



Superstition Fire & Medical District

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Governing Board Work Session Minutes March 20, 2017

PURSUANT TO A.R.S. §38.431.02, NOTICE IS HEREBY GIVEN TO THE GENERAL PUBLIC THAT THE SUPERSTITION FIRE & MEDICAL DISTRICT GOVERNING BOARD OF DIRECTORS HELD A MEETING ON WEDNESDAY, MARCH 20, 2017. THE MEETING WAS HELD AT THE SUPERSTITION FIRE & MEDICAL DISTRICT'S ADMINISTRATION OFFICE, 565 N. IDAHO ROAD, APACHE JUNCTION, ARIZONA.

THIS MEETING WAS OPEN TO THE GENERAL PUBLIC AND BEGAN AT 4:30 P.M.

A. Call to Order

Chairman Cross called the meeting to order at 4:30 P.M.

B. Pledge of Allegiance

Pledge of Allegiance was led by Director House.

C. Roll Call

Chairman Jeff Cross, Clerk Gene Gehrt, Director Todd House, Director Jason Moeller, and Director Larry Strand as present.

Senior Leadership Team in attendance: Fire Chief Paul Bourgeois, Assistant Chief Jerome Schirmer, Assistant Chief Brett Broman, Assistant Chief Mike Farber, and Finance Director Roger Wood.

Executive Assistant acting as Board Secretary Jasmin Jones was also present for the meeting. Legal Counsel Donna Aversa was absent.

1. Review, presentation, update, and possible action regarding the FY 2017/2018 and FY 2018/2019 budgeting strategy and planning process, including direction from the BOD for planning purposes with the Labor Management Team and the BOD (BOD #2017-03-10)

Fire Chief Paul Bourgeois led the discussion with the BOD regarding the budget challenges for FY 2017/2018 and 2018/2019. Key items discussed were as follows:

Fiscal Background

- 2006 Bond approved to build Station 265
- 2012
 - Opened and staffed 265
 - PSPSR costs were approx. \$979,000
 - District employees had not received wage increases in 6 – 7 years
- 2013
 - NAV hit historic lows (total loss of 44%)
 - Prop. 117 passed
- 2014 – 2017
 - Board approved major sworn/civilian market adjustments costing approx. \$1.3 Million
 - These wage adjustments also fuel higher pension costs
- 2015 – 2017
 - PSPRS costs have skyrocketed 58.9%

- Since 2012 –
 - New Station: \$1.3 million/year
 - PSPRS: \$1.1 million/year
 - Wage increases: \$1.3 million/year

Totals: \$3.7 million in new expenditures since 2012

If Prop. 117 had lived up to its promises (5%/year) we would be \$2.9 million ahead of where we are today

What does this mean?

- The opening of 265, coupled with market adjustments, the passing of Prop. 117 and skyrocketing PSPRS costs are the four most significant impacts to the fire district budget in recent years
- The District has continually managed to “do more with less” – but today there are fewer and fewer places to cut without getting into people and programs
- Future budget cuts may have a profound affect on District operations, pay and benefits and service delivery

We Need to Be Aware of Who We Are.

- Small but very busy rural/suburban fire district
- Part of the Phoenix Regional Auto-Aid System
- Operations/pay/benefits are largely benchmarked to the Phoenix market
- We are primarily an EMS system
- 91% of incidents are EMS, Good Intent or Service Calls
- We are an exceptional EMS organization!
- Large low-acuity medical call volume
- Few structure fires (14 significant fires in 2016)
- Local socio-economic challenges
- Demand for service exceeds revenue

Cuts

- Non-essential OT
- Conferences & Travel (AFDA, AFCA, per diem)
- Considering reorganizations and reassignment of work
- Public Education, Events & Community Outreach
- May have to start saying “No” (community events, EMS standby’s, service contracts, wildland, snake removals, etc.)

Other Considerations

- Mechanic vacancy
- Operations OT
- Managing cash
- Extending Capital Reserves

Potential Cost Savings Ideas

- Moving Admin offices to the RTC
- Changes to medical plan
- “Energy Saving” program
- Incentive Pay (Cell Phones/Educational)
- LA Units

Moving Forward

- Cash will be a delicate balance
- No capacity for overruns and offsets
- Pursue New Revenue

- Fee for service
- Subscriptions
- Treat & Refer
- Grants
- Advertising/Partnerships
- Consider transport rate increase
- Merger/Consolidation/JPA

Summary

- Several critical decisions and factors beyond our control are contributing to a serious budget shortfall
- Post Prop. 117 era is a new day and a “new normal” for FD’s
- PSPRS cost increases are unsustainable
- Our people do great work and deserve a market comparable wage and benefit package
- Budget challenge is not a one year fix
- We will likely be looking at similar budget scenarios the next several years
- Need the NAV to catch up (5-6 years of >4.5%)
- Need PSPRS to stabilize and return to reasonable levels

Chief Bourgeois and Superstition Firefighters Labor VP John Walka fielded questions from the board including legislative information, AFDA & AFCA information, necessity of PSPRS stabilization, cutting non-essential over-time, 40-hour Administration Captains reassignment, leave pool update, potential of moving the admin offices to the RTC, the importance of keeping our premier EMS department designation by keeping our training center open, out of district responses, the importance of billing for services to departments not in the auto-aid system, and capital replacement plan items.

Finance Director Roger Wood answered questions from the board regarding the financial reserve. He also answered questions regarding the GADA bond.

Chief Bourgeois answered questions from the board regarding overtime and operational impacts. He also asked for feedback from the board regarding balancing the budget with money from the 200 fund and what the board would like to cut. With direction, he stated more information would be brought to the April meeting to continue the discussion.

The BOD thanked staff for the clarity and the useful information.

2. Call to the Public. (BOD #2017-03-n/a)

N/A

3. Adjourn (BOD #2017-03-11)

Motion by Director House at 7:06 PM to adjourn the meeting. **Seconded** by Clerk Gehrt.

Vote 5 ayes, 0 nays. **MOTION PASSED.**

Governing Board Approval:

Gene Gehrt, Board Clerk

Jasmin Jones