



Superstition Fire & Medical District

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Governing Board Meeting Minutes May 17, 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, MAY 17, 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 5:30 P.M.

A. Call to Order

Chairman Cross called the meeting to order at 5:30 P.M.

B. Pledge of Allegiance

Pledge of Allegiance was led by Chairman Cross.

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 Accounts Payable Clerk acting as Board Secretary Jennifer Burke were also present for the meeting.

1. Review and approval of April 2017 financial reports and bank reconciliations. (BOD #2017-05-04)

Motion by Director House to approve the April 2017 financial reports and bank reconciliations. **Seconded** by Director Strand.

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

2. Recognition of employee performance, achievements, and special recognition for community members. (BOD #2017-05-05)

Assistant Chief Brett Broman presented 15 Year Service Anniversary Awards to Firefighter Paul Garcia, Fire Engineer Rob VandeKrol (not present), and Firefighter / Paramedic Stephan Wagner (not present).

Chief Broman also read the list of May Service Anniversaries, Finance Director Roger Wood with 4 years of service.

3. Call to the Public. (BOD #2017-05-n/a)

Robert Ross (address redacted)

"Well, I was looking at stuff, and it appears that we have 98 firefighters, is that correct, 90, let's make it 99 with my math. We got three assistant chiefs, that is one chief for 33 guys at middle management. One chief for 33 guys. Mesa, it's either 450 or 550, couldn't get the right numbers so I don't know, so let's make it 4, the

got 3 administrative chiefs. So that is 130 guys per administrative chief. 130 per, that means that we have 99, they got 1 for 120 or 140. Why do we need 3 for 99, we got a budget deficit here, we are having problems, we don't want our taxes raised anymore. I mean that's it, just did this. We just did this, you guys are getting five million dollars, enough is enough, it is just not right. I'll be getting some fore facts about Tucson and Phoenix too and we are going to try to find out why we are so top heavy. We got 11 new trucks out there, probably 800, 900 thousand dollars worth of equipment sitting out there. And also there are 6 of them, 5 of them, that don't have any decals on them. I know we have decals because I checked into it. How come they don't have decals and they are driving around? If that was me I would say that is for personal use. Not accusing anybody, That is just my thought, so why don't we have decals on those new trucks? A lot of new ones do, a lot of them don't and there is no shortage of decals."

Hugh McLaughlin (address redacted)

"Yes, thank you all I am going to speak here. I was kinda hoping this meeting would go a bit differently, like discussing the budget. Okay, where we are with the shortfall, so that we can hopefully, fill in some of the blanks from the last meeting. We had a I call it a dog and pony show, no offense to your program that you have going, that PowerPoint you had last week, or two weeks ago. But, you know, I don't know where we are now. We still have a shortfall of 300 and some thousand dollars I assume, does that sound right?

Member of Audience Charlie Fox, "No."

Mr. McLaughlin, "No, we don't? Is it more?"

Mr. Fox, "No."

Mr. McLaughlin, "It's less?"

Mr. Fox, "Yes."

Mr. McLaughlin, "Does somebody on the board want to want to..."

Chairman Cross, "Unfortunately, during Call to Public the board is not allowed or administration is not allowed to discuss items, unless it is an agenda item we are not allowed to discuss it."

Mr. McLaughlin, "Oh, right and we didn't have an agenda, so I apologize for that. Obviously, there is a shortfall of some amount of money, which will be told to us later, somehow, some way. But, whatever I said before that one of the reasons that I am here is because when I dial 9-1-1 I want these gentlemen or woman to show up and put out a fire for me. Or to give me the CPR you know, that is why I am here and I am going to fight for that. I will fight because I don't want them laid off, you guys you are on your own. Been there, done that, that is all I have to say on that. I am sorry that I didn't have more information I mean I've got more. I am a little disappointed in this, Chairman thank you for letting me speak."

Charlie Fox (address redacted)

"These two men are some of my best friends, but I am going to take issue with them, I want to say what is going on right now reminds me of what was going on in 2012. When a lady named Barb Cobb and I ran for the board an won, because we were sick and tired of people trying to get rid of chiefs. And, the Union was trying to run the show, if you remember our motto on the bottom of our signs, citizen control not union control. And what I see going on here is pretty much the same thing that was going on in 2012, again with the boards backing. And that really does upset me, and as far as \$282k deficit, there have been some things happen, but one of the things that we have not been told is that there was an unexpected \$600k increase in pensions, it wasn't planned for. Now, I know we had to start out with 1.7 million dollars, but we are down to \$282k and if it wasn't for that pension increase, right now we would be sitting on a, about a little over \$300k in the black. So, those things need to be told and what I see going on here really concerns me. This district has gone from I guess you could say sort of a so so district, to the premier district in the state and one of the premier district in the nation. And if we start losing people like chief Bourgeois, we are going back into the door. Thank you."

Al Sharp (address redacted)

"I was going to talk about a budget item during the minutes, do you want me to do it now or do you want me to do it later? I will do it now, I am Al Sharp, my question was, when does the \$952k take effect and it should

a lot of this budget stuff. And, how are we going to track that money that we spend on capital items that chief promises?

Audience Member Charlie Fox, "Mr. Chairman, you can't speak to that, can I?"

Chairman Cross, "No, but what I can do is make that an agenda item to explain where that money will go, when that will start, and how we are going to track that."

Mr. Sharp, "Thank you."

Mr. Fox, "And that was an override for capital improvements, not for anything else."

Franklin Ferguson (address redacted)

"The talking point I want to come out with, was covered. So, I would just like to make a statement if I could. I just want to thank all of these gentlemen and woman for the job that they do. They have been to my house several times, they took care of my mother-in-law and I just want to say, thanks."

4. Consideration and possible approval of all consent agenda items listed below: (BOD #2017-05-06)

- A. Board Meeting Minutes from April 19, 2017
- B. Board Work Session Executive Minutes from May 1, 2017
- C. Board Work Session Meeting Minutes from May 1, 2017
- D. Town of Florence IGA Renewal
- E. Medical Insurance Provider Change (UHC – UFHCT)
- F. Principal Financial Group (Dental Insurance) Addendum
- G. Henry & Horne, LLP Engagement Letter

Chairman Cross requested to pull items A and D. Fire Chief Paul Bourgeois requested to pull item E.

Motion by Clerk Gehrt to approve consent agenda items B,C,F, and G . **Seconded** by Chairman Cross.

Vote (Roll Call Vote) House (aye), Strand (aye), Cross (aye), Moeller (aye), Gehrt (aye) – 5 ayes, 0 nays. **MOTION PASSED.**

Item Agenda 4A – Clerk Gehrt stated that he just wanted to bring up the fact that he instructed the secretary to include all of the items presented at the board meeting into the board minutes as addendums. Including things that may be on video, and things that have been handed out.

Item Agenda 4D – Chairman Cross clarified that the changes were made to the Florence IGA and if Florence accepted the changes. Fleet Supervisor Vaughn Croshaw stated this item has not been taken to Florence yet, he needed it to be approved by our board before it was presented to Florence.

Item Agenda 4E – Assistant Chief Brett Broman summarized the changes to the medical insurance this fiscal year. Director House inquired if Labor had been included in the conversation to change carriers. Chief Broman stated they had been involved in all of the conversations.

Motion by Clerk Gehrt to approve consent agenda items A,D, and E. **Seconded** by Chairman Cross.

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

5. Discussion, presentation, and possible action regarding the SFMD Memorandum of Understanding. (BOD #2017-05-07)

Chairman Cross stated he spoke to both labor and management regarding this item. There were some changes made to the document by the labor that was sent to management yesterday morning and then on to legal, which did not allow enough time to review the document with the changes labor made.

6. Discussion regarding the development of the Fiscal Year 2017/2018 Revenue and Expenditure Budget. (BOD #2017-05-08) – See Addendum A

Fire Chief Paul Bourgeois gave a brief summary, stating he wanted to bring a finished budget to the board. However, recent changes by the legislature regarding PSPRS, caused for the need of additional time to provide visibility as to what this change will mean to the SFMD.

Chief Bourgeois went on to say, there would be a balanced budget presented to the board next month, and that it is a balanced budget, and NO monies would need to be transferred from the Capital Reserve (200 fund) to assist with the deficit. Key points discussed were:

FY 2017/2018 Tentative Budget Status

- General (100) Fund
 - May 11th Jared Smout, PSPRS Administrator Communication:
“There is the potential to have the amortization period extended before June 30 to have your July 1, 2017 rate decreased. I have been discussing this with John Flynn and should have some more information available in the next week or so.”
 - H2485 / Subsection B:
 - Governing Board of Employer adopt a Resolution requesting a longer amortization period (between the current 20 years and a maximum of 30 years), and specifying the beginning date of new period (July 1, 2017).
 - Employer submit written request for longer amortization period to PSPRS.
 - FY 2017/2018 Tentative Budget will be delivered in June once the true impact of H2485 is determined.
 - July 3rd is the absolute final date for the Tentative Budget adoption in order to provide the statutory 20 days review by the public before final adoption of FY 2017/2018 budget on July 31st.
 - Staff must deliver final adopted budget to Pinal and Maricopa Counties Clerk of the Board of Supervisors no later than August 1st.
 - Current Status \$276,520 out of balance
 - Reflects:
 - FY 17/18 ELBO + \$190,775
 - Tempe Trust Medical Coverage + \$42,136 in increased Benefit Dollars
 - Up \$12 per pay period (\$390 vs \$378)
 - Increased PSPRS Contribution \$582,182
 - Cost cutting in non-essential areas - \$241,988
- Transport (150) Fund
 - 4,334 ALS + 624 BLS = 4,958 Total Transports
 - 8.49 billable miles per transport
 - \$1,066.46 ALS, \$923.30 BLS, \$18.26 per mile
 - \$6,011,915 **GROSS** Revenue
 - \$2,622,801 **NET** Revenue (after all discounts and write-offs)
 - Three full time 24x7 ambulances, one part time 12x7 ambulance
 - Subsidy for General M&O (100) Fund
 - \$281,653 allocated costs
 - \$251,375 direct facilities, utilities, and operating costs
 - \$533,028 Total Subsidy
- Financial Reserve VS Capital Reserve
 - Financial Reserve - a portion of the General (100) Fund expense budget set aside “in reserve” with the intent of not spending. It is the money the District will have in the bank at the beginning of the next fiscal year. GASB and GAAP require a minimum amount of financial reserve so the District has money to pay its payroll and bills at the start of the next fiscal year.

- Capital Fund or “Reserve” - the 200 Fund. It is an entirely separate fund. It represents savings over the years from the 100 Fund for the purchase of capital items. There is no requirement for the District to maintain a Capital Fund.
- Capital (200) Fund
 - Beginning Case Balance (Projected) - \$884,806
 - Estimated Tax Revenue (*\$0.25) \$951,970
 - Investment Income (Estimated) \$4,000
 - Planned Purchases \$723,408
 - Grant Matching (2nd set of Turnouts) \$28,358
 - Ending Cash Balance (Estimated) \$1,089,010
- Special Revenue (Donations / Grants – 400) Fund
 - Beginning Cash Balance (Projected) \$68,775
 - Fall Prevention Grant (5%) \$11,961 (Supplies Only)
 - VICC Training Grant (15%) \$95,634
 - AFG 2nd Set of Turnouts (10%) \$255,218
 - Donations \$16,600
- Bond Debt Principal (500) Fund
 - Estimated Tax Revenue \$492,602
 - Debt Principle Expense \$445,000
- Bond Debt Interest (600) Fund
 - Estimated Tax Revenue \$344,250
 - Debit Interest Expense \$311,025

Chairman Cross asked for questions and comments from the board.

Director House stated this budget seems like it is going to be balanced this year, however, he is having a difficult time wrapping his mind around the stability in future years. Finance Director Roger Wood, stated that when he did the forecast for FY 17/18, one of the topics that originally attributed to the large deficit was that Intermedix not performing as expected with the billing of ambulance calls. They are now performing at the rate as expected, the forecast deficit would be much less now. We will also be submitting a rate increase which will also assist with the deficit and assist forecasting for future years.

Clerk Gehrt asked Mr. Wood to elaborate on the rate increase, this was money before that was going to a private vendor and today it is being received by the SFMD. So the rate increase is not going to the public per say, it is a rate increase for the insurances providers. Mr. Wood stated that currently, the rate increase is not factored into the current budget because it is not a guarantee at this time. If we are successful, it will only add value to the budget.

7. Discussion and update regarding any information pertaining to PSPRS or the PSPRS SFMD Board. (BOD #2017-05-09) – Addendum B

Finance Director Roger Wood and Clerk Gehrt have been working together to understand the changes to the PSPRS. Mr. Wood summarized the following before showing short videos pertaining to the topic.

- Tier 1a – Attained 20 or more years of service prior to 1/1/2012. “Old” DROP, members do not make contributions to DROP.
- Tier 1b – Hired before 1/1/2012 and have attained 20 years of service, or 15 years of service and are at least 62 years old on or after 1/1/2012. “New” DROP, members continue to contribute to PSPRS during DROP.
- Tier 2 – Hired between 1/1/2012 and 7/1/2017. Must have 25 years of service and be at least 52.5 years old to be eligible for normal pension benefit. Eligible for new Defined Contribution Plan.

8. Senior Leadership Team & Labor Reports (BOD #2017-05-10) – Addendum C

Management Services

- Fire Chief Paul Bourgeois stated that SLT received an updated version of the MOU yesterday when Labor sent it out to all employees. SLT has not had time to review those changes with Labor with such short notice. Chief Bourgeois stated that he anticipates between Labor and Management, they could *knock it out* in an hour. He went on to say he understands how important this item is and he would like to schedule a special board meeting to come together and adopt the MOU as soon as possible.

Director House requested to have a financial statement included with the MOU meeting in case there is any financial impact.

Emergency Services – N/A

Administrative Services – N/A

Community & Financial Services

- Brief update on the April 2017 Transport Revenue

Superstition Firefighters

- Firefighter John Walka stated he wanted to address some comments Mr. Charlie Fox made earlier in the meeting, *“Clarification on what the Union is standing for and what we are trying to do today. How we are here to oust the Chief, and that is actually a vicious rumor, I feel that is driven by one person’s agenda. Mr. Fox, who told you about this rumor?”*

Mr. Fox stated, “It is NOT a rumor, I know the Chief, and I know how you will get rid of him.”

Mr. Walka, “Sir, with all due respect, you do not know what is going on. Do you understand...”

Chairman Cross stopped Mr. Walka and reminded him to please direct the comments to the Board, not audience members.

Mr. Walka continued, “What you need to understand is the majority of these cuts made here today were pushed in by Labor. A lot of these cuts had a lot of resistance and just our health insurance today we lose about \$145k to our benefits and that is something that we supported because we are trying to be a part of the solution.

Mr. Walka went on to state that in regards to the MOU, it was sent out yesterday morning and sent to legal. He stated that if it will only take an hour to go through it together as a team, he questioned why he wasn’t made aware of it sooner.

9. Announcements (BOD #2017-05-11)

Director Strand requested to have a copy of the Fire Chief’s contract in hard copy, not emailed to him. Chief Bourgeois stated he would be happy to get him a hard copy before tonight before Mr. Strand left.

10. Adjourn (BOD #2017-05-12)

Motion by Director House at 6:21 PM to adjourn the meeting. **Seconded** by Director Strand.

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

Governing Board Approval:



Gene Gehrt, Board Clerk

Jasmin Jones

Addendum A

Item 6
BOD #2017-05-08

Discussion regarding the development of the Fiscal year 2017/2018 Revenue and Expenditure Budget.



FY 2017 / 2018 Tentative Budget Status

General (100) Fund

May 11 – Jared Smout, PSPRS Administrator communication

"There is the potential to have the amortization period extended before June 30 to have your July 1, 2017 rate decreased. I have been discussing this with John Flynn and should have some more information available in the next week or so."

H2485 / Subsection B:

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General (100) Fund

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FY 2017 / 2018 Tentative Budget Status

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Current Status: \$276,520 out of balance

Reflects:

- FY17/18 ELBO +\$190,775
- Tempe Trust Medical Coverage +\$42,136 in increased Benefit Dollars
 - Up \$12.00 per pay period (\$390 vs. \$378)
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- Cost cutting in non-essential areas - \$241,988

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- 4,334 ALS + 624 BLS = 4,958 Total Transports
 - 8.49 billable miles per transport
 - \$1,066.46 ALS, \$923.30 BLS, \$18.26 per mile
 - \$6,011,915 **GROSS** Revenue
 - \$2,622,801 **NET** Revenue (after all discounts and write-offs)
- Three (3) full time 24X7 ambulances, one (1) part time 12X7 ambulance

FY 2017 / 2018 Tentative Budget Status

Transport (150) Fund

Payer Mix

Carrier	% Transports	% Gross	Mix
Medicare	59.76%	37.00%	22.11%
Medicaid	19.37%	68.59%	13.29%
Commercial	10.22%	75.00%	7.67%
No Insurance	10.13%	3.30%	0.33%
Auto Insurance	0.52%	60.00%	3.31%
	100.00%		43.73%

FY 2017 / 2018 Tentative Budget Status

Transport (150) Fund

Subsidy for General M&O (100) Fund

\$281,653 allocated costs
 \$251,375 direct facilities, utilities, and operating costs
 \$533,028 Total Subsidy

Financial Reserve vs. Capital Reserve

They are two different amounts.

- Financial Reserve – a portion of the General (100) Fund expense budget set aside "in reserve" with the intent of not spending. It is the money the District will have in the bank at the beginning of the next fiscal year. GASB and GAAP require a minimum amount of financial reserve so the District has money to pay its payroll and bills at the start of the next fiscal year.
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FY 2017 / 2018 Tentative Budget Status

Capital (200) Fund

Beginning Cash Balance (Projected)	\$ 884,806
Estimated Tax Revenue (\$0.25*)	\$ 951,970
Investment Income (Estimated)	\$ 4,000
Planned Purchases	\$ 723,408
Grant Matching (2 nd set Turnouts)	\$ <u>28,358</u>
Ending Cash Balance (Estimated)	\$1,089,010

* Assumes Board approval of Special Tax Override.

FY 2017 / 2018 Tentative Budget Status

Capital (200) Fund

Planned Purchases

Steel Building at \$262	\$ 39,830
A/C Unit Replacements (3)	\$ 22,500
Pumper Lease	\$ 86,098
Tanker Lease	\$ 42,256
Ambulance Leases (5)	\$ 175,148
Topaz Venture	\$ 42,076
G2 Encoding Upgrade	\$ 30,000
Dual Band Radios (5)	\$ 45,000
Heart Monitor	\$ 41,500
Mobile Data Terminal Replacement	\$ 130,000
Servers	\$ 52,000
EPCRs	\$ 10,000
Treadmill	\$ 7,000
	\$ 723,408

FY 2017 / 2018 Tentative Budget Status

Special Revenue (Donations / Grant – 400) Fund

Beginning Cash Balance (Projected)	\$ 68,775
Grants (Agency Share)	
- Fall Prevention Grant (5%)	\$ 11,961 (Supplies Only)*
- VICC Training Grant (15%)	\$ 95,634
- AFG 2nd Set of Turnouts (10%)	\$255,218
- Donations	\$ 16,600

* Fall Prevention Grant includes wages & benefits of 2 employees whose costs are fully funded whether or not we get the grant.

** Total potential value of grants to District: \$575,971
District share: \$47,184

FY 2017 / 2018 Tentative Budget Status

Bond Debt Principal (500) Fund

Estimated Tax Revenue: \$492,602
Debt Principal Expense: \$445,000

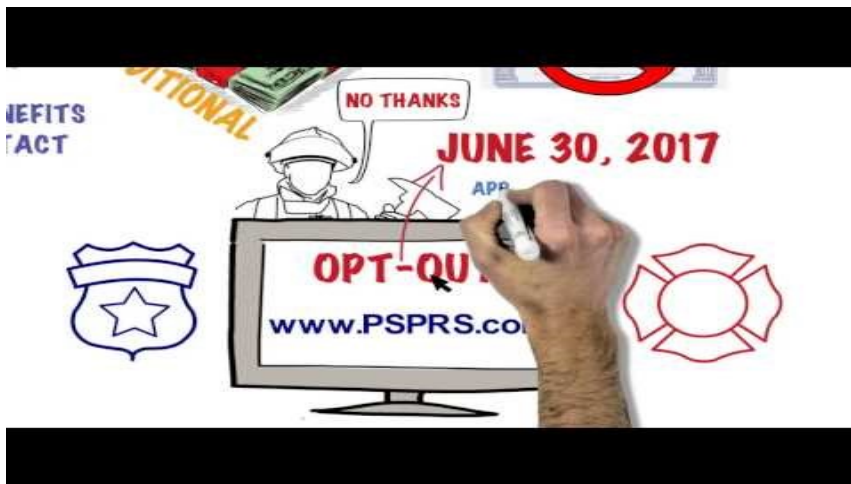
Bond Debt Interest (600) Fund

Estimated Tax Revenue: \$344,250
Debit Interest Expense: \$311,025

Addendum B



<https://youtu.be/bZp57HQHdzg>



<https://youtu.be/wzXW0xmnu78>

April 2017 Transport Revenue

