

**Sun Lakes Fire District  
Budget & Finance Committee Meeting Minutes  
March 9, 2011**

**Call to Order:**

A meeting of the Sun Lakes Fire District Budget and Finance Committee was called to order by Board Chair Sellers at 9:00 A.M. at the Fire Station 232 Training Room. Board Chairs Sellers and Board Treasurer Price were present. Others in attendance included Fire Chief Wilson, Deputy Chief McCoy, Finance Manager Elikan, Union President Kenyon and Vice President Puchta.

**Introduction**

Chief Wilson opened the meeting by explanation of the budget projections were based on reductions made by staff and the presentation was a preliminary overview of the projected FY 2011/12 budget. He then introduced Finance Manager Elikan to go through the details of the Agenda Item #1

**Agenda Item 1 - Review and Discuss the District's 2011/12 Net Assessed Valuation (NAV) and Tax Rate Projections**

A presentation was made by Finance Manager Elikan using spreadsheets to show fiscal years (FY) 2008/09 through 2011/12 of the District's actual and proposed 2010 Net Assessed Property Valuation (NAV), Percent Decrease of NAV, Tax Rate, Property Tax Levy, Revenue and Expenditures to support the District operations (Spreadsheets and graphs are available as part of the Agenda packet- labeled Agenda item #1 of 3pages double-sided).

Finance Manger Elikan pointed out fiscal years FY2008/09 through 2010/11 were actual numbers and FY 2011/12 were the County Assessor and Treasurer's projected number (which historically have been within 1% or less variance).

**Agenda Item 2 – Review and Discuss New Revenue Sources & Policy / Program Reductions**

Chief Wilson referred the Committee and attendees to the Handout labeled Agenda Item #2 (H/O is available as part of the Agenda packet- labeled Agenda Item #2).

In order to balance the next two years operating budgets, new revenues should be considered (fees for some of the programs could be increased) and reductions or elimination of some programs, currently offered by the fire district, may be necessary.

Chief Wilson reviewed the following proposals;

**Recommended by Staff**

1. Ambulance rate increase (pending Department of Health Services approval) \* **\$45,000 total**
2. Continue Fire Engine Staffing Policy, reduction of overtime of \$40,000 \* **\$40,000 total**
3. Immunization Program, total program \$2,000, reduction of program \$12,000 \* **\$12,000 total**
4. CPR & AED / Heart Saver Program, total program \$2,000 for six classes annually, reduction of \$2,500 \* **2,500 total**
5. Car seat program elimination \* **\$2,000 total**

6. Community assistance public education, total program \$1,250, reduction of \$1,250 \* **\$1,250**
7. Residential lockbox fees price of \$5, total \$50 per lockbox \* **\$1,000 total**
8. Blue hydrant marker program elimination \* **\$500 total**

Not Recommended by Staff

9. Discontinue ambulance subsidies for Sun Lakes residents
10. CPR training fee

Treasurer Price asked about the CAP program funding reduction. Chief Wilson indicated it would allow the use of CAP donations to provide funding for volunteer recognition and events rather than using operating fund budget dollars

After discussion the following was recommended by the Budget Committee;  
Accept the staff recommendation for Items #1 through #6 and #8,  
but leave the following programs as is:

7. Lock Box Fee - **Continue fee @ \$45.00**
9. Ambulance subsidies for Sun Lakes residents - **Continue resident subsidies**
10. CPR training fee - **Continue fee @ \$25.00 (refundable upon attendance).**

Chief Wilson stated the Insurance Committee was scheduled to meet on March 18<sup>th</sup> to determine the Property, Auto, & Liability Insurance Costs for FY 2011/12. Additionally, the Insurance Committee is scheduled for a 2<sup>nd</sup> meeting on May 12<sup>th</sup> to determine the Medical, Dental, Life and Disability Insurance costs for FY 2011/12.

After those meetings staff will prepare the FY 2011/12 Preliminary Budget and proposes to have a Budget & Finance Committee Mtg. on May 19, 2011 @ 10:00 a.m. to review the Preliminary budget.

**Agenda Item 3 - Review and Discuss the District's FY 2011/12 Preliminary Budget**

Finance Manager Elikan made a presentation with a summary level spreadsheet of the FY 2011/12 Preliminary Operating Budget, which illustrated revenues, expenditures and reduction of expenses by program managers (Spreadsheet is available as part of the Agenda packet- labeled Page Three).

She noted the proposed budget does not include; 3 vacant firefighter positions and does not include Step Increases for 24 positions.

Treasurer Price expressed concern over the proposed freeze on Step Increase, as it affected the least senior employees who needed the income the most. Treasurer Prie wanted to know if the Union would be open to freezing Step and Steps and Merit pay, but then giving everyone a 1% COLA?

Vice President Puchta explained the Union had gone out and met with each crew and discussed the options for reductions in salaries and benefits. The Administration numbers, for the needed reductions in salaries and benefits were presented, and the process evolved as the numbers were updated. It was a arduous process and the premise which developed was to keep everyone at the current level of "take home pay". That meant those who were eligible for a step increase would stay right where they were at

and would not lose any pay. Also, those who were currently receiving merit pay would continue to “take home” the same amount as last year, as long as they earned the merit pay.

Treasurer Price questioned why 24 individuals would not receive step increases but 29 positions would continue to get merit pay?

President Kenyon said the Union had given the members options to vote on and he distributed a vote summary page showing how Union members voted. He stated the process determined what the majority of the members supported, although not everyone agreed, it was still a majority decision to freeze step increases and continue merit pay.

Treasurer Price asked Finance Manager Elikan how many employees were receiving merit pay as compared to employees who were eligible for step increases?

Andrea answered 29 receive merit pay and 24 were eligible for a step increase.

Vice President indicated he felt it would not be appropriate, after Union members had voted, to go back out with another proposal on how to change salaries or benefits.

Chief McCoy indicated the Union had met the requests of Administration to make necessary cuts in salaries and benefits. Although not unanimous, the process had provided a majority opinion that he believed the District should support.

Chairman Sellers asked if the Union had a majority vote on freezing step increases?  
President Kenyon answered yes.

Chairman Sellers recommended the Budget Committee indicate that, as a Union decision, to the full Board.

The discussion moved on to the Preliminary Budget.

Finance Manager Elikan indicated the FY 2011/12 Preliminary Budget was based on a revenue shortfall of \$817 K.

There was \$314 K in net budget reductions, between Labor & Management joint efforts, a tax rate of \$2.80 was used, with ½ of the FY 2010/11 reserve funds and \$100 K of carry-over funds applied to the FY 2011/12 operating budget. This still leaves a \$146 K deficit, which needs to be addressed.

Andrea referred the Committee to Agenda Items #1 Handout-Options to Balance the FY 2011/12 Budget:

- A. Allocate \$75K of additional reserve funds and increase the tax rate to \$2.835
- B. Allocate \$146K of additional reserve funds
- C. Increase the tax rate to \$2.872
- D. Decrease \$146K of expenditures with impact to emergency services.

Staff recommended option A.

Chief Wilson stated he believed that any further reductions to the budget would negatively impact emergency services staffing. His concern was, if staff was directed to cut an additional \$146,000 from the operating budget, the majority of the cut would come from overtime to keep staffing on fire engines. He was opposed to further cuts which reduced emergency services.

Treasurer Price indicated she believed it would be best to not do option B, as the funds placed into reserve could be insurance money if things got worse. The District could always pull some money back for the operating budget.

Chairman Sellers stated he was O.K. with an adjustment to the tax rate, as long as the taxpayers continue to pay less or the same as their previous tax year amount, to the Fire District.

Chief McCoy indicated Labor & Management had discussed a Property Tax Override in R.B.O., after John Flynn's presentation, and were jointly recommending the Board not consider a Tax Override for the next two years. Chief McCoy stated the community had been good to the fire department employees and the consensus from Labor and Management was it would be best to make adjustments and "ride out the economic downturn" rather than shine the light on the department expenditures, if a Property Tax Override was pursued.

President Kenyon indicated Local 3560 concurred. He stated he was confident the Board would treat the firefighters and EMS personnel right, when the economy improved and a Tax Override did not appear to be necessary at this time.

Chairman Sellers said he was pleased to hear that Labor was not recommending a Property Tax Override.

Chief Wilson asked for direction from the Budget & Finance Committee,  
Based on the assumptions of:

- 1.) the FY 2011/12 tax rate would need to adjust from the current rate of \$2.60 to \$2.87 AND
- 2.) the FY 2010/11 carry-over funds estimated at \$100K would need to be applied to the FY 2011/12 Operating Budget AND
- 3.) the FY 2010/11 funding of the Capital Improvement Fund would need to be reduced by ½ which equates to \$230K would need to be applied to the FY 2011/12 Operating Budget.

Was the Budget & Finance Committee comfortable with that approach for staff to prepare the FY 2011/12 preliminary budget?

Chairman Sellers and Treasurer Price both indicated they were O.K. with the FY 2011/12 preliminary budget preparation assumptions, including a tax rate of \$2.87

Chairman Sellers asked if some of the information presented could be brought to the March 22<sup>nd</sup> Board meeting?

Finance Manager Elikan indicated she would provide some summary information.

Chief Wilson indicated it would be necessary for the Budget committee to meet in May to review the FY 2011/12 Preliminary Budget/ He proposed May 19<sup>th</sup> at 10:00 a.m.

Chairman Sellers and Treasurer Price indicated their calendars were available for the May 19<sup>th</sup> meeting.

**Agenda Item 4 - Review and Discuss the Local 3560 M.O.U. for FY 2011/12 & 2012/13**

Chief Wilson stated the Meet & Confer process was going very well. He stated he was proud of the hard work and the number of hours the Labor reps. had put into explaining the budget reductions to the members. Chief Wilson indicated the Union and Administration had agreed in the upcoming M.O.U. there would be no Cost of Living Adjustments (COLA's) for FY 2011/12 or 2012/13.

Chief Wilson indicated if additional carry-over was available it was recommended the funds be applied to restore the staffing on fire engines.

Labor and Management are scheduled to continue Meet & Confer on March 21<sup>st</sup> and the goal is to have a two year MOU agreement to present to the Board, hopefully by April 2011.

**Adjournment**

There being no further business to come before the Budget & Finance Committee, Board Chair Sellers declared the meeting adjourned at 11:30 a.m.