

Sun Lakes Fire District Regular Meeting Minutes

March 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, Price, Utter and Crawford were present. Others in attendance included Fire Chief Wilson, Battalion Chief Guerra, Finance Manager Elikan, Captains Puchta, Bennett and McBride, Firefighters Bryan Smith, DeGraaf and Macias Administrative Assistant Engel, and Members of the Public Bernadette Halpin and Jim Kaiser. The meeting was led in the Pledge of Allegiance by Board Member Crawford.

Approval of the Minutes of the February 22, 2011 Monthly Board Meeting

There were no additions or corrections to the minutes of the February 22, 2011 Monthly Board Meeting, therefore, Board Chair Sellers declared the Minutes approved as circulated.

Approval of the Minutes of the March 9, 2011 Budget Committee

There were no additions or corrections to the minutes of the March 9, 2011 Budget Committee Meeting, therefore, Board Chair Sellers declared the Minutes approved as circulated.

Approval of the Minutes of the March 18, 2011 Insurance Committee

There were no additions or corrections to the minutes of the March 18, 2011 Insurance Committee Meeting, therefore, Board Chair Sellers declared the Minutes approved as circulated.

Unscheduled Public Appearances Call to the Public

There were none.

A. Recognition—Service Anniversaries:

Ten Years—Matt Chavez.

Chief Wilson recognized Matt Chavez for ten years of service to Sun Lakes Fire District .

Five Years—Matt Macias.

Chief Wilson recognized Matt Macias for five years of service to Sun Lakes Fire District.

B. Correspondence and/or Other Important Information Attached

There were no comments.

C. Reports—Board Committee Reports

1. PSPRS Local Board Meeting of March 3, 2011—Mike Sellers

Board Chair Sellers reported that the Board voted that Byron Bogenhagen's disability was not work related based on a review of all of the evidence presented to the Board.

2. Finance & Budget Meeting of March 9, 2011—Diane Price & Mike Sellers (Overview by Finance Manager Andrea Elikan)

Board Chair Sellers asked Finance Mgr. Elikan to report on the meeting.

Ms. Elikan reviewed proposed budget totals for FY 11/12 and FY 12/13 compared to projected tax revenue. She noted that based on preliminary expenses for FY 11/12 there will be a shortfall of \$817,000 if the current tax rate is maintained. The Finance & Budget Committee is recommending that this shortfall be made up as follows in FY 11/12:

- \$100,000 from FY 10/11 carryover
- \$341,000 from reductions in expenditures
- \$230,000 from reserve funds
- \$146,000 from an increase in the tax rate to 2.87 from 2.60.

Based on current property valuations and if the Committee's recommendations are enacted, this will mean the average homeowner will be paying \$399 based on a tax rate of 2.872 in FY 11/12 compared to \$416 in FY 10/11. The tax on the average homeowner will be \$397 based on a tax rate of 2.999 in FY 12/13 if current projections hold.

Finance Mgr. Elikan next reviewed the Net Assessed Valuation (NAV) provided by the Maricopa Tax Assessors office. The NAV for FY 11/12 decreased 13.17% from last year's NAV. This is slightly in excess of what SLFD had expected. In FY12/13 the NAV will only decrease 4.89% which is much less than expected. Additionally, the County is projecting that there will be no more double digit reductions in the NAV for the foreseeable future.

Finance Mgr. Elikan called the Boards attention to the County maps provided by the County showing the NAV decreases for Fire Districts in Maricopa County. She noted that Sun Lakes was about in the middle of all the districts.

Finance Mgr. Elikan reviewed the Staff Report on New Revenue Sources and Policy/Program Reductions.

Board Member Kohler asked what the amount of subsidy the District is providing

by not billing for deductibles. Chief Wilson replied, the total subsidy was about \$120,000 with approximately \$100,000 of that being reasonably collectable. Chief Wilson pointed out that a change in this policy would require expenditures for billing, collecting and staff time to explain the change in policy. Also collecting some debts would require time payment arrangements which would delay the income.

Chief Wilson noted that the Department had investigated the possibility of a subscription for ambulance service. He gave credit for the research on this to FF Bryan Smith. FF Smith reported that he had started the research assuming a \$48 to \$50 per person subscription that would cover any deductibles. The total income for this in the initial year would be about \$172,000 before expenses. On the expense side it is estimated that administering this type of program would take a ½ time person to deal with billing and payment issues. The conclusion of the study was that offering such a program in Sun Lakes would be seen as no benefit to the residents since the Department is already subsidizing insurance deductibles for no charge. It remains a viable possibility if the District considers changing the subsidy policy.

Chief Wilson continued to note that a rate increase in the charge made for ambulance service remains the best alternative. He noted that if the contract with Medclaim Data Services, Inc (MDS) that will come up for consideration later in the meeting is approved, Mike Sherry of MDS has agreed to generate the application to the State for a rate increase to take effect on July 1, 2011. Chief Wilson noted that this will be advantageous since an automatic rate increase is scheduled for later in 2011 and another in the Spring of 2012 potentially giving SLFD 3 increases in one FY.

Board Chair Sellers asked Union Local #3560 Vice President Puchta what his impression of the Budget Committee meeting was. VP Puchta stated the Union Membership recognized the necessity for the various expense reductions. He noted that he and Union President Kenyon had numerous meetings and discussions with the Union Members and had brought a series of recommendations for expense reductions to the Committee for consideration. VP Puchta noted that President Kenyon and he were very pleased that all of the recommendations were considered and most of them adopted clearly indicating good and open communication lines existed for the MOU negotiations between the Committee and the Administration.

Board Chair Sellers stated that a tax override had been discussed but was placed very low on the Committee's priority list. Union VP Puchta agreed, saying the Union Members felt that an override at this point really was not viable particularly when the ramifications for future years is considered.

Board Member Kohler asked what percent of increase in the Health Insurance was projected for the proposed budget. Finance Mgr. Elikan replied that the current projection was 19% but that would not be finalized until early May.

3. Legal & Insurance Meeting of March 18, 2011—John Crawford & Forrest Kohler

Board Member Crawford reported that the cost of the general liability insurance for the Department has been reduced by \$2,000 due to our minimal claims. He also noted that general liability costs are coming down mostly because of fewer claims. Mr. Crawford also noted that administrative claims are on the increase apparently because of careless statements made by board officials in fire districts that are included in our actuarial pool.

Board Member Crawford said that the Committee had looked at all possible areas of savings. Two areas that would provide significant savings would be eliminating the Umbrella policy and changing the 100% replacement clause to actual value of the item lost or damaged. He also stated that the Committee definitely did not recommend any change in either current umbrella or 100% replacement clause as either, if needed, can avert a financial disaster for the District.

Board Member Kohler added that SLFD has seen the cost of general liability insurance for SLFD drop about \$10,000 over the past 5 years due to the continued good claim record of the District.

Fire Chief's Report for February 16, 2010 through March 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 that the new SCBAs are now fully in service.

Chief Wilson also noted that Ariel Barr had recently been deployed to a fire near Nogales, AZ. Captain Puchta reported that the experience had been a positive one for both EMT Barr and the Department. EMT Barr was deployed for about 5 days and is now back on regular duty in SL.

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

Engineer Smith investigated the fire on 3/06/2011. He gave a brief synopsis of his investigation. Chief Guerra, the incident commander, reviewed how the fire

was fought in brief for the Board.

There were a number of technical questions from the Board and additional discussion about the fire, location of smoke detectors and golf cart charging systems.

A recommendation was made by Board Member Price to prepare an article for the Splash on the value of a heat detector and a dedicated electric circuit for golf cart charging in the garage.

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 Puchta presented the Local 3560 Report.

Captain Puchta thanked Finance Mgr. Elikan and H.R. Barbara Smith for their contributions of financial information and savings on Workers Comp insurance. He noted that these contributions have helped significantly in the negotiations on the MOU. The current plan is to finish up negotiations on the MOU and get agreement of the Union Membership in time to present the MOU in final form to the April Board Meeting.

The Art at the Lakes exhibition was a success producing a profit of about \$3,000 for the Sun Lakes Emergency Relief Fund (SLERF). Captain Puchta noted that this addition will bring the fund very close to the maximum allowable under the IRS non-profit umbrella. He also noted that \$500 was given to the victims of the fire discussed earlier.

A highway cleanup for Riggs Road is being planned and will occur in the next one to two months.

Captain Puchta reported that the Maricopa County Sheriff's Office has inaugurated bicycle patrols in Sun Lakes in response to a number of home invasion incidents.

There were no comments.

D. Regular Agenda

1. Discussion and Possible Action to approve the 2011/12 Automobile, Liability and Property Insurance Policy, as recommended by the Insurance & Legal Committee.

Board Chair Sellers asked for a motion. Board Member Crawford moved approval of the 2011/12 Automobile, Liability and Property Insurance Policy recommended by the Insurance & Legal Committee. Board Member Kohler seconded the Motion. There was no discussion. The Motion passed unanimously with no abstentions.

2. Discussion and Possible Action on renewal of the Ambulance Billing Agreement with Mediclaim Data Services, Inc. (MDS) for the period of November 1, 2010 through June 30, 2011 at the original fee of 9.5% of gross collections, AND from July 1, 2011 through March 31, 2017 with a new fee of 9.0% of gross collections, as recommended by the Budget Committee.

Chief Wilson explained this item. He noted that the original agreement with MDS was put into effect in 2002 and was revised to the current form in 2007. Proposals were solicited from two other medical billing companies. As a result, MDS proposed a six (6) year contract at a fixed billing rate of 9.0% and additionally MDS would make the application for an ambulance billing rate increase at no cost to SLFD estimated to be about \$10,000

Board Member Price moved that the Agreement with MDS be renewed as presented. The Motion was seconded by Board Member Utter. There was no discussion. The Motion passed unanimously with no abstentions.

3. Discussion and Possible Action on Disposal of Unneeded Equipment, for a Negotiated Sale and / or Donation.

Chief Wilson explained that the unneeded equipment was Protective Clothing that had been replaced. The Administration was recommending that the clothing be donated to the East Valley Institute of Technology. They would use it for student training.

Board Member Crawford moved that the Protective Clothing be donated to the EVIT. The Motion was seconded by Board Member Kohler. There was no further discussion. The Motion passed unanimously with no abstentions.

E. Board Member Comments

Board Member Kohler also commented that he has been attempting to schedule a meeting with Steve Sariano and Mark Malon of RCI Development concerning the undeveloped properties within Sun Lakes. He noted he had not been successful yet due to vacations.

Chief Wilson stated the Vivian Hill manages all of the Commercial Properties available in Sun Lakes and also works for Steve Sariano. He noted that she would be willing to meet with Board Member Kohler also. She is located in the new medical building on Sun Lakes Blvd.

Board Chair Sellers complimented the Chief on his forethought and insistence that a significant Reserve Fund be created and maintained. He noted that without this reserve fund, the issues of balancing the budget in the next FY would be very difficult indeed.

Board Member Price asked that the issue of the Retirement of Chief Wilson be put on the agenda for the April meeting. Chief Wilson agreed to do so.

There were no further comments.

F. Scheduling of Committee Meetings:

**Operations Committee
April 5, 2011**

**Mike Sellers and Gerald Utter
10:00 AM at Sta. 231**

**Insurance & Legal
May 12, 2011**

**John Crawford and Forrest Kohler
10:00 AM**

**Budget & Finance
May 19, 2011**

**Diane Price and Mike Sellers
10:00 AM**

All Board Members confirmed their availability.

H. Adjournment

There being no further business to come before the Board, Board Chair Sellers declared the meeting adjourned at 3:15 PM.

Respectfully submitted,

Forrest Kohler,
Board Clerk
FK/geh