

# **DRAFT**

## **Sun Lakes Fire District Budget & Finance Committee Meeting Minutes May 5, 2010**

### **Call to Order:**

A meeting of the Sun Lakes Fire District Budget and Finance Committee was called to order by Fire Chief Wilson 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 Guerra, Finance Manager Elikan, and Union President Kenyon.

### **Introduction**

Chief Wilson opened the meeting by explanation of the Insurance Committee met yesterday and discussed the increase in medical insurance premiums for FY 2010/11. The outcome of the Insurance Committee meeting was that meetings are scheduled with each employee on May 10<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> to review the proposed plans and premiums.

After those meetings a vote will be taken by Union members and staff to decide which plan would be best for the employees. The preferred plan will be communicated to the Insurance Committee members (Directors Crawford & Kohler), who will make a recommendation on the Health Insurance offered by the District for FY2010/11.

The May 25<sup>th</sup> Board meeting proposed Agenda items for action are;

- Approval of the Health Insurance plans for FY 2010/11
- Approval of the MOU between Local 3560 & the District for FY 2010/11
- Approval of the Preliminary Budget for FY 2010/11

Chief Wilson thanked President Kenyon, Chief Guerra and Finance Manager Elikan for working together to present a balanced budget for FY 2010/11.

The budget being presented was based on reductions made by staff, negotiations with Labor to share a portion of the Medical Insurance premium and an increase in the tax rate to \$2.60. He then introduced Finance Manager Elikan to go through the details of the Agenda.

A presentation was made by Finance Manager Elikan using the following charts (attached to official file of the minutes);

FY 2010/11 Operating Budget - Summary Level of Revenues and Expenditures  
FY 2010/11 Capital and Grants Budget  
FY 2010/11 Preliminary Budget for Legal Publication in the East Valley Tribune  
FY 2008/09 through FY 2011/12 - Actual and Projected Net Assessed Valuation and Property Tax Levy

Finance Manger Elikan reviewed the Operating Budget Revenues and pointed out the areas where less revenues were anticipated e.g. property taxes, interest, and ambulance service.

She also pointed out the \$65 K which had been added for Wildland Reimbursement and explained the Expenditures contained \$65 K of anticipated Wildland deployments, which would be offsetting expenses.

Chief Wilson referenced the anticipated carry over funds of \$200K from the FY 2009/10 Operating Budget and expressed caution that the entire \$200K may not be achievable based on expenditure trend. Additionally he pointed out that \$200K of reserve funds were being allocated to the FY 2010/11 Operating Budget, which lowers the amount of the 7.5% of taxes that the Board had previously passed a Resolution to fund the Capital Budget. He explained, according to Chief Guerra and the Battalion Chiefs projections, no major equipment replacement was anticipated in the next two years. Based on that information the Reserve funding should be adequate.

Finance Manger Elikan reviewed the Operating Budget Expenditures and pointed out the areas where reductions had been made e.g. Office, Buildings & Grounds, Insurance, EMS, Clothing Vehicle, Communications, and Training & Education.

Chairman Sellers asked about the reduction in Insurance, Chief Wilson explained it was the Property Auto & Liability Policy from VFIS where premium savings had been realized.

Treasurer Price asked about the reduction in Training and Education, what was cut?

Finance Manager Elikan and Chief Guerra explained about no recruit hiring was anticipated and only one paramedic training program position was budgeted and Officer training was cut in half, as well as training was being limited to “in valley training” rather than out of state.

Chief Wilson commented that almost \$200K of budget reductions were made in the FY 2010/11.

Finance Manger Elikan reviewed the Capital & Grants Budget and explained the starting balances. She then discussed the proposed Capital and Grant Expenditures.

Chairman Sellers asked about the \$30k budgeted for SCBA’s.

Chief Wilson explained the FEMA Grant awarded for SCBA replacements was \$50,541. and should replace 17 SCBA’s and 17 spare air cylinders. However, upon Chief Van Horn’s return a decision point was forthcoming for the District as to whether to stay with MSA, the current SCBA manufacturer or change to the Phoenix SCBA (Draeger).

Chief Guerra discussed how the District might be able to leverage the Grant funds, if we purchased MSA since we could keep some of the SCBA cylinders and purchase additional packs, possible as many as 19.

The District could then keep the best of the current MSA SCBA’s and cylinders for recruit training and reserve use.

Chairman Sellers asked about the compatibility of air connections for refilling SCBA cylinders.

President Kenyon clarified the Utility Trucks had been adapted to fill either MSA or Draeger brands of SCBA's. He also explained the SCBA Posicheck device (donated by the S.L. Women's Association) will allow in-house rebuilding of the SCBA's reducing turn-around time. He and one other firefighter are trained SCBA technicians.

Finance Manger Elikan reviewed the FY 2010/11 Preliminary Budget for publication in the East Valley Tribune and the FY 2008/09 through FY 2011/12 - Actual and Projected Net Assessed Valuation and Property Tax Levy.

The District FY 2010/11 Budget is balanced, however the projection for FY 2011/12 indicated a substantial deficit.

Treasurer Price asked what the plan was for balancing the budget in FY2011/12.

Chief Wilson indicated, he was an optimist and through a combination of strategies he was hopeful the FY 2011/12 budget could be balanced by; Net Assessed Valuation could come in better than projected; additional carry-over may be possible from FY 2010/11; further reductions in operating expenses will be necessary; the Board could defer the funding of the full allocation to the Reserve Account; and the tax rate would need to be increased.

There was discussion of the budget stability of SLFD, as compared to other cities, towns and districts. President Kenyon provided an overview of what neighboring cities (Chandler and Gilbert) are facing if their local sales tax increases do not pass the May 18<sup>th</sup> ballot.

Finance Manager stated she was proud of the process which allowed Labor, Elected officials and Management together in the budget preparation.

Chief Wilson stated the Budget Committee should be prepared to recommend approval of the FY 10/11 Preliminary Budget to the full Board at eh May 25<sup>th</sup> meeting.

**Adjournment**

There being no further business to come before the Budget & Finance Committee, the meeting adjourned at 9:50 a.m.