

**GRAHAM FIRE & RESCUE
BOARD OF FIRE COMMISSIONERS
SPECIAL BOARD MEETING
October 27, 2014**

CALL TO ORDER

Commissioner Gustafson called the meeting to order at 5:00 p.m.

Commissioner Gustafson recessed the meeting at 5:01 p.m. pending the arrival of Commissioner Skaggs.

Commissioner Gustafson reconvened the meeting at 5:27 p.m.

Attendance:

Present: Commissioner Robert E. Skaggs, Commissioner Gerald W. Gustafson, Commissioner Russell T. Barstow, Fire Chief Ryan Baskett, Deputy Chief Tony Judd and Board Secretary Jodi Reynolds.

2015 Budget Review. Chief Baskett presented the Board with the 2015 Budget package consisting of his 2015 Budget Message, the 2015 Proposed Budget and supporting documentation. He began his presentation with a review of his 2015 Budget Message. He stated we have seen a decline in tax revenue since 2008 with a relatively flat collection rate in 2014. The Department's reserve account remains at the recommended minimum. Based on Pierce County's projections, next year's tax collection will increase 7% and new construction will stabilize at 1.4% of the annual budget, for a total of approximately \$813,000. Considering the previous year's shortfall of \$800,000 prior to employee concessions, the increase will finally allow our revenue to match expenditures.

The 2015 budget continues with the same tight margins as in 2014. The 2015 budget includes four firefighter/paramedic positions funded by a federal grant for two years. This financial plan continues to fund only what is necessary to maintain the core emergency services and includes reductions in professional training, public education, basic fleet and facilities maintenance, no major capital expenditures and a limited overtime budget. The training line item is increased to reflect the new hires and bolster the resident/volunteer program.

He is not requesting additional reserve funds to balance the 2015 budget. One percent of the tax collections will be transferred into the reserves to begin building a compensated absences account as recommended by the State Auditor. He is requesting the Board fully-fund the Emergency Fund at 2%, approximately \$200,000, for potential emergencies. Historically, we end the year with between 0-2% unspent funds which has been added to our cash carry over. This year he recommends the Board adopt a change in philosophy for the unspent funds, allowing him to recommend unspent funds be redirected to one of three options, or all three: cash carryover, reserve funding, equipment replacement fund. This year he anticipates approximately 2% unspent funds, the majority of which is from the Emergency Fund. He is recommending a 1% increase

to the reserve fund and an increase in cash carryover of 1% to help us absorb the four new positions next year.

A \$2.75 million Maintenance & Operations is on the November ballot and is not reflected in this budget. If it does pass, we will present to the Board a formal budget outlining the expenditures.

Overall, the 2015 budget picture is much better than it has been in several years. We will continue to struggle to meet the increased call volume with current staffing, but the additional four positions will definitely help. He recommended the Board continue using a conservative approach until a stable upward trend is established.

Chief Baskett directed the Board to the Tax Revenue Statement in their budget books. He pointed out the 2015 Tax Revenue figures are listed alongside the 2014 figures for comparison. Regular assessed valuation and new construction each increased a total of ½ billion dollars over 2014. The Fire Tax Levy plus new construction revenue increased, as did the EMS Tax Levy plus new construction revenue. With the increase in assessed valuation, the EMS Tax Levy rate decreased to \$.49, but a lid lift would not benefit us. For the first time we are showing the revenue from Timber Taxes, \$4,500, which we have collected for the past 10+ years, but previously was not shown on the Tax Revenue Statement. The 2015 Total Taxes are \$10,133,519, less the automatic transfer of 1% to Reserves of \$101,335, less the estimated 2015 Uncollected Taxes of 3% \$304,006, plus prior year's delinquent tax revenue of \$225,000, for the total Taxes for Expense Fund of \$9,953,178.

Chief Baskett then reviewed the Non-Tax Revenue items. For ALS Transport revenues, he decreased the amount slightly to \$1,200,000 due to our new response model, interest income of \$1,200, which is historically more accurate than the previous figure of \$18,000, miscellaneous contracts in the amount of \$28,000, down from \$39,000. Deputy Chief Judd explained the contracts are with Pierce County Parks, school districts and power companies and in previous years other "miscellaneous" items may have been included in this total, and they have chosen to separate them out. Chief Baskett continued with Miscellaneous Income in the amount of \$25,000 which includes helmets, classes and records requests, Unspent 2014 revenue in the amount of \$200,000, Grants – EMS and FFI in the amount of \$15,900, the SAFER Grant in the amount of \$420,155, for a Total Non-Tax Revenue for Expense Fund of \$1,890,255. The 2015 Total Projected Revenue is \$11,843,433, with a change in dedicated cash carryover of \$100,000, and Total Projected Expenditures of \$11,743.433, for a net difference of \$0.

Chief Baskett asked if the Board members had any questions. Commissioner Gustafson asked if the new bottling plant valued at \$40 million is included in the new construction tax revenue. Deputy Chief Judd answered affirmatively.

Chief Baskett then referred the Board to the documents behind the Tax Revenue Statement from the Assessor-Treasurer which show our 2015 projections which we receive in September each year. He explained his methodology for developing the budget. He stated he builds the budget based on the September numbers and we will live with those numbers. When the final numbers come in from the County in late November, the budget will not be adjusted, but the budget submitted to the County will include the final numbers. At the end of the next year any excess will be considered

unspent funds and we will allocate them as appropriate. The Board agreed with this approach.

Chief Baskett moved on to the Budget Comparison section in the Budget books. He explained this is a line item by line item budget comparison which was prepared by Deputy Chief Judd, so he was deferring to him to present this information. Deputy Chief Judd proceeded to address all changes in the budget using the 2015 Justifications document located in the next section in the budget books.

Commissioner Skaggs inquired as to why the Graham Business Association decreased their dues, especially since they were struggling. Chief Baskett responded it was a decision by the Executive Board in an attempt to increase membership. They were concerned the dues were too high for some small businesses.

Commissioner Skaggs referred to the 2% increase in employer contribution to PERS 2, and asked if the employees would see an increase in their required contribution amount as well? Deputy Chief Judd responded he believes so.

Commissioner Skaggs recalled the State Auditor taking issue with our Awards Ceremony in the past and requested clarification. Deputy Chief Judd responded the issue was when non-members were being provided dinner. Our Awards Ceremony earlier this year consisted of awards for our members and cake and coffee for everyone. The auditor has no problem with that. We are planning to have a similar event next year.

Commissioner Skaggs questioned that with the enactment of the Affordable Care Act, should we put money into the budget for a physician assistant? Chief Baskett explained based on current Washington State Laws and Pierce County protocols we cannot operate under such a model. Commissioner Skaggs stated he thought this was in the process of being changed. Discussion ensued and the Board and staff agreed the 2015 budget would most likely not be affected.

Commissioner Skaggs asked if the increase in the EKG Monitor Service line item was due to purchasing a new monitor. Chief Baskett said no, the increase was due to previously miscounting the number of monitors covered in the service contract. Now the correct number is reflected in the cost.

Chief Baskett stated he is recommending a salary increase for the Training Division Support Specialist in the amount of \$350.00, in addition to the 2% for all employees, due to her taking on significant Human Resources responsibilities and based on comparables. The Board agreed to the increase.

Deputy Chief Judd informed the Board the Tuition Training line account reflects an increase of \$3,000 to include the administrative support staff and the two IT Division employees in the program. The Board agreed.

Commissioner Gustafson asked if Deputy Chief Judd could separate the natural gas and propane costs in the budget so he can track them. Commissioner Gustafson stated Puget Power is proposing a rate increase for natural gas customers, even though the price of natural gas is falling, and he anticipates the price of propane will fall, too. Deputy Chief Judd responded he would, then clarified whether he would prefer the

information in a spreadsheet, or if he wanted a change to the actual budget. He responded a spreadsheet would be fine.

Deputy Chief Judd concluded his line item by line item review of the budget. He stated there were no 2015 Budget Submittals to address and therefore no "Not Funded" requests.

Chief Baskett distributed to the Board a breakdown of the 2015 Reserve Fund prepared by Deputy Chief Judd. He explained the document will be updated annually along with the rest of the budget documents. Funding will be based on the previous discussion of how we distribute unspent funds or late adjustments to tax revenue from the county.

EXECUTIVE SESSION

None

ADJOURNMENT

With no further business to come before the Board, the Special Board Meeting of October 27, 2014, was adjourned at 6:44 p.m.

Robert E. Skaggs, Commissioner

Anthony D. Judd, District Secretary