



Superstition Fire & Medical District

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Governing Board Work Session Minutes May 1, 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 MONDAY, MAY 1, 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 5:00 P.M.

A. Call to Order

Chairman Cross called the meeting to order at 5:00 P.M.

B. Pledge of Allegiance

Pledge of Allegiance was led by Director Moeller.

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.

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

1. Executive Session pursuant to ARS §38-431.03(A)(3) for discussion or consultation for legal advice with an attorney for the District. (BOD #2017-05-01)

Motion by Director House at 5:02 PM to go into Executive Session pursuant to ARS §38-431(A)(3) for discussion or consultation for legal advice with an attorney for the District, in regards to the budget. **Seconded** by Chairman Cross

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

****Back in Regular Session at 6:35 PM. Chairman Cross reminded everyone that items discussed in the executive session is confidential up to returning to regular session.****

2. Discussion regarding the strategic planning of the FY 17/18 budget. (BOD #2017-05-02)

Fire Chief Paul Bourgeois introduced this item to the board, stating that staff had updates regarding medical insurance, Florence IGA, and a rate increase for ambulance service.

Assistant Chief Brett Broman discussed the following key items regarding medical insurance:

- Initial discussions with United Healthcare came back with a 15.6% increase through negotiations, their final number dropped to a 12% increase– staff began looking at other cost saving providers – with similar benefits.

- The district's broker came back with the United Firefighter's Trust Plan (Tempe Fire) – initial discussions being there would be a rate pass.
- Information regarding the plan was shared with Labor, still waiting to hear back their opinion.

Chief Broman fielded questions from the board:

- Director House inquired if the benefit package would be the same. Chief Broman reiterated that the plan was different, however, similar benefits for our members.
- Director House inquired if Labor had been given the information, Chief Broman again reiterated that Labor is apprised of the plan and staff is waiting to hear their opinion.

Finance Director Roger Wood updated the board regarding the Florence IGA:

- Walked the board through a fully loaded cost (includes labor, benefits, wages, benefit contribution, social security, Medicare, worker's compensation, cell phone, building variables, etc.).
- Current IGA per hour is \$67.00, (61% profit margin), updated pricing is \$73.00 per hour (76% profit margin) and a surcharge of 10% on parts.
- There will be a negotiation with Florence once the IGA is drafted and approved by our board. The current IGA ends on 6/30/17, there is a 30 day obligation to notify Florence if we no longer agree to the terms of the agreement.

Mr. Wood fielded questions from the board:

- Chairman Cross asked Mr. Wood the cost of a new mechanic to the FY 17/18 budget. Mr. Wood stated that the first year, with the assumption of hiring a mechanic on or around the beginning for the new year, there would be roughly a \$23,000 increase to the FY 17/18 budget.

Chief Bourgeois and Mr. Wood updated the board on an ambulance rate increase:

- Our Transportation Services Division has been operating for over 15 months, have a better grasp on the payer mix, better understanding on where we stand in the industry.
- Initial rates were set the same as Southwest Ambulance, the difference being we created a fully loaded rate.
- The basis for the rate increase is to break even for the district – even with a higher rate, Medicare will still only pay a fixed rate and 60% of our population is on Medicare. Medicare also only updates their rates once a year.
- Will draft the information and meet with DHS to see where they stand before submitting the full information.
- The rate increase is not added in the FY 17/18 budget because there is no guarantee that DHS will grant the increase.

Chief Bourgeois, Mr. Wood, and Transportation Services Manager Billy Warren fielded questions from the board:

- Chairman Cross asked how long it would take to get the rate increase approved. Mr. Warren stated, 90 days to be on the safe side. He also stated that once the increase takes place he would watch the amounts coming in from Medicare and Medicaid closely to make sure there won't be any short pays.
- Chairman Cross asked an estimate of the amount it would bring in and if it was done not for a full year, would it bring in less? Mr. Wood stated everything we would bring in would be on the upside, for a full year it would be an estimate of an additional \$400,000.

Chief Bourgeois and staff summarized the items discussed by members of staff and the budget information:

- Current budget position is \$303,499 out of balance, items included
 - FY 17/18 ELBO at \$191,355
 - 3rd Mechanic
 - M&O Grants with matching funds
 - VICC Grant – 15% Match
 - Community Risk Reduction (Fall Program) – 5% Match

Board members were confused by the Financial Reserve and the Capital Reserve, both Director House and Chairman Cross were under the impression that staff wanted to utilize Financial Reserve monies to shore up the budget shortfall. Chief Bourgeois and Mr. Wood answered their questions, and corrected them by stating what staff has presented through the budget planning process was if there was a budget shortfall, the money would be pulled from the Capital Reserve (200 Fund) to shore up the amount. This would be monies before the approved override money is collected and goes into the 200 Fund. The override monies approved by the tax payers would be used for Capital items as stated during the educational campaign.

Mr. Wood spoke briefly about the district's cash flow, and how it is much different than years past because of the ambulance service. He also explained to the board the history on the approved line of credit. That is utilized at times from July 1st through late September, when tax revenue starts coming in.

Director House asked for an update on PSPRS and ASRS. Mr. Wood stated that the PSPRS reform is currently waiting for the Governor to make a decision, that may assist with balancing the budget. The ASRS that was brought up at the last meeting does not have any impact on our district after doing research on the matter.

Director Moeller asked staff what the worst case scenario would be. Mr. Wood stated, the top four items that are a major factor with budgets are medical insurance, PSPRS, the NAV, and the ambulance rate increase. Those are the items that change greatly even with a small incremental percentage change. He went on to explain, that he is aware that the board is looking for a forecast and that after this budgeting year, it would be easier to forecast once the PSPRS is settled and the rate increase is determined.

Chairman Cross inquired about new builds within the district. Mr. Wood walked him through some new builds he is aware of and how those items will not hit the tax roll for approximately 18 months out. Chief Bourgeois stated that some of the fire districts were able to see a higher than 5% NAV on new construction for the first year, he went on to say that the new Fry's would be something to watch to see if the first year is higher than the 5% prop 117 allows.

Director House stated that he would like to see the benefit package remain the same – he does not want to lose any benefits by switching carriers. Chief Broman stated that with the current increase with United Healthcare at 12.5%, that would be an additional cost to the budget of \$116,000.

Chairman Cross thanked everyone for their hard work and stated that he was sure there would be changes within the next couple of months to the budget. Chief Bourgeois stated if there were changes, they would be small and incremental, unless there is reform for PSPRS.

3. Call to the Public. (BOD #2017-04-n/a)

Bob Ross (address redacted)

“Probably about six months ago, you guys came to our meeting and NP five, talked about the override, you guys got the override, we were under the impression that is all you would need. Not even six months or so and you guys are in the hole again. Um, I have my own business, and the things I do know about business is the profit has to be a little bit over more than the overhead to survive. Your profit is not your overhead is not profit. The profit is not seeing it, its taxpayer. I don't like my tax, is going to go a couple hundred bucks because this override. I figure, ok you gotta eat it. But now you are back down into this again.

If this was a private business, you'd have, you'd have come in its either you're gonna have to fold because your overhead is high, or you gonna have to do something. Now, most of the time, business, they get rid of middle management, now I have looked and we have probably 98 firemen here, under department, we got three assistant chiefs, Mesa has much more than us, and they have three. So how do we warrant that? You know you are talking about, you don't even know, what is going to happen here, this is all contention upon all the stuff. Well, maybe there is another alternative, maybe we do have to do some cutting. I don't want to see any of the grunts here, I don't want to see any of these guys, these guys are the ones that save our life, they are in

the field. But, we might want to think about that, if this is a corporation, middle management would be in any office talking right now.

You know, you are talking about, houses being built there, look how many built in Maricopa. Maricopa County has taxes that are 50% less than ours. How come our taxes are so high? And how come they are running such an efficient job over there. You know if our taxes were down here, we would have a lot more builders down here, we'd have a lot more development in here. You know a lot of people come over here and hear what our taxes are and they go right across the border. So, that's why, you guys ought to think about that. I have run a business for twenty five years, I have twenty five men I 18 trucks on the road, I go through the Carter administration, which is death, ok. And I knew that my overhead was getting higher than profit. I had to do lay-offs, that's all there is to it. It is either that or just shut the door. Yes, things got better years later and I, I hired, but the way you are talking here now, it sounds like a funeral.

You know you guys gotta do some other stuff, you, you, how many times can you go into the well and tax, and tax people that own homes here. You know, and then you go right across the line over the here and they don't have that problem. So maybe we should start unloading some stuff. I understand we got a lot of money tied up in video, what are we doing with that? You know, you guys got to look at the bottom line before you decide to buy something, before you decide to spend something. Before you decide to do something, before you decide to buy trucks. You know we got, there is gonna be mechanics here, these guys can keep so much stuff running longer, that is why we did the override with you guys. That didn't do anything, we need to, we need to extend some stuff. That's what I did, when I was in business, I stop leasing trucks. I let the leases go a little bit longer, because I knew there was gonna be a problem. You guys, know it is going to be a problem, you guys are looking around and you don't even know what you are doing. You don't know what to do.

Well if this works out, this will happen, if this works out, maybe this will happen, but if it doesn't we don't know what else to do. Well, you know what you better put some people on the chopping block, better do something, cause this is nonsense, this is crazy."

Dan Homrath (address redacted)

"I'd just like to say um, it seems that there are an awful lot of questions, a lot of data that hasn't really been answered yet. And um, it seems like it is a little early to ask for an override. You know, I realize there is a lot of very important people here, nobody wants to lose their job. Um, but sometimes going back to, well I think we probably all have pretty good idea of what happened, um, during the um school board override. You know why those have all failed, because they asked for too much down there at the CAC. Sometimes people just get fed up, and don't want to pay no more taxes. Thank you."

Bill Kell (address redacted)

"Mr. Ross expressed mostly what I was going to say, the only thing is, I am going to say, I am a former accountant I think that you guys need to look at every single department and look at is this an absolute necessary item, if it isn't then get rid of it. It's not a, it's not emotional, it is a financial decision. Get rid of it if you don't need it, it is time. Thank you sir."

Rob Lee (NOT PRESENT)

Hugh McLaughlin (address redacted)

"Thank you very much for the opportunity here, I um, a former bureau brat, a federal bureau brat, I feel the pain trying to do budgets. Trying to work it out here, and it can be pretentious, there is no doubt about that, and so I will just, I feel your pain. One, my reason for being here, is this is a small community and we have firefighters out here, boots on the ground if you will. It is important to me and my family, that those people remain in place, ok. When it comes to laying off people, the rumor that is going around now, that you know

you take them off the bottom. Unfortunately, I have been down that cycle myself with the federal government. And nothing else, it cripples an organization for laying off the people that are actually doing the work. So, going along with these other folks here, you folks, you people, please find some way to fix this. You're the closest ones that can do it, you're the management, you're in charge of this organization. And to these folks, don't chop off the bottom, you will pay for it down the road. I will pay for it down the road and I don't want to do that. I want to be able to dial 911 and get help. I know that you folks over there, used to be these people. But, you are not going to be the ones coming to my house to help me. Thank you very much."

Chairman Cross thanked everyone for their comments.

4. Adjourn (BOD #2017-05-03)

Motion by Director Strand at 7:12 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