

**CORTEZ FIRE PROTECTION DISTRICT  
FISCAL AFFAIRS COMMITTEE MEETING  
September 7, 2016**

*(The special Fiscal Affairs Committee meeting was scheduled at the regular BOD meeting August 10, 2016, and was noticed in the Legal Section of the Cortez Journal, the paper of record, on Friday, September 2, 2016, 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. Kent Lindsay, Sherri Wright, Buck Woodman and Orly Lucero were present for the meeting which commenced at 6 p.m. Also present were Chief Jeff Vandevoorde, Asst. Chief Shawn Bittle, and Administrative Assistant Wendy Mimiaga. Rodney Branson arrived at 6:11 p.m.

**NEW BUSINESS**

**2017 Budget** - A draft copy of the proposed 2017 budget and a current profit and loss statement were distributed to each Board member.

**Fund Revenue** - Chief Vandevoorde explained that the budget is based on our guaranteed income, the property tax revenue, \$1,534,400, currently based on the preliminary district valuation of \$143,037,660, and the S.O., Specific Ownership, tax, surmised at \$80,000. Even though it has been higher the past few years, and the 2015 actual was \$118,000, we look back several years and figure a lower average so as not to over-estimate our spending. This is also an unknown as it is based on vehicle tags issued in the District. The property tax revenue could change a little based on the counties final valuation that is due December 10, 2016. We will then have to approve the budget at the December 14, 2016 Board of Directors meeting, and the budget documents and mill levy certification are due to the County by December 15, 2016.

Additional revenue figured into the budget is the interest on our financial accounts, estimated at \$5,000. We have decreased the estimated interest based on the money that will be taken out of the reserve fund. Travel Training income is estimated at \$1,000. Miscellaneous income is estimated at \$4,000. Tis it the income derived from the reflective address signs, contributions and the administrative fees from the volunteer pension.

The grant income is being estimated at \$50,000 in the event we apply for additional grants next year. These could include EMS, USDA, etc. The Chief further explained that he does not view grants as 'free' money, and that we should put in for anything that is available. Grants should be reviewed and scrutinized based on the actual needs of the District. With the new station, we are currently looking into additional grants to help offset the cost of the exhaust system, solar panels, and the generator. Also included is the \$2,000,000 DOLA Energy Impact grant we have received and will expend next year.

Mr. Lindsay asked if the beginning fund balance included the reserves. The Chief explained that it does, but that the number may change as it is taken from the audit, which we just received.

The fire income is estimated at \$30,000. This is included in the event we are able to deploy equipment and personnel for a wild fire, so we would not have to amend the budget in order to expend the funds. The gain on sale of asset is estimated at \$10,000. This would include the sale of equipment.

This then shows the total income estimated at \$3,721,400 and the total fund revenue at \$5,794,138. The Chief then stated he would come back to the reserve funds, and continued to address each expense category and reviewed each line item.

**Administration** – Chief Vandevoorde began with wages, projected to be \$803,500 for 2017. Administration will increase to \$170,000 from \$165,000 in 2016, full-time firefighters will increase to \$448,500 from \$360,000 in 2016, and reserves will decrease to \$125,000 from \$280,000 in 2016. The Chief explained that he is planning to hire three (3) new full-time firefighters and eliminate one (1) of the two (2) reserve positions. A hand out was distributed, the September 4 – October 1, 2016 schedule, showing twenty-two (22) open slots that needed to be filled. The second handout was a spread sheet showing each part-time firefighter and the number of shifts/hours they were scheduled to work, but subsequently 'called off' and did not work, thus needing to fill the shift with another part-time firefighter if available, or force back a full-time firefighter which incurs overtime. This would allow us to have four (4) full-time firefighters and one (1) part-time firefighter per shift. Full staffing is five (5) firefighters on duty, however, we can run with four (4) on duty if necessary, i.e. there is not a part-time firefighter who can cover the open reserve shift. The Chief explained that he cannot force back a part-time firefighter. The Chief continued to explain to the Board that the part-time firefighters sign up for the shifts they can and want to work, as it fits into their personal schedules. The last four (4) months of sign-up sheets were passed around to the Board showing the large number of shifts that no one signed up for.

Chief Vandevoorde also informed the Board that Asst. Chief Bittle is starting the Driver Operator class for all full-time firefighters and any part-time firefighters who are interested. At the conclusion of the class at the end of the year, we will test for a promotion for an Engineer position, which will also include a pay increase. The three (3) who are promoted will have one (1) year to be certified through the State of Colorado. The firefighters are very excited about the possibility of a promotion, as well as having a more 'stable' shift with the same crew on each tour, and only one position that will change each time. There are quite a few local individuals who are interested in testing for the full-time positions. Things are currently working out very well having mostly local individuals filling the full-time positions.

Ms. Wright asked if there is a trend as to when we have more open slots. The Chief explained that a lot of it has to do with hunting season, over time availability for the Farmington firefighters, vacations, holidays and weekends. It becomes much worse beginning in the spring and summer. Not as bad January through March. *(Mr. Branson arrives)*

Mr. Woodman stated that it would help to have more full-time people. The police department is also losing a lot of people, but they cannot find quality individuals to replace them fast enough. Having the local fire academy within the District is a good way to produce quality people for the positions.

Chief Vandevoorde reiterated that he has a good group of people who really want to test for the positions. The Academy will graduate on October 8, 2016, so the testing will take place in October or November. The Chief explained that he also likes to promote his part-time firefighters into the full-time positions when possible. He currently has one part-time firefighter who graduated from the academy in Farmington, and has been working a lot of hours here for several months, who will be offered one of the full-time positions.

The Chief continued with the budget and explained that overtime was decreased to \$60,000 from \$80,000 in 2016. We have done better with overtime this year, and by adding the additional full-time firefighters to fill the fourth spot, we will not incur as many open slots and thus help alleviate the need to force back the full-time firefighters to fill shifts. We can run a shift with four (4) firefighters if necessary. President Lucero pointed out that just over \$50,000 was paid in overtime in 2015. Currently, to date, we have only spent \$29,506 in overtime.

Mr. Branson asked how the overtime dropped. Are we running less calls than last year. Why did the overtime go down if we are shorthanded. It was explained that, by the end of the year, four (4) months from now, the overtime will most probably be close to what it was last year, 2015. It was increased to \$80,000 for the 2016 budget due to the increasing number of open shifts showing up on the schedules, and being unsure how they would be filled to maintain at least minimum staffing.

The volunteer reimbursement was decreased to \$5,000 from \$10,000 in 2016. This is the 'stipend' that is paid to volunteers to come back for calls. We currently only have four (4) individuals who are volunteers working toward the pension that come back for calls. To date we have only paid out \$630. Mr. Lindsay asked if it was paid per call or per hour. The Chief explained that for the four (4) volunteers working toward the pension, they are paid \$15 per call when they come back. The part-

time and full-time firefighters are paid hourly if they come back for a call. Mr. Lindsay asked what that cost is, per hour for those guys to come back in. The Chief explained it depends on their pay rate, part-time vs. full-time, and the individual call.

Mr. Branson asked if it is expected to go down that much in 2017 if you are building more volunteers. Asst. Chief Bittle explained that once they graduate from the academy, they will have to get their Firefighter I and First Responder before they can be hired as part-time or full-time firefighters. Until they get that certification, they will be volunteers. Mr. Branson commented that if they all show up we have to pay \$15 a pop for them to wait in the bay. And that won't drive that volunteer pay up. The Chief still does not see that going over \$5,000. The cadets in the academy from our District are interested in getting their certification to qualify for the part and full time jobs.

Mr. Lindsay asked how many people we lost this year. The Chief explained we did not have very many leave, the few that did were part-time. He also explained that there is a hiring freeze in Farmington.

Mr. Woodman pointed out that we paid out \$5,355 in 2015, and noted how much less (\$630) it is so far in 2016. The Chief noted that we just do not have many volunteers. They are all part-time, and they cannot be both.

The FPPA, the full-time firefighter pension, was increased to \$57,800 from \$46,000 in 2016 due to adding the three (3) additional full-time firefighters. It is figures at 10.6% of the salary, 8% pension and 2.6% death and disability. The firefighters pay 9% toward their pension. The health benefits were increased to \$115,000 from \$100,000 in 2016. This included health, dental, vision and life insurance.

The total for all wages and benefits for 2017 is estimated at \$1,030,300, which is 63.83% of the total budget based on the actual estimated income, the property and S.O. taxes.

President Lucero asked if this included the raises for next year, and what is that percentage. The Chief said he is again looking at a total of a 5% raise, 2.5% cost of living increase and up to 2.5% merit increase.

Mr. Branson asked what the 2.5% (cost of living increase) is based on, he shows Colorado at 1%. It was explained the rate of inflation is determined by the BLS, Bureau of Labor Statistics. *(It is actually 2.8% and is figured based on the Boulder-Denver-Greely CPI, Consumer Price Index.)* Mr. Branson also noted that he believed everyone is deserving of a cost of living increase, otherwise you are losing money.

Chief Vandevoorde also added that the 5% raised will not last forever. The Chief is working on what the top off pay will be for each position, and should have them calculated by the end of the year. Even when the top off pay is reached, they will still receive the cost of living increase. The Chief further explained that in addition to the salary the full-time firefighters are paid, they are also paid built-in-overtime, about \$3,000 or so a year. Based on FSLA, Fair Labor Standard Act, we have to pay time and a half after 212 hours in a 28 day period. This comes out to six (6) hours of overtime each pay period.

Mr. Branson asked what the top pay will be based on, comparable fire departments. The Chief explained that we participated in a state wide fire protective services salary survey in 2013. We found that we cannot compete with the majority of salaries on the front range, or even many of the towns on the west slope. *(we need to look at comparable budgets)* Our budget is based on our income which is derived by the district valuation and mill levy.

Mr. Branson stated that when you are picking a top wage, it better be comparable. We can't compete with big towns, but these guys have to make a living doing this. We keep saying 5% raise when we are really only giving them a 2.5% merit raise, the other 2.5% is cost of living. We need to call it what it is, a 2.5% raise. It is going to take forever to get them where they are going to stay.

Mr. Woodman stated that the Cortez Police Department went through the same thing. Paying for the studies and surveys to find other cities that were similar, and when they did, they did not have the budget here to do it.

Mr. Branson – One, we don't have the tax base, but, two, our cost of living isn't what it is in other areas, but we can't just take a guess at it.

It was pointed out that administration has looked into local salaries in our area, and we are comparable and/or a little higher than other entry level jobs. An entry level firefighter salary is \$30,000 plus built in overtime of about \$3,000 per year, for a total of \$33,000.

Ms. Wright pointed out that the entry level salary for school teachers here is \$29,000. Mr. Branson said grocery stockers make over \$30,000 per year. These guys deserve more, the money needs to go to the guys. It was pointed out that no one would dispute that we would like to pay higher wages, however, it is tied directly to the budget revenue, the property tax that the District receives. *(It is unlawful, per statute to not have a balanced budget.)* The District only receives property and S.O. taxes. We do not receive any oil and gas money, or other forms of actual income.

Mr. Woodman commented that he looked at the pay for the firemen, and was shocked at how low it was, and believes that is why we cannot keep anyone. The pay is horrible.

Chief Vandevoorde said that is not true. He gave, as an example, an individual that works for the Farmington Fire Department started out at about \$37,000, however has not gotten a raise in over four years.

Mr. Woodman inquired what a firefighter makes here per hour. The Cortez Police Department starting salary is \$18+ per hour. The Chief commented that it is not the same, the firefighters work an average 56 hour work week. They work a 24-hour shift, and only ten (10) days a month. We only calculate an hourly rate because of the overtime that has to be paid. Every paycheck they are paid six (6) hours of built in overtime, plus any additional overtime they work, i.e. extra shifts. The Chief continued that we are not losing people due to the pay. Firefighters leave because they want to work for a larger department, how many calls will they get to run, what chance do they have for promotion. The Chief again pointed out we can only pay what the budget will sustain.

Mr. Woodman stated that the Board wants to get the firefighters more money, but no one has an idea of how to do that.

Chief Vandevoorde further explained that based on the wage survey done for the State, our firefighters are in the 40<sup>th</sup> to 50<sup>th</sup> percentile, however the Chief and Asst. Chief's positions here are the two (2) lowest paid in the State. Everyone would like to make more money, but again, we can only pay out what the budget will sustain.

Mr. Woodman remarked that it sounds like they are comparable, he had thought they were way under paid.

Ms. Wright said that you need to look at the whole picture, we are only looking at a small part, you also have to look at the benefits they receive. The Chief also pointed out that the firefighters also get a pension, which is guaranteed for the rest of their lives. This is very different from a 401-K or a 457, both of which can run out of money depending on what you invest in them. We also pay 100% of their health benefits and life insurance.

Chief Vandevoorde said that he continually see many fire districts throughout the state asking over and over for mill levy increases to sustain wages, stating if they do not receive the income they will have to start laying off firefighters. These are districts that are paying higher wages, i.e. Lieutenants are paid more than what the Chief here is making. They do not seem to be planning ahead, and it is not sustainable. A local example was pointed out, a local district went to their tax payers in 2013 for a mill levy increase in part to raise the firefighter salaries, they were less than our starting salary. It did pass and wages were increased. Two (2) of our past firefighters did go to this district, it was closer to where they lived *(in Durango)*, who did say they were not making much more that they were here. The District may soon need to ask for another mill increase to keep up with their salaries and benefits. They have had to use a large portion of their reserve funds for operating revenue.

Mr. Lindsay added that the Sheriff's department had a similar situation and were losing a lot of people. They were given an increase in their retirement, but it actually cost them money out of their check. They were living paycheck to paycheck, some left because their take home check was not enough. It wasn't on the benefits side, it was on the take home money side.

Ms. Wright added that we are working to build up salaries, i.e. up to a 5% raise each year, but we are doing it in accordance with the budget.

Mr. Lindsay asked if we are getting a 5% increase in our tax money. *(the statutory property tax revenue limit increase is 5.5% of the previous year, C.R.S. 29-1-301)*

The Chief pointed out if we were to raise the entry level salary, we would also have to increase the current firefighters salaries accordingly. But where would this put us in five (5) years or more with their standard increases and the increases in benefits. We have looked at ten (10) plus years in budget projections to make sure the firefighters jobs are secure, that the District can be sustained, and to see if and when we may need to go back to our constituents for a mill levy increase. As it stands now, we do not need to ask for a mill levy increase any time soon. The Chief pointed out again that we have

not had anyone leave solely based on the pay. It has been due to them wanting to work at a bigger department, or closer to home.

Mr. Woodman asked how many firefighters live here and work in Farmington because of the pay. It was explained that when the firefighters started working in Farmington, it was the only paid fire department in this area. They have been there for a while now and are established and have since promoted in Farmington. It is also a larger fire department.

Mr. Branson pointed out that we need to figure out where the ceiling will be, and when they will get there. The Chief said most department top off in ten (10) years from hire date.

Ms. Wright asked when we could have the top off salary numbers finalized. The Chief said he has been working on it and they will be done by the end of the year. We only just put on full-time firefighters in October, 2012. The Chief also stated that we have worked hard for a sustainable budget and again pointed out that we have to live within our means and pay close attention to our actual income, the property and S.O. tax.

Asst. Chief Bittle agreed that firefighters over all should be paid more, *(at least what major league sports players make!)* but the natural progression of the firefighter is wanting to move onto the bigger department. We cannot pay what the larger departments pay, however, lately, they seem to have over promised and under delivered (salaries and benefits) and are now having to reduce pay, lay off firefighters, close stations, and are not supporting the pensions. He continued that he wants to be part of a department that can take care of their firefighters as long as they choose to work. Having to layoff firefighters can be devastating to local families, and can happen when you count on money that is not guaranteed. No budget is 100% guaranteed, we could take a hit at some time, but the way the Chief does the budgeting, we will be able to maintain what we have. We need to be able to take care of our firefighters.

Chief Vandevoorde continued on with the 2017 budget stating that the total wage expenses are projected to be \$1,030,300 which is 63.83% of the budget. He then went over each line item paying more attention to the larger ones. Legal and accounting will remain at \$20,000, of which \$6,500 is the annual cost for the audit. We have signed a five (5) year contract with Heidi Trainor for auditing services at \$6,500 per year. We have also kept the insurance at \$90,000. This included the liability, Employee Assistance Program, additional Death and Disability policy, and the Workman's Comp policies. Every year we are audited for the workman's comp, after the budget is completed, and we are billed an audit premium, based on salary. And workman's comp always seems to be changing, and is based on the experience modification. This is why we keep a little extra in the line item, in anticipation of unforeseen changes with the insurance.

Educational Materials was decreased to \$2,000 from \$6,500. We will not be spending much of the Districts income under this line item as we participate in the National Fire Safety Council Fire Pup Program, which raised just over \$6,000 for the District to purchase educational materials to distribute in the schools during Fire Prevention Week. The Tip A Firefighter fundraiser also helps raise money for educational programs.

The rest of the line item amounts under Administration did not change significantly. The total budgeted under Administration is \$1,168,300, down \$74,200 from the 2016 budget.

**Fire Suppression** – The Chief continued with fire suppression pointing out that the clothing line item, for uniforms and boots, was decreased to \$20,000 from \$30,000. PPE, for fire and EMS, which includes turn out gear, remained the same.

Fire Operating supplies was reduced to \$35,000 from \$45,000 in 2016. After receiving several grants over the past few years, we have been able to re-allocate funds within the budget and replace all the hose and nozzles on the apparatus, which had not been done for many years, and implement a replacement program. Another savings is with the foam. We now have a deal with the foam company to warehouse the foam for them, and pay as we use it. This is for all surrounding departments in the area as well. This is a tremendous savings in shipping as well.

The EMS Operating Supplies was decreased to \$5,000 from \$8,000 in 2016. We now are now working with the hospital to purchase meds at a savings. The hospital also works with us to trade out any inventory before it expires. Before, it would have to be discarded and replaced at a significant cost.

Physicals remained at \$25,000 as every full and part time firefighter is required to have a physical every year. The total budgeted for Fire Suppression is \$117,500, down \$23,000 from 2016.

**Training** – Travel/Training Fire was decreased to \$30,000 from \$40,000 in 2016. This covers the outside trainings we send people to, and all re-certifications. We are not cutting back on training at all, we are doing more of it in house. Asst. Chief Bittle is certified in everything we could need, and all of our officers are certified instructors, and are being trained so they can also train in-house. An example is the current fire academy the Asst. Chief has in session. This is at no additional cost to the District, as opposed to having to send firefighters to an outside academy.

The rest of the line items remained about the same as last year. The total budgeted for Training is \$48,000, down \$11,500 from 2016.

**Equipment Repair and Maintenance** – Vehicle repair was kept at \$30,000, but gas and oil was decreased to \$15,000 from \$25,000 in 2016. This was based on the past trend of what we have spent in the past. We have to date only spent just over \$6,000. We get the biggest complaints about the trucks driving around and 'wasting' gas, however the fuel budget is not even 1% of the total budget.

The equipment tool and appliances was lowered to \$5,000 from \$6,000. This is for small tool repair and maintenance. Equipment testing was also lowered, to \$5,000 from \$9,000. This is for the ladder and aerial, ladder truck, testing done by UL, and the pump testing that is now done in Mancos as a substantial savings.

The total budgeted for Equipment Repair and Maintenance is \$55,000, down \$15,000 from 2016.

**Station Operation and Maintenance** – The utilities all remained the same as the previous year. Repair and station maintenance, for all three (3) stations, was decreased to \$15,000 from \$30,000 in 2016. With the new station being build, we will not be doing any of the major repairs that need to be done to Station One, i.e. new roof. The other two (2) stations are not used very much and are mostly maintenance free. Communications remained at \$40,000. This also includes the yearly dispatch fees that run around \$23,000. The rest is for radios and pagers, which we have been upgrading.

The total budgeted for Station Operation and Maintenance is \$94,000, down \$17,000 from 2016.

**Other** – The treasurer's fees are estimated at \$31,500, 2% of the property tax collected. The payroll expenses, the expense associated with our payroll and accounting through Quick Books, was increased to \$4,000. Capital Outlay is budgeted at \$300,000.

The Lease Purchase is budgeted at \$125,000. \$22,000 is the current lease-purchase payment for the new fire truck, of which we have seven (7) years left. The additional is in anticipation of the new station lease purchase payment. We are currently working with four (4) finance groups to get the best rates and terms. The company we believe we will be working with has come in with a rate around 3.6 – 3.9%.

Mr. Lindsay asked how does that amount of money butt up against amendment one. We are indenturing this money for twenty-five (25) years. It was explained that the law states a lease purchase is allowable under TABOR (*Article X, Section 20 Colorado Constitution*) as long as there is an annual appropriation for a qualifying lease-purchase agreement. This is what we have been doing for the new fire truck for the past three (3) years. Mr. Lindsay continued that debt is debt and this is just a way around it, it goes against the intentions of amendment one. (*Note: there have been many changes and referendums to TABOR since 1992*)

Mr. Branson asked what will happen when the property tax and valuations decrease with CO2 pretty much going away. It was explained that our District does not receive any income, or severance

taxes, from oil and gas. The County budget will be significantly affected, and the city and towns will have a drop in their revenues from the energy severance taxes (collected by the State and dispersed to local governments) they receive. Our District and budget could sustain a significant drop in the valuation. (Note: the large drops in the Districts valuation in the past were mostly due to the nationwide recession and housing crisis that also hit Montezuma County.) Mr. Branson mentioned how bad it is getting in Farmington with all of the drilling and pumping that is shutting down. Everyone is moving to Pennsylvania and Texas. He continued that the District has done a good job on the budgets, but what will happen when we step into the new building and Kinder Morgan moves its operation out of the area. (Note: the McElmo Dome is one of the world's largest known accumulations of nearly pure CO2 and has been in production since 1983. The pipe line and pumping stations are already in place.) It was also pointed out that we do not have many oil and gas workers in the area (who pay property taxes in our District). We have several energy companies that operate in Montezuma County, Kinder Morgan being the largest, however, according to the State (DOLA, Severance Direct Distribution) there are only 120 employees in Montezuma County, per Kinder Morgan, they have about 80 employees.

Ms. Wright asked is by chance the Districts property tax income does decrease, can we trim \$125,000 out of the budget. The Chief pointed out that it will most likely be less than \$125,000, and that we can easily trim the amount.

Mr. Lindsay said that in five (5) years Tri-State is shutting down one of its units in Craig, and the Nucla generating plant and the mine in Nucla will be shut down. (in 2020) They don't live here and pay property taxes, but they shop here. And there are three (3) companies vying to acquire Kinder Morgan, and they don't want CO2, they only want the pipe line for natural gas, that is not produced here. (Note: Kinder Morgan is in the middle of a \$400 million expansion project that started in 2014) And one of our car dealerships is down 35% this year, a third of their revenue. This could affect us. We are anticipating revenues that may not be there.

It was pointed out that we do not receive any sales tax revenue, only property tax and S.O. tax (Note: S.O. tax, vehicle tags, has been up significantly the past several years, over \$100K since 2014, prior to that \$80K - \$100K, through August we have received over \$68K) The Budget has been projected out over ten (10) years with increases built into the mandated items, i.e. wages, benefits, insurance, utilities, etc., and includes a \$125,000 lease purchase payment each year that is over estimated. It shows that our budget is very solid. We, administration, have worked on and reviewed the budget over again to make sure it is sustainable. Our budget is very stable and our spending is very much in control.

The total budgeted for Other is \$3,535,500. This also included the grant expenditures of \$2,050,000 and the grant match of \$1,025,000.

**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 \$691,825. This leaves us with \$37,013 over revenues.

Mr. Lindsay asked what our reserves are now. The Chief said they were at about \$1.5 million. Mr. Lindsay commented that we are cutting our reserves in half. It was pointed out that this is for the match (50%) for the Energy Impact grant we have received. Mr. Lindsay commented that total operating for a year's revenue is \$1.7 million, actual 2015, and \$2.4 budgeted for 2016, so we are only leaving 25% (in reserves?) of a year's operating revenue if everything falls apart.

It was pointed out that the reserves are not the Districts operating revenue, and are not there to operate with. They are our 'savings account' for capital projects. The reserves are allocated (by motion) by the Board each year. For 2016 the Districts allocations were Operational Contingency \$400,000, Facilities \$600,000, Equipment and PPE \$168,825, and Apparatus Replacement \$250,000. We have been showing an increase in Facilities over the past couple of years in anticipation of the matching funds needed for the new station. PPE was to start replacing the air packs if we did not receive a grant to do so. (we receive a \$284,000 grant to replace all of the air packs last year and was able to cover the match out of the budget) Apparatus replacement is for new equipment, however, we have paid for the new rescue and will pay for the new brush truck out of the actual budget, and will not need to use the reserves. The reserve amounts need to be 'allocated' to show future planning, and that we do not just have large sums of money in the bank, but rather that we have a plan for the funds, and

they are allocated to cover our match for grants. It shows that we have worked hard to save the money, and have planned ahead for the use of the reserve funds. Otherwise, we would not be able to show a need for grant funds.

Mr. Lindsay said we allocated the funds for certain things, then asked if we start taking the money out for other things, like this building, and we have money allocated for apparatus replacement and PPE, aren't we in violation of what we allocated the funds for.

The Board can allocate the funds however they want, and can change the allocations whenever they want. The reserves are not restricted funds. It was also pointed out that we, District, are not a bank to hold and build tax payer dollars for an excess of reserves to just sit there. The money is paid by the tax payer and kept in the reserves for the District to use primarily for capital projects. The District has a ten year plan, a strategic plan, we have planned for the future, for how this department need to run to serve the public.

Ms. Wright pointed out that the Board had voted for the reserves to be allocated a certain way in the past, but now we do not need them allocated the same way, and can change it.

Mr. Lindsay commented that he is not comfortable leaving only \$691,825 in the reserves, and thinks it should be more. What if we lose an engine. The Chief replied that we have insurance to cover that, and that our apparatus is cover based on a stated value.

Mr. Lindsay said he wants at least \$750,000 in the reserves. The Chief told him that amount will be in there, this is just the preliminary first run of the budget, and it will change as we go through the budget process. The beginning fund balance can/will change based on the audit, the valuation can change thus changing the property tax, and the individual line items can change based on additional planning for next year. The Chief commented that it will also be dependent on this year's final budget numbers, pointing out that we are only at 42.9% of the budget. Even with the new brush truck coming up, we currently have five (5) bids, we will still have additional funds from this year to add to the reserves.

Mr. Branson asked where the money for the brush truck fits in. The Chief explained that the new Rescue-2 and the brush truck have been planned for and are being paid for out of the budget line item Capital Outlay, not the reserves.

It was also pointed out that this initial draft of the budget does not include the estimated 2016 budget. As we progress further through the year, we will have a better idea of the actual spending for 2016, and will be able to show what we expect the year end to look like.

Chief Vandevoorde also commented about the new station. This is not a want, but rather a need that was identified several years ago. It would be a waste to continue to dump money into a building that does not meet the needs of the District. It is also a health and safety issue, i.e. the liability of the stairs, non-code compliant in multiple areas, mold, etc. We have had our insurance company and the City of Cortez both do a risk assessment of Station One and the administration building. And the cost for new construction will only continue to rise. It was also pointed out that we would not be able to build the station without the \$2 million grant from DOLA, the maximum allowable request for a tier 2 grant. The current cycle has now decreased the maximum request for the tier 2 grant to only \$1 million.

The Chief noted that he is very comfortable with the budget and where the District is headed. He asked if there were any questions regarding the 2017 budget.

Mr. Branson inquired about the three (3) new hires and if they were going to be offered in house. The Chief answered he has one part time firefighter he will offer one of the positions to, and test for the other two (2) positions. We currently have ten (10) individuals graduating from the academy class, and two (2) additional local firefighters who have submitted applications and are interested in testing for the positions.

The Chief reminded the Board that the official first reading of the 2017 budget will be at the October 12, 2016 meeting, the public hearing will be held at the November 9, 2016 meeting and the budget will be approved at the December 14, 2016 meeting. 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.

He further explained that the budget is a guide line of the District, and does have its limitations, however, we do very well with the budget, i.e. estimating what the District needs, and what we have accomplished over the past few years while working within our means.

**ADJOURNMENT**

Having no further business to come before the Fiscal Affairs Committee, Kent Lindsay called for the meeting to be adjourned at 7:45 p.m.