

Sun Lakes Fire District Regular Meeting Minutes

February 22, 2011

Call to Order:

The regular meeting of the Sun Lakes Fire District Board of Directors was called to order by Board Chair Sellers at 2:00 P.M. Board Members Sellers, Kohler and Price were present. Board Members Utter and Crawford were absent. Others in attendance included Fire Chief Wilson, Deputy Chief McCoy, Battalion Chief Guerra, Battalion Chief Van Horn, Finance Manager Elikan, Captains Kenyon, Dimerling, Puchta and Helie, EMS Coordinator Barden, Firefighters Van Briesen, Johnson, Molite, Walker and Flynn, Chris Hayes and Danny Figueroa, Administrative Assistant Engel, and Members of the Public Bernadette Halpin, Jim Kaiser, Judy Wright, Linda Shanahan, and Jo Birlin. The meeting was led in the Pledge of Allegiance by Forrest Kohler.

Approval of the Minutes of the January 25, 2010 Monthly Board Meeting

There were no additions or corrections to the minutes of the January 25, 2010 Monthly Board Meeting, therefore, Board Chair Sellers declared the Minutes approved as circulated.

Unscheduled Public Appearances Call to the Public

There were none.

A. Recognition—Fifteen Year Service Anniversary:

Engineer/Paramedic Kirk McEnaney.

Chief Wilson recognized Kirk McEnaney as an Engineer/Paramedic for 15 years of service. Chief Wilson called the Board's attention to the list of Kirk's accomplishments over the 15 year period.

B. Presentations

- CAP Members Linda Shanahan & Jo Birlin—DooWop Donation.

Ms. Shanahan and Ms. Birlin presented the Department with \$10,000 from the Doo Wop proceeds. Chief Wilson thanked them and stated that the money would go toward the purchase of new medical equipment.

- CAP Member and CAP Steering Committee Member Judy Wright—Red Safety Lights

Ms. Wright explained that the safety lights were designed to be clipped onto a pedestrian's clothing and would flash making the person more visible to drivers. She stated that 250 had been purchased originally and were handed out within two

days. 500 more would be purchased using donated CAP funds. The Safety Director of Cottonwood/Palo Verde has already offered to help hand out some of the lights.

- **Mr. John Flynn of Policy Logic-Tax Override Election “Pros and Cons” and Modeling of District Financial Forecasts.**

Chief Wilson introduced John Flynn.

Mr. Flynn started by thanking Chief Wilson and Ms. Elikan for their help in gathering the necessary data for this presentation. Mr. Flynn distributed packages of information at the meeting. He noted that 3 pages were examples of Tax situations and temporary overrides. The last pages were financial models looking at tax situations in the Sun Lakes Fire District.

Mr. Flynn discussed tax overrides, their requirements and ramifications. He noted that to date no fire district in the State had passed a district temporary tax override, although one district, Mt. Lemmon Fire District, had been included in a general tax override covering a particular area. The trigger that allows a district to go for an override is a 20% or more decline in assessed valuation in two (2) consecutive years. In the case of Sun Lakes that would make the election of November, 2012 as the first time Sun Lakes is eligible to go for an override. This would mean that the income derived from the override election, if it passes, would be in the F.Y. 2013/14.

Mr. Flynn noted that generally speaking Sun Lakes Fire District is not in the financial condition of some of the fire districts on the periphery of Maricopa County. He noted that some of these districts had lost 40% or more of their valuations reached during the housing run-up and could potentially bottom out at 25% of the maximum valuation reached.

Mr. Flynn explained that if a tax override election passes, by law, it will expire in five (5) years unless the 20% decline in two (2) consecutive years recurs again. It could happen again in the 5 year temporary tax override period. The fire department would then be eligible for another temporary tax override election. (Not probable for Sun Lakes Fire District revenue based on models) After the five (5) year period the tax rate will revert to the maximum 3.25 maximum rate.

Next, Mr. Flynn moved on to discuss the tax models. Current predictions indicate that the Sun Lakes total assessed valuation will decrease about 10.1% in the F.Y. 12/13 and decrease slightly less than that in 13/14. F.Y. 14/15 is predicted to show a slight increase of about 4+%. He explained that the valuation system is not necessarily representative of the marketing prices of real estate. It takes about 18 to 24 months to get a decline out of the assessed valuation. Mr. Flynn also noted that while there are few foreclosures in Sun Lakes, the number state-wide keeps housing prices depressed due to banks trying to sell their foreclosed properties at below market values.

The tax models represent different scenarios for generating revenue over the next eight (8) years while considering the maximum allowable increase in tax rate per year and the maximum tax rate currently allowed fire districts. Model 2 represents a steady tax levy on homeowners while increasing the tax rate by \$0.30 which provides the same revenue. Provided the total assessed valuation falls less each year, the \$.30 rate increase could be reduced accordingly to maintain the same revenue. Model 3 represents the scenario where the tax rate is increased the maximum of 8% each year. Currently that would represent about an average of \$33.00 per year increase for each homeowner. The downside is that an 8% increase would bring the tax rate up to 3.23 the first year and while providing more revenue in the first year would in the 8 year period not represent any more total revenue than Model 2 would represent over the same period. Mr. Flynn pointed out that the majority of tax payers look at the total dollars they are paying for a particular assessment rather than the rate. Thus, in his opinion, a level assessment is likely to be much more easily accepted than one that increases the total dollars paid regardless of what happens in subsequent years and regardless of the tax rate.

Mr. Flynn next discussed Models utilizing a maximum levy and a tax override passed in an election. He noted that these models all generated sufficient revenue as long as expenditures continue to be carefully controlled. However, he cautioned that at the end of the five (5) year override period revenue would take a significant drop back to the maximum levy of \$3.25. He stated that the District's only recourse at this point for extra revenue would be a one year extension of the override. Which is not currently permitted by state law. Mr. Flynn also noted that as property assessment increases during the 5 year override period, it is not necessary to use override money, if it is not needed, to balance the budget. In Mr. Flynn's opinion, everything possible should be done to balance the District budget both from the revenue and expense side before an override is considered, due to the uncertainty of its passage and the financial problems that will come at the end of the override period.

Board Chair Sellers commented that no properties in Sun Lakes are available to be annexed or improved to the point where their valuation would make a material difference in the total assessment. Mr. Flynn agreed, noting that Sun City was in the same predicament. The District will have to ride out the valuation depression until housing values appreciate again.

Board Member Price asked for a simple explanation of the increase in Model 4 in 2013 when the override starts. Mr. Flynn explained that for the models he had assumed a 5% override which is defined as 5% of the total assessed valuation added to the maximum tax rate of \$3.25.

Board Chair Sellers reiterated the override process of 5 years and the need to deal with either the end of the override or the extension of the override. Mr. Flynn agreed with Chairman Sellers assessment, however, he noted that practically

speaking, to extend, the Board would have to go back to the voters every 4 years in order to have an extension in place at the end of the 5 year period.

Board Member Kohler asked if a temporary tax override was requested and passed by the voters was it necessary to incorporate all of the override revenue in the budget or could a portion, or of none of it, be used if the budget could be balanced otherwise. Mr. Flynn answered that any amount up to the 5% figure could be used.

Board Member Kohler asked if some of the 5% could be put into the Capital Improvement fund if the revenue was not needed for Operations. Mr. Flynn answered that any money banked would have to be for a specific purpose and would be subject to voter scrutiny.

There were no further comments on this presentation. The Board thanked Mr. Flynn for his presentation.

C. Correspondence and/or Other Important Information Attached

There were no comments.

D. Reports

PSPRS Local Board Meeting of February 1, 2011 Report

Board Chair Sellers asked Chief Wilson to make the report. Chief Wilson reported that FF Byron Bogenhagen had applied for a Accidental Disability Retirement and that the PSPRS Board met on 2/01/2011 and determined that Byron would need to be examined by an Independent Medical Examiner. The results of that examination would be considered at a Board Meeting currently scheduled for March 3, 2011 along with FF Bogenhagen's application for disability retirement.

Fire Chief's Report for December 16, 2010 through January 15, 2011

The full text of the Fire Chief's Report is attached to the Board Agenda Package.

1. News and Events.

Chief Wilson noted the items listed in the Chief's Report.

Deputy Chief McCoy presented the remainder of the report.

2. District Accomplishments & Highlights.

There were no comments.

3. Operations Report – A, B & C Shifts & Emergency Medical Services

There were no comments.

4. Significant Emergency Incidents

There were no comments.

5. Chief Wilson represented the Fire District and met with the Individuals and Organizations noted:

This information is presented in the Chief's Report included with the Agenda package.

Financial Report.

The Financial Report was reviewed by Finance Manager Andrea Elikan.

There were no comments or questions.

Local 3560 Report.

Captain Kenyon presented the Local 3560 Report.

Captain Kenyon reported that the Union Members using the Health Saving Account (HSA) plan are generally pleased with it. He noted there were some initial start-up problems but all of those seem to have been resolved.

The Art at the Lakes exhibition is on track for Feb. 26, 2011 with the following Saturday as a rain date.

There were no comments.

E. Regular Agenda

1. Discussion and Possible Action on Resolution #CVIII (108) to Authorize the Fire Chief to Enter into a Memorandum of Understanding with the City of Phoenix for the Purchase of Ten (10) 800 MHz Portable Radios, from Budgeted Capital Improvement Funds, in the Amount of \$37,362.00 (\$18,681.00 from FY 2010/11 and \$18,681.00 from FY 2011/12).

Chief Wilson explained that this purchase represented the transition from VHF radios to 800 MHz portable radios.

Board Chair Sellers asked if this represented the final purchase of 800 MHz radios. Chief Wilson answered no, that additional radios would be needed to meet the requirement that all FF carry a single radio in hazardous situations. These radios would be purchased in subsequent budget years and should see a decrease in price as

the 800 MHz radios become more readily available.

Board Chair Sellers asked for a motion. Board Member Price moved acceptance of Resolution #CVIII. Board Member Kohler seconded the Motion. There was no further discussion. The Motion passed unanimously with no abstentions.

2. Discussion and Possible Action to Approve Resolution #CIV (109) to Transfer Ambulance Revenues to the Operating Budget.

Chief Wilson explained this item.

Board Member Kohler moved the approval of Resolution #CIV. The Motion was seconded by Board Member Price. There was no discussion. The Motion passed unanimously with no abstentions.

3. Discussion on the Service Impact of the Revised Policy Manual Section—Daily Scheduling 100.13, to address District overtime costs.

Chief Wilson noted that after 21 days of operation under the revised policy, it appears that the District will be able to finish the year on budget for overtime costs.

Board Member Price noting that the Operations Salary item was slightly over budget, asked if this would be coming in line with the budget. Chief Wilson replied that was the goal. Board Member Price asked if this would also affect the benefit item that is over budget. Finance Manager Elikan replied that the benefits item was over because of higher Workers Comp costs and somewhat because of the higher amount of money paid to the retirement fund because the employer contribution is based on a percentage of the employee's gross salary.

F. Board Member Comments

Board Member Kohler commented that the Board would have to make some hard decisions on budgets and requested that everybody in the department continue to do the best job that they can.

Board Member Kohler also commented that the Board needs to revisit with Robson Properties any plans for the undeveloped properties in Sun Lakes.

Chief Wilson noted F.F./CEP Chris Hayes was in the audience and this was his last day with the Sun Lakes Fire District, as he was hired as a lateral firefighter with Mesa Fire Department. Chris Hayes thanked the Board for the opportunity to work with the Sun Lakes Fire District.

G. Scheduling of Committee Meetings:

**Finance & Budget – Diane Price and Mike Sellers
March 9, 2011 10:00 AM**

Legal & Insurance – John Crawford and Forrest Kohler
March 18, 2011 10:00 AM

H. Adjournment

There being no further business to come before the Board, Board Chair Sellers declared the meeting adjourned at 3:30 PM.

Respectfully submitted,

Forrest Kohler,
Board Clerk
FK/geh