

**CORTEZ FIRE PROTECTION DISTRICT
SPECIAL FISCAL AFFAIRS COMMITTEE MEETING
September 17, 2012**

(The special Fiscal Affairs Committee meeting was scheduled at the Regular Board of Directors meeting on August 8, 2012 and was noticed in the Legal Section of the Cortez Journal, the paper of record, on Tuesday, September 11, 2012.)

CALL TO ORDER

Committee members appointed by the Board of Directors at the August 8, 2012 meeting were Lori Johnson, Orly Lucero and Kent Lindsay. Ms. Johnson and Mr. Lucero were present for the meeting which commenced at 3:12 p.m. Mr. Lindsay arrived at 4:00 p.m. (after his dentist appointment). Also present were Administrative Assistant Wendy Mimiaga, Asst. Chief Charles Balke and Chief Jeff Vandevoorde.

NEW BUSINESS

The Fiscal Affairs Committee was convened, as per the District By-laws, to initially review the budget prior to the first reading at the October Board of Directors meeting. Chief Vandevoorde gave each member a copy of the proposed general fund budget for 2013, a copy of the profit and loss statement and a handout on the operational budget justifications for 2013, which outlines some of the higher ticket items that the Chief and Asst. Chief are looking into purchasing next year.

Chief Vandevoorde began with the fund revenue stating that property tax income has been projected a little lower at \$955,000, due to the decrease in property values and the lower county valuation. The three year average is \$970,000. Ms. Johnson asked about the houses that are in foreclosure, does the bank pay the property tax or is there no property tax paid. Asst. Chief Balke said that the bank has to pay the taxes which is why they are in a hurry to sell them, i.e. short sale, and also why the bank donated the property at 928 S. Broadway to the Fire District. When the property remains in foreclosure the value will continue to decrease. Ms. Mimiaga stated that she had received the preliminary valuation from the county assessor, and it is lower than last year, and upon meeting with Mark Vanderpoole, was informed that next year could be even lower due to the two year lag in assessed values.

Chief Vandevoorde explained that he has estimated on the low side for revenue and a little on the high side for expenditures. He continued to go through the revenues line by line. Interest income was lowered due to the continually decreasing interest rates that are projected for the next several years. Under grants we are projecting \$800K, that will be submitted for, of which only \$277,629 is guaranteed from the SAFER grant (we will receive \$69K this year, \$277K next year and the remaining \$233K in 2014). \$10K has been projected for reimbursed expenses which would include wildland fire deployments. We are looking at taking in about \$40K this year for wildland deployments, but it is hard to say what could happen in the future. Asst. Chief Balke added that we could see a change in that number as we do not know when the reimbursement will come in, this year or next. The Chief continued that we are anticipating \$1,833,100 in income for 2013, however a large portion could be a wash depending on what grants we are successful in securing. Ms. Johnson asked if the \$211K in the 2012 budget included the money from the SAFER grant. It was explained that the \$211K was for an AFG grant that we did not receive. The \$69K for the SAFER grant and the \$10K from the forest service for wildland gear were not anticipated, therefore we will have to amend the budget for 2012 by the end of the year.

The Chief continued with the expenditures line by line. The wages are anticipated at \$648K. The \$210K for the full time firefighters includes the \$180K for their salaries and the FSLA overtime they will be paid based on the Fair Labor Standards Guidelines. Anything over 212 hours in a 28 day period has to be paid as overtime. Ms. Johnson asked if the overtime will be fair, that everyone will get the same amount. The Chief explained that everyone will receive the same amount of FSLA overtime due to the schedule, and the way the shifts fall. There will not be any holiday pay at this time, but incentives will be looked at for the future. A line item was added for other overtime, \$20K, in addition to the FSLA overtime, i.e. hire

back to fill shifts, pub. ed., etc, so it can be kept separate. Hiring back a fulltime firefighter would be the same pay as scheduling a reserve firefighter. Ms. Johnson asked if the admin. wages, \$138K, included raises. The Chief responded that it does include the 2.5% cost of living increase. Ms. Johnson suggested that we try to do the salary assessment with the city. The Chief went on to explain FICA and the benefits. The health benefits were calculated at an 11% increase each year, and for all employees. However, three of the fulltime firefighters might opt out of the health benefits and remain on their spouse or outside health insurance, in which case we would pay them a \$4K stipend at the end of the year, which would save the district \$4K for each person. The total wage expenses come out to \$800K for the year. Again, there is a little overestimation for the total wages. The SAFER grant is also figured into the total wage expenses.

The Chief then proceeded to go line by line through the rest of the administration expenses, explaining that several line items have been combined, i.e. dues and expenses admin with dues and expenses fire, travel training in admin. has been combined with travel training in fire, admin. clothing has been combined with fire clothing, fire inspector training was combined with fire training and admin. capital was combined with a general capital outlay line item. Insurance has been increased considerably, from \$40K to \$65K, due to increases in premiums. Insurance was not documented well in the past, and not budgeted correctly. Workman's comp. was not figured correctly in the past and is expected to increase about 7% this year and subsequent years, and liability will most likely go up after figuring that the current liability limits were not correct. Miscellaneous was increased to cover the firefighter awards banquet being planned for next year. Election expenses were budgeted again as we will need to ask for a mill levy increase again next year at the regular November, 2013 election. The total administration expenditures comes to \$916,300.

Under fire suppression the volunteer reimbursement was lowered to \$30K due to the fact that we do not have a lot of people coming back for calls anymore, and the payout has been decreasing. Hopefully with the new volunteers we have now, we will see a little more participation. PPE fire was kept at \$20K since we are trying to buy new bunker gear for the firefighters. A lot of it needs to be replaced because it is out of compliance. Chief Vandevoorde and Asst. Chief Balke keep supplies locked up and distribute the uniforms, PPE fire and PPE EMS supplies and gear to help keep the costs down. Each member is held accountable for the gear they have been issued. The foam, hazmat and rehab supplies have all been combined under fire operating supplies. The total for fire suppression comes to \$71,500.

The travel training budget for fire and EMS was increased substantially. We are looking at sending the new members through a lot of training and development. In two to three years we would like to promote the fulltime firefighters to officers and have them in charge of all of the shifts. Ms. Johnson suggested that we look into the Aniston Training through homeland security or the department of defense, as they would cover the cost of some of the trainings we could use. For EMS we are looking to get everyone to EMT status, and we would like to send those interested to paramedic school. The total for training comes to \$31,000.

For equipment repair and maintenance vehicle repair remained the same at \$20K. With the older equipment it is hard to know what could go wrong and what major expenses to plan for. Asst. Chief Balke has implemented a new maintenance schedule that will better help keep up the apparatus. Gas and oil was increased a little to keep up with the increases in the cost of fuel. Tools and appliances was increased to \$34K to purchase new hose, nozzles, etc. for continuity among the apparatus. The replacement of equipment was also outlined in the five year plan. It will be phased in so we can then have a replacement schedule without a large capital outlay. Mr. Lindsay commented that he could not remember the last time the district purchased hose. The Chief explained that we are hoping to begin purchasing some this year, and then continuing each subsequent year. The SAFER grant is helping to free up some money in the budget so we can start the equipment replacement process. The total for equipment repair and maintenance comes to \$88,000.

Station operation and maintenance, i.e utilities, station supplies, station maintenance, etc. increased a little due to an increase in the communications line item. This covers the dispatch fees, station alarm fees, pagers and radios. The total comes to \$91,500.

Under other expenses we increased the payroll expense to \$2,200, which is what covers the transaction fees for the direct deposits and tax payments through quickbooks, and combined all three stations and the admin. building and decreased the capital outlay to \$8K. With the grants we hope to receive of \$527K, that brings the total for other to \$562,236. The grant line item serves as a wash with the grant income line item. If we do or do not receive the grants, it does not change our actual budget. Ms. Johnson said we should also consider applying for the homeland security grant for airpicks if we are unsuccessful with the AFG grant.

Our excess revenues are anticipated at \$72,564, and with a contribution to the pension fund of \$70K, we will have \$2,564 in revenues at the end of the year for a carryover balance for the next year. We will not know what our carryover balance will be this year until we get a little closer to the end of the year. Mr. Lindsay commented that we are not making anything with the money, and that he would prefer that it be spent on equipment that is needed. Inflation will outweigh investment income, and next years' model will be more than this years. It is not doing us any good sitting there and we should reinvest it back into the organization.

Chief Vandevoorde again reiterated that we have under estimated the income a little and have slightly over estimated the expenditures so we have a little bit of a cushion, until we have a better idea of what the income should actually be. Mr. Lindsay pointed out that we really cannot come up with actual income numbers until the assessor gets the values to us. The assessor will have the final valuations to us by December 10, 2012, and we can then certify the mill levy. All the final numbers for the budget, along with the 2012 estimated budget, will be done by the December 12, 2012 board meeting for adoption, then will need to be delivered to the county by December 15, 2012.

There were no additional questions about the budget.

ADJOURNMENT

Having no further business to come before the Committee, The meeting adjourned at 4:35 p.m.