 2015, and posted at all four (4) designated posting places.)

CALL TO ORDER and PLEDGE OF ALLEGIANCE

All members of the Board of Directors are appointed as members of the Fiscal Affairs Committee. Lori Johnson, Kent Lindsay, Sherri Wright, Buck Woodman and Orly Lucero were present for the meeting which commenced at 5:40 p.m. Also present were Chief Jeff Vandevoorde, Asst. Chief Charles Balke, and Administrative Assistant Wendy Mimiaga.

NEW BUSINESS

2016 Budget - A draft copy of the proposed 2016 budget, a current profit and loss statement, a justification sheet, and a price list for all items on the justification sheet were distributed to each Board member.

Chief Vandevoorde pointed out that the percent change was listed for each category in the budget. Starting with income, we are showing a beginning fund balance of \$2,030,548. This figure is taken directly from the audit. The two main items under fund revenue are the property tax, \$1,495,898, and the S.O., specific ownership, tax, \$80,000. Our assessed valuation went up about \$5 million in 2015. The current years valuation, 2015, is \$140,285,020, 2014 was \$135,424,770.

We kept the S.O. tax budgeted for \$80,000, however we are slated to take in approximately \$120,000. In 2014 we received \$110,000. The \$80,000 we have been budgeting was derived by taking a five (5) year average, however, we have been doing very well in collecting the S.O. tax over the past three (3) years. We will take in about \$1,575,898 in just the property and S.O. taxes.

Administration - The Chief then proceeded to go over each expense category and each line item beginning with administration. Total wages are budgeted at \$885,000, a 2.9% increase over the 2015 budget. Administration will be \$165,000, full time firefighters will be \$360,000, lower than the 2015 budget, due to some personnel turnover, and hence lower salaries. The part time firefighters remained at \$280,000. This year we are slated to spend \$226,425 due to call off or unfilled shifts. This year we been proactive and have hired six (6) new part time firefighters, and put on five (5) volunteers including the EMS volunteers. Over time increased to \$80,000 from \$35,000. If a shift is not covered, or someone call off or doesn't show up, we have to 'force back' someone if a part time firefighter does not fill the spot. Also, the majority of firefighters that come back for calls are fulltime as opposed to part time firefighters.

Ms. Johnson requested that the budget discussion stop here to discuss the Chief's salary. Ms. Johnson continued that she had spoken with the Chief before the last meeting about bringing up his raise. He explained that a 5% raise, for all the fulltime employees, had been figured into the budget. Ms. Johnson felt that the Board should ratify that, or is it done by approving the budget. President Lucero suggested that it should be added to the agenda for the October Board meeting. Ms. Johnson inquired if everyone gets a 5% merit raise.

Chief Vandevoorde explained that 2.5% is a cost of living increase and 2.5% is for the merit increase, and is decided based on each individuals evaluation. Everyone is currently performing well at their jobs and the assignments they are given. They are meeting or exceeding their expectations. This is also what the Chief was looking for for himself, and why he wanted to have his performance evaluation done prior to doing the budget.

The Chief continued that budgeting a 5% increase will only continue until the firefighter wages improve, but that he is working on a "top off" level for wages for all positions. Once an individual reaches the 'top off' point, then only a cost of living increase will be given.

President Lucero clarified that 5% has been budgeted, but it does not guarantee a 5% raise. It is not automatic.

Ms. Wright reiterated that we should put this on the agenda for the next meeting.

Mr. Lindsay asked about the Volunteer Reimbursement, and that it had been mentioned that we have EMS volunteers, and if there is any differentiation, and how many do we have that are just EMS. Chief Vandevoorde commented that they do not qualify for the Volunteer Pension, and that we have two (2) EMS volunteers. Asst. Chief Balke added that he has also spoken with others that are interested in the EMS volunteer program, that they have no interest in fire. They are set up to do rehab for the firefighters on a fire scene, help with pub. ed., station coverage and B-tone coverage for medical calls. Chief Vandevoorde added that they are also EMS and CPR instructors for the District. The Board consensus was that this is a good program.

The benefits include FICA, retirement, FPPA and health insurance. We have budgeted \$100,000 for the health benefits, but we may come in below that. We are working with another company that seems to be able to offer better coverage for the same amount, or a little less, than what we currently have with CEBT. We have been very proactive in trying to lower the cost of health benefits, and have inquired with other companies to find better rates. We are also doing the same with the Districts insurance, and workman's comp.

The total wage expense for the proposed 2016 budget has only increased 2.06%.

Ms. Johnson commented that the wage expenses are only about 50% of the total expenses. It was pointed out that the average wage expenses are usually anywhere from 70 - 85% of the budget.

Ms. Johnson added that 80 - 85% of the Cortez Police budget goes to personnel.

The rest of the expenses that fall under Administration stayed the same with the exception of a few. Legal and accounting increased to \$20,000 from \$10,000. This was in case we have to do another FPPA audit, we have not yet heard, and additional legal expenses that could be incurred from the election. Insurance was increased by \$10,000 to \$90,000 for 2016. \$5,000 was budgeted for the election for 2016.

Ms. Johnson asked if this was for a mail in or polling place election. It was explained that this would be for a polling place election only. If we had to do another mail in ballot election, it would cost upwards of \$15,000.

Mr. Woodman asked what the election cost was for, and did not realize that the District had to pay for the election. There are a lot of expenses associated with the election, they can be very expensive. The fact that we can hold a polling place election, only for the election of Directors, versus a mail-in-ballot election, which is required by the State if there is a Tobor question, helps the District save a lot of money.

We will continue to fund \$2,000 for the Jack Click Memorial Fund. Mr. Click was a dedicated firefighter, Chief and community member. Mr. Click was very pro training, and this fund helps our firefighters with their outside educational endeavors. As long as it helps the fire department, i.e. it helped Justin Lindsay with paramedic school, and the firefighter is in good standing, they can apply for the funds. We do fund travel/training for within the department, the JCMF is more for outside training and to reward firefighters. Ms. Johnson asked how the money is put in the account. Mr. Lindsay said it was from donations. The Chief explained that it is just a line item now that is funded by the District. Some money, that is not earmarked, that comes in from donations can be used, however we do not always receive donations, especially not enough to fund the line item.

Educational materials were raised to \$6,500 from \$2,500. We do also receive money from Fire Pup, which are donations to the National Fire Safety Council from members of the community for us to use to purchase their fire safety materials. It can only be used for their materials. We use this for Fire Safety Week when we visit the schools. Educational materials are items we purchase to use throughout the year, including fire detectors.

The total amount budgeted for 2016 for Administration is \$1,242,500, 4.36% more than 2015.

Fire Suppression – The Chief continued with fire suppression noting that the line item for clothing was increased to \$30,000 from \$10,000. A large expense if outfitting everyone to present them as professional, and due to the large number of calls and training, it adds to the wear and tear on their uniforms. Most of the other line items under fire suppression remained the same or very close. Physicals and vaccines did increase to \$25,000 from \$20,000. Everyone, who does not already receive a physical from their full time department, will be required to undergo a physical every year. We have been working with S.W. Memorial Hospital, and they have put together a very good and affordable package for us based on the requirements we gave them to meet the NFPA standards. This is one of the most important things we can do for our firefighters. The total budgeted for Fire Suppression for 2016 is \$140,500, an increase of 30.69% over the 2015 budget.

Training – Travel/Training Fire was increased \$5,000 to \$40,000. A list of all the trainings we would like to send people to, and their proposed costs are listed on the justification sheet. Each additional line item remained the same. The total budgeted for Training for 2016 is \$59,000, an 8.25% increase over 2015.

Equipment Repair and Maintenance – Vehicle repair was increased \$5,000. We are currently doing very well and are below budget. We do have a lot of aging equipment, so we just want to be prepared if we have any major repairs. Tools and appliances we increased \$2,000 to \$6,000, and kept equipment testing at \$9,000. We were able to save a lot of money this year by using Mancos for our pump testing, about \$2,500. We will have to flow test our air packs next year. We did not have to this year as they are brand new. Total budgeted for equipment repair and maintenance is \$70,000, 11.11% over the 2015 budget.

Station Operation and Maintenance – The utilities all remained the same with the exception of telephone and sanitation. They were each increased slightly based on costs from this year. Miscellaneous repair for the stations was increased to \$30,000 from \$10,000. Even though we are working toward building a new station, it will be a couple of years. In the meantime we need to make sure we are covered for upkeep of the three (3) stations. One major expense is the garage doors on station one. Everything else, station supplies and communications, remained the same. Total budgeted for station operation and maintenance is \$111,000, 25.42% over the 2015 budget.

Other – The only significant change was capital outlay. It was increased to \$250,000 from \$150,000. We are looking into purchasing a new brush truck in 2016, and continued planning for the new station. This is money that is coming out of the budget, not the reserves. Being able to purchase this vehicle within the budget, and not go into the reserves, is due to good financial oversight and planning. The grant expenditures and grant match is budgeted lower than in 2015. We are looking into several grant options for 2016. These need to be included in the budget so if awarded we are able to expend the funds without amending the budget. We also have to look at what our portion, or match, is for each grant received. We cannot just pay out money to get grants, they have to have a purpose and need, i.e the AFG grant we received this year for new air packs. We received \$289,000 in grant money and only had to match \$14,000. We were going to have to start replacing the air packs, but with the grant we were able to purchase \$300,000 in equipment we needed at only a cost to us of \$14,000. If the grants are not received, the funds will not be expended. We are planning to submit another AFG grant for a new tender pumper. We have aging apparatus, and need to start looking into apparatus replacement. The lease purchase for the engine remains at \$22,000, our annual payment. We received a grant for \$112,000, had some revenue to put down, and lease purchased the remainder of the expense. Total budgeted for other is \$740,500, 15.75% less than the 2015 budget.

Other Financing Uses – The contribution to the volunteer pension fund was increased to \$60,000 from \$40,000. This was done due to the reports from Mike McAndrew and Heidi Trainor, and the fact that our investment return is close to or below the 4.5% needed based on the last, 2014, Actuarial Report. The over/under revenues are projected to be \$90,121. This is the money we have for operations for the first couple of months, for the next budget cycle, as we do not begin to receive tax money from the treasurer until March.

The transfer to the volunteer pension fund increased 50% over the 2015 budget.

For all of the expenditures for the 2016 budget, \$2,423,500, we are only 0.02% higher than the 2015 budget, \$2,423,000.

Ms. Johnson asked about the ending fund balance, \$1,581,946, and why it is not the same as the beginning fund balance, \$2,030,548. Chief Vandevorde explained that the beginning fund balance is taken directly from the audit. The ending fund balance is the total allocations, the reserve funds as allocated by the Board, plus the over/under revenues.

The beginning fund balance also includes the working capital that is held in the general fund. Due to good budget oversight and conservation, the Chief has been building capital to roll over to use for future purchases, i.e. the brush truck budgeted for 2016. Chief Vandevorde further explained that this needs to be done as we do not really make any interest on our investments. The Chief's goal is to again put another \$100,000 into the reserves. The reserve fund is very important for the future of this department, i.e. new station, equipment, future operations.

After personnel, most of the budget is going toward safety and firefighter equipment, vehicles. It was also pointed out that this year our overall valuation went up \$5 million dollars, last year it went down \$5 million. It is very volatile from year to year in this area, you never really know where it will be. The reserves then become very important for future operations. Based on an earlier question from Mr. Lindsay, it was pointed out that the required 3% Tabor reserve is shown under the allocations for Capital Reserves. For 2016 \$73,000 will be held for the emergency Tabor reserves. The other allocations, as directed by the Board, are \$400,000 for operational contingency, \$600,000 for facilities, \$168,825 for equipment and PPE, and \$250,000 for apparatus replacement. Chief Vandevorde pointed out that the \$250,000 for apparatus replacement will not be used for the new brush truck.

Chief Vandevorde then continued by going over the Budget Justifications. This document goes into detail the description, number, cost and a reason for each item that has been budgeted.

The first section went over the personal protective equipment, PPE. The items that are budgeted are structural turnout gear, TecGen turnout gear, nomex hoods, structure gloves, extrication gloves, wildland gloves and wildland boots. It was also pointed out that no firefighter will wear or use any gear on duty or to any emergency scene that is not approved or provided by the District. The Chief and Asst. Chief research each piece of equipment purchased, and know the safety factor of each.

The second section includes items for fire operating supplies. Included in the list is rescue 42 strut kit, thermal imaging camera, four (4) sizes of hose, nozzles, cord reel with light, rope rescue equipment, alpha-10 fire line pack system, hydrocarbon gas and accelerant detector, gas leak detector, SCBA cylinder rescue bag, Milwaukee hose strap, and tubular webbing.

The third section outlined the fire trainings the Chief and Asst. Chief would like to attend and send firefighters to. The total costs for each include travel, per diem, course cost and hotel. The trainings include tri-state, Colorado firefighters academy, advanced live fire, wildfire academy, fire women's conference Colorado state fire chief's conference, fire rescue international, volunteer combination officers symposium, and miscellaneous fire classes that are offered.

The same was listed for EMS trainings. They included Colorado symposium of emergency care, EMS refresher training, EMS classes for EMT and EMT-A, and miscellaneous EMS trainings. EMS training supplies included an airway management trainer.

Under public education the sparky costume was listed. This would be used for public education events, and would be paid for through donations we have received and the tip a firefighter fundraiser.

For equipment tools and appliances, ground ladders will need to be purchased, and the new crewcab brush truck would be purchased under capital outlay. The cost of the new brush truck is less than anticipated. It will replace a brush truck that is nineteen (19) years old.

A third handout listed the prices and totals of the equipment that needs to be purchased. Fire and EMS equipment is very expensive. The total for the budgeted PPE Fire is \$30,000, PPE EMS \$2,500, Fire Operating Supplies \$44,995, EMS Operating Supplies \$8,000, Travel/Training Fire \$40,000, Travel/Training EMS \$10,000, Fire Training Supplies \$5,000, EMS Training Supplies \$4,000, Public Education \$6,500, and uniforms \$29,267.

The Chief commented that he is overall very happy with the 2016 budget, and that it is only up 0.02% over 2015. We are able to offer good wages and a very good benefit package. We are taking care of our employees. President Lucero was happy with all of the updated equipment, and commented that safety and training is important to make sure everyone goes home.

Chief Vandevoorde asked the Board to please go over the information that has been presented and to call with any questions. The first reading of the budget will be at the next Board of Directors meeting, October 14, 2015.

ADJOURNMENT

Having no further business to come before the Fiscal Affairs Committee, Lori Johnson called for the meeting to be adjourned at 7:10 p.m.