

**CORTEZ FIRE PROTECTION DISTRICT
FISCAL AFFAIRS COMMITTEE MEETING
September 6, 2017**

(The special Fiscal Affairs Committee meeting was scheduled at the regular BOD meeting August 8, 2017, and was noticed in the Legal Section of the Cortez Journal, the paper of record, on Friday, September 1, 2017, 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. Sherri Wright, Buck Woodman, Rodney Branson and Orly Lucero were present for the meeting which commenced at 6:10 p.m. Also present were Chief Jeff Vandevoorde, Asst. Chief Shawn Bittle, and Administrative Assistant Wendy Mimiaga. Kent Lindsay arrived at 6:15 p.m.

NEW BUSINESS

2018 Budget - A draft copy of the proposed 2018 budget and a current profit and loss statement were distributed to each Board member.

Fund Revenue - Chief Vandevoorde explained the property tax revenue for 2018 is projected to be \$1,576,589, an increase of \$41,510 from 2017, is derived from the Districts property valuation. The preliminary district valuation was reported at \$141,458,740, \$912,100 less than last year. The Chief further explained that the residential assessment ratio was decreased from 7.96% to 7.2%. The State of Colorado has a very low unemployment rate, lowest in the country, which has caused a housing boom on the front range. *(NOTE: The Gallagher Amendment parameters for tax rates ratio is 45/55, residential vs. commercial. The assessment ratio calculations are done on a state wide basis. Even though the increase in residential property values are primarily on the front range, the RAR decrease is state wide.)* Many more rural districts, primarily on the West Slope, have had decreased property valuations.

The delinquent tax and interest remains estimated at \$7,000 as it is an unknown from year to year, and the S.O., specific ownership, tax remained estimated at \$80,000. In 2016 we received over \$101 thousand. The \$80 thousand estimate is an average over five years. Interest income, on the reserve accounts and the general fund, was again estimated at \$5,000. Travel Training income also remained at \$1,000 for 2018. Miscellaneous income is derived from donations, address sign income, CPR classes and the administrative fees paid to the District by the Pension fund for Ms. Mimiaga's services. This was again estimated at \$4,000. We keep \$50,000 estimated for grants in the event we need to submit a grant for something we need.

The \$500 thousand listed for the DOLA grant in 2018 is part of the \$2 million Energy Impact grant we received. We will have a better idea of how this will be split for 2017 / 2018 as we approach the end of the year. A chart showing the expected monthly cost from WCA was also included in the packet. This is just an estimate, and will be updated periodically. We will not know the grant split until closer to the end of the year.

We took out the CSFS – Fire Income. This is for potential income from wild fire deployments. We have not been deployed for several years, including this year which has been one of the largest wildfire seasons in recent years. If we do get deployed and earn fire income we can amend the budget.

\$10 thousand is budgeted for the gain on sale of assets in the event we sell a vehicle or piece of equipment.

This is the projected fund revenue for now, however it could change over the next few months. We will have the final valuation in December *(due from the assessor on December 8, 2017)* and will be able to figure the true figures of what we will have coming in.

Rodney Branson commented that the property tax is going down. It will not be an increase. They are projecting about \$10,000 less than we received last year because they are lowering the valuations on properties in Montezuma County.

It was pointed out that was what the Chief was explaining earlier, that the assessment ration was lowered, but since the property values have not increased as much here as on the front range it has caused the preliminary valuation of property for our District to decrease \$912,100. Therefore our calculated net change is only \$41,510. Mr. Branson insisted that he talked to the assessor and that this will be a decrease, not an increase. That there should be a negative there. (on the net change for property tax) Mr. Branson asked what "multiplier" was used? It should have been 10.781. It was pointed out that was the number of mills levied for 2017.

An explanation to Mr. Branson on how the property tax revenue and mill rates are calculated, by using the property tax revenue limit calculations to calculate the 5.5% limit, was attempted. As this is a complex calculation and difficult to talk through without using the worksheets, especially when calculating the general mill as opposed the additional voter approved mill, Mr. Branson was invited to stop by the office to review. Mr. Branson stated that he did not need two classes and had already met with the assessor and was given the sheets. It will not be an increase it will be a decrease.

Mr. Lindsay stated that we should clarify this. We got stung once before. We should verify this with the assessor.

Again, the Board was invited to come in at their convenience to review how these calculations are figured. Mr. Branson stated we could then walk over to the courthouse and see if they got it wrong. *(note: the county assessor is responsible for determining the value or assessment of property, DOLA is the responsible agent for determining the statutory property tax revenue limitation that determines the mill levy.)*

Administration – Chief Vandevoorde began with wages, projected to be \$889,000 for 2018. This is a net increase of \$85,500 for 2018 and includes up to a 5% wage increase. Administration will increase to \$178,000 from \$170,000 in 2017, full-time firefighters will increase to \$474,500 from \$448,000 in 2017, and reserves will increase to \$140,000 from \$125,000 in 2017. The reserve wages are slated to be a little over budget this year as more than expected reserve firefighters have filled in open shifts for full time firefighters, and for helping with special events. Overtime was increased to \$97,000 from \$60,000 in 2017. This is due to taking the accumulated vacation hours into consideration. For twelve (12) full time firefighters, it is calculated that they will have over 2,000 vacation hours accumulated by the end of the year.

As we do not have many volunteers, the volunteer reimbursement remained at \$5,000 for 2018. This is the 'stipend' that is paid to volunteers to come back for calls. It will be calculated and paid once a year in December.

FICA, Medicare and social security, remained at \$5,000 for 2018. We pay both for the part time firefighters, but only pay Medicare for the full time firefighters who have a qualified pension. FPPA Retirement was budgeted at \$70,500. The FPPA pension is paid in lieu of social security. The health benefits, medical insurance, was budgeted at \$116,160 for 2018. This shows a decrease from 2017 even though we are expecting a 4.9% increase in benefits, less than the national average, but we have a better idea of the cost than we did last year.

Mr. Branson inquired about the wage increase. The Chief explained that the 5% is 2.5% cost of living increase and up to a 2.5% merit increase. It is not a given that they will receive the full 5% increase. This will help get the firefighter wages up and closer to the estimated top off wage.

Mr. Woodman expressed that he thought this was very good, being given a cost of living increase and a merit increase.

Chief Vandevoorde also explained that the firefighters also have a lot of other benefits, and are covered very well here.

Chief Vandevoorde continued on with the 2018 budget and went over each line item. Dues and Subscriptions was increased \$500 to \$4,000 to be more aligned with the actual cost for 2016. This includes the Colorado Fire Chiefs, Montezuma County Fire Chiefs, SDA, IAFC, etc.

Legal and accounting was decreased by \$5,000 to \$15,000. This includes the \$6,500 cost for the annual audit. Heidi Trainor signed a five (5) year contract for the set fee.

Insurance was dropped to \$70,000 from \$90,000. This is a closer figure to what the actual cost is. This includes Liability, Workman's Comp, Death and Disability and the Employee Assistance Program. The line items for Postage, Office Supplies and Printing/Advertising were all decreased from the 2017 budget.

Miscellaneous was increased \$1,000 to \$5,000 for 2018. This includes the office rent we are paying for the administration offices until the new station is finished. It also included things such as board meals, flowers, etc. Associated with this is the line item for recruitment and retention. This was decreased by \$3,000 to being just \$1,000 for 2018. This is used for additional miscellaneous item as buying pizza's after a big fire, etc.

\$2,500 has been budgeted under Election Expenses as 2018 is the regular Special District election. We will not have a TABOR question on the ballot, therefore we do not have to hold a mail ballot election, and can have a polling place election.

The line items for Equipment Repair/Maintenance, the copier lease, Communication/Computer, internet service web hosting and computer service and repair, and JCMSF, the Jack Click Memorial Fund for firefighter education, were all unchanged for the 2018 budget.

Educational Materials was decreased by \$1,000 to \$1,000 for 2018. This is what we use to purchase smoke and CO detectors for citizens, and Halloween candy to name a few.

Fire Suppression – The Chief continued with fire suppression pointing out that the Clothing Allowance, which included uniforms, boot, coats and any alteration, and PPE Fire, bunker gear and SCBA, were both decreased by \$5,000 for 2018. We have been purchasing an average of four (4) to five (5) sets of new turnout gear each year. Each set averages about \$5,000 each. We also have several pairs of structure boots, helmets, gloves, hoods, etc. in stock. There was no change for the PPE EMS. It remained at \$2,500.

Fire operating supplies was decreased by \$10,000 to \$25,000 for 2018. This included hose, nozzles, foam, etc. All of our vehicles have the same hose and nozzles on them now. This has all been updated over the past three (3) to four (4) years. We also have plenty of back stock for the hose. The foam is warehoused by us for the company we purchase it from. We only pay for what we use, and this way there are no shipping fees.

EMS Operating Supplies was decreased from \$5,000 to \$3,000 for 2018. This included oxygen, drugs, first aid supplies. We are now working with Southwest Memorial Hospital to purchase our drugs. It has saved us a lot in expense, and they will swap out our inventory if it is close to expiration.

Physicals/Vaccines was decreased \$5,000 to \$20,000 for 2018. This includes drug tests, annual physicals and follow up if necessary. We have been working with Southwest Memorial Hospital who gives us a very good price for a full firefighter physical.

Training – Travel/Training Fire was decreased to \$20,000 from \$30,000 for 2018. This covers the Colorado Fire Chiefs, FRI, SDA and all outside trainings. We have a good grasp on what trainings we need to send our firefighters to, and Asst. Chief Bittle has been doing a lot of in house trainings. Travel/Training EMS, and Training Supplies for both Fire and EMS were left unchanged for 2018 from the 2017 budget.

Equipment Repair and Maintenance – Vehicle repair was increased by \$10,000 to \$40,000 for 2018. Some of our apparatus is aging and we anticipate further repairs. Lt. Moreford is very good at keeping up with the preventative maintenance, the fleet and its needs.

Gas and Oil remained unchanged. Equipment Tools/Appliances was decreased by \$2,500 for 2018. This is for small equipment maintenance such as chain saws, fire extinguishers, etc.

Equipment Testing was increased by \$5,000 to \$10,000 for 2018. This is for the annual ladder testing, pump testing, hose testing, etc. We have been able to save money by having the Mancos Fire Protection District perform or pump testing rather than UL who does the ladder testing.

Station Operation and Maintenance – The utilities all basically remained the same as the previous year. Repair and station maintenance, for all three (3) stations, also remained the same as 2017, as did Station Supplies and Equipment.

Communications also remained at \$40,000. This also includes the yearly dispatch fees that run around \$23,000. This could increase a little as we are looking at going over 2,000 calls for this year,

2017. The Dispatch Fees are based on the number of calls you have. The rest is for radios and pagers, which we have been upgrading. And alarm monitoring.

Mr. Lindsay pointed out that in the past they had trouble with the radios on Ladder 1, and asked if they were still having problems. The Chief reported that all the radios work well, however there are no headsets on the ladder truck.

Other – The treasurer's fees are estimated at \$31,550, 2% of the property tax collected. The payroll expenses, the expense associated with our payroll and accounting through Quick Books, remained unchanged at \$4,000. Capital Outlay is budgeted at \$230,000 for 2018. This will mostly be used for the new station.

Again, the Grant Expenditures will be more clear closed to the end of the year.

The Lease Purchase was budgeted at \$125,000 for 2017 as it was unknown what the actual cost would be until we completed the transaction (March, 2017). For 2018 this is budgeted at \$106,891 as we now know the actual cost, the engine is \$21,676 for six (6) more years, and the station will be \$85,215 for twenty (20) years at a fixed rate.

Other Financing Uses – The amount budgeted for the volunteer pension is \$47,000. As per the latest actuarial study, this is the amount the District can allocate to leverage the highest amount from the State matching funds. The total allocations, the amount in the reserve funds, is budgeted at \$730,000. This leaves us with \$26,529 over revenues.

The Chief added that we are probably at about 50% of our budget for 2017. With good budget management, we are hoping to have at least \$100 - \$200 thousand to roll over for the beginning of the year 2018.

The Chief reminded the Board that the official first reading of the 2018 budget will be at the October 11, 2017 meeting, the public hearing will be held at the November 8, 2017 meeting and the budget will be approved at the December 13, 2017 meeting. The final valuation for the District is due by December 8, 2017, at which time we will then know the actual property tax revenue. The Chief further reminded the Board that if there are any questions, or if there is anything they would like to go over, to please come see him.

ADJOURNMENT

Having no further business to come before the Fiscal Affairs Committee, President Lucero called for the meeting to be adjourned at 6:50 p.m.