

**TAHOE DOUGLAS FIRE PROTECTION DISTRICT
BOARD OF TRUSTEES MEETING
May 19, 2011**

Those Present:

Trustee RJ Clason
Chairperson Brad Dorton
Trustee Ann Grant
Trustee Kevin Kjer
Trustee Steve Seibel
Chief Guy LeFever
Assistant Chief Van Ogami

Fire Marshal Mark Novak
Battalion Chief Ben Sharit
Battalion Chief Dave Hekhuis
Administrative Assistant Kate Warner
Administrative Aid Carrie Nolting
TDFD Retiree Larry Schussel
TDFD Retiree Leo Horton

1. Action Item: *Call to order.*

The meeting was called to order at 4:02 pm by Chairman Brad Dorton.

2. Action Item: *Pledge of Allegiance.*

Pledge of allegiance was led by Steve Seibel.

3. Action Item: *Roll call.*

Trustee RJ Clason, Trustee Brad Dorton, Trustee Ann Grant, Trustee Kevin Kjer and Trustee Steve Seibel were all present.

4. Action Item: *Public comment.*

Leo Horton, retired firefighter, wanted to thank everyone for attending his "Last Call" in October; and for the honor and privilege to serve the residents of this District for 31 years.

5. Action Item: *Discussion and possible action. Approval of the consent calendar.*

Items:

- a. Approval of agenda.
- b. Approval of Minutes 04/27/2011.
- c. Approval of Financial Statements 02/28/11.

Trustee Seibel moved to approve the consent calendar items with the revisions to the 04/27/11 Board Meeting Minutes and Budget P 14 which were distributed. Trustee Clason seconded the motion. No discussion. Motion carried with a vote of 5-0.

6. Action Item: Consent Items moved forward.

There were none.

**7. Action Item: Acknowledgement of Type I Engine Purchase Project Team
Chief Guy LeFever**

This item has been postponed until the June meeting.

**8. Action Item: Discussion and Approval of Resolution #02-2011-Ambulance Standby
and Mileage Rate Increases
Battalion Chief Ben Sharit**

Chief Sharit first read this proposal at the April meeting; it was posted on the website for public comment and there has been none. Chairman Dorton asked if there were any questions on the rate proposals or the rate comparisons, there were none.

Trustee Grant moved to approve the Resolution #02-2011, ambulance standby and mileage rate increases. Trustee Seibel seconded the motion. No discussion. Motion carried with a vote of 5-0.

**9. Action Item: Discussion and Approval of Resolution #03-2011 - Updated Fire District
Fees for Service
Fire Marshal Mark Novak**

Chief Sharit first read this proposal at the April meeting; it too was posted on the websites for public comment. Chief Novak stated that he has not received any public comment on the rate increases and reiterated that he feels this is a prudent step to take to make sure that we have fees in place to cover all the services the Fire District provides; he also noted that these fees are linked back to other agreements which are already in place.

Trustee Clason moved to approve the Resolution #03-2011, updated fire district fees for service. Trustee Grant seconded the motion. No discussion. Motion carried with a vote of 5-0.

**10. Item: Discussion and Approval of Resolution #04-2011 – Promotion of the
Lake Tahoe Basin Wildfire Awareness Week
Fire Marshal Mark Novak**

Chief Novak reminded the Board that May 28-Jun 5, 2011 is Wildfire Awareness week, and that recognizing it with this proclamation is very important to keep the issue in the forefront. As we get farther from the last significant wildfire in the district, or region; residents become less and less sensitive to the threat of wildfire. This is an opportunity to remind residents that we live in

an environment that is designed to burn, and that everybody, the fire district and the home owners, needs to do their part to protect our community.

Trustee Grant, commented, as a member of the Nevada Fire Safe Council, she extended her appreciation to the district for all that they do for the chapters, for without the district support the chapters would not be as effective. It is a great partnership.

Chief Novak also noted that each Trustee has in their meeting packet an invitation to the Nevada Fire Safe Chapter Leader's BBQ on June 4 which presents a great opportunity to meet the chapter leaders and volunteers in our community and encourage their efforts. The event includes a field walk, field tour of a previous fuels project to see the results of our efforts.

Trustee Grant moved to approve the Resolution #04-2011, promotion of the Lake Tahoe Basin Wildfire Awareness Week. Trustee Kjer seconded the motion. No discussion. Motion carried with a vote of 5-0.

**11. Item: Discussion and Approval of the 2011-12 Final Budget
Fire Chief Guy LeFever**

Chief LeFever reminded the Board that the Tentative Budget was already reviewed and discussed, since then; it has been updated with 2 more months of actual expenditures and revenues. He reminded everyone that this is a plan, and that ongoing contract negotiations as well as the results of the Legislative session could result in come additional changes. Today, it is a balanced budget which has had much staff and administrative input.

Chairman Dorton asked if the accountant reviewed the numbers after staff completed the budget. Chief LeFever confirmed that Bill Johnson, our accountant from David and Johnson, LTD reviews both the tentative and final budgets. Usually there are minor corrections after Johnson's review, but that it was 100% correct. There have been changes from the State of NV as recently as Friday, 5/20; those changes increased the Fire Safe Community Fund by \$5000.00 and decreased the overall ad valorem by \$2000.00.

In review:

Form 1 The budget contains 5 funds, requiring property tax revenues totaling \$5,261,895; 6 governmental funds totaling \$11,824,357 and 1 proprietary fund (ambulance) with an estimated \$1,920,744 in expenses.

Page 1 **FT Equivalent Employees by Function reduction of two positions**, notes a reduction in the number of residents with the results of the 2010 Census. We experienced a 89 million dollar decrease in assessed valuation. This is the second year in a row we have had a significant decrease in assessed valuation. All three years are noted on the budget forms. We have benefitted from the current tax law and tax structure, because it allows the abatement to be diminished with this reduction.

Trustee Clason asked about the source of the revised population number which changed from 6800 to 4559. Chief LeFever said he got it from the paper, which was quoting the 2010 Census. Trustee Clason further expressed his surprise at the drop. He had heard that Incline was down 12%, but our district's change is much larger. The Chief estimated our district to be in excess of 25%. (Actually a 2244 decrease is a 33% change.)

In Column 3, the General Fund tax rate increased by .02, which was offset by a reduction in the Ambulance fund by .02. Special Revenue Fund of .01 is the sick leave fund. Capital Projects receives .02 of the tax override, which is actually .03 with .01 in the General Fund dedicated to safety and training. Ambulance Enterprise fund dropped from .23 the previous year and now it is .21, and the Fire Safe Community Fund remains at .05.

Page 2 **Property Tax Rate and Revenue Reconciliation** highlights the pre-abated tax, the abatement and the budgeted. Column 6 is our ad valorem tax abatement, was in the neighborhood of 4 million, before the reduction in the assessed valuation. Now it is, 2.1 million. We still have room for a decreasing assessed valuation which would eat away at this abatement before we would see a downturn in the ad valorem. When the assessed valuation turns around, the abatement will start to grow. He feels it is a great structure as it is designed to allow tax revenue to go up/down slowly. But, the process has been changed 4 times in the Chief's 32 years of service. Currently, we are at a tax rate of .4981; with a .14 tax override in addition to that which gives us a total of .6381 tax rate.

Pages 3-5 **Budget Summary** sheets for the funds which will be discussed.

Page 6 **Revenue for the General Fund**, funds the public safety - fire side of our business being 70-80% of the operation, everything except the ambulance, the special service fund and the wildfire community fund. Ad valorem taxes in overall net drop of \$22,500 (CTX + increase from ambulance fund).

Page 7 **Expenditures for General Fund**, shows a decrease of \$252,000 in expenditures. In order to have a balanced budget, we had to drop service and supplies, and salaries, wages & benefits which are currently an agenda item with the contract negotiations.

Page 8 **Capital Projects Fund**, (.02) is up \$5,000; with an expenditure of \$150,000 should the Board verify the need and approve a Battalion Chief vehicle. If not used, this money stays in the Capital Budget for future projects.

Page 9 **Sick Leave Fund**, shows an increase in ad valorem of about \$1,500 and expenditures are up due to the projected retirement payouts and the maximum liability over the next 12 months. In 2010, we actually spent \$342,000 per the audit. Staff evaluates what could possibly happen and takes in to account a wage reduction for this year which could prompt more employees to retire. In the future, the ad valorem taxes of \$79,000 will barely cover the annual obligations; which are two sick leave incentives in the CBA, and the chief

officer sick leave buy-outs (over a 5 year period) with the annual liability, growing at \$181,000. Twenty years ago, we did not have this fund in place. We have been very fortunate the past 3 years to have this fund, as we were able to pay our liabilities in cash, and not impact the operation of the organization.

The future management team will need to do an annual analysis of what our liabilities are. The next few years we will be okay, we have the funds to cover the next 18 months. But the board will have to use an internal actuary to see if the \$79,000 revenue will meet the future needs. This district has done this in the past, we used to have .02 funding this and it was reduced to .01. Fund balance was almost 1 million dollars, now we are forecasting an ending budget of \$40,277.

Page 10 **Special Service Fund**, everything we do outside of fire, ambulance and fire safe community will be covered in this fund. HazMat, EOD, Rope Rescue, Ice Rescue, related equipment and wage incentives. Funding mechanism for this fund is transfer, which we have not had the money to transfer. It has been managed very tightly with relation to equipment and we have only spent money in the salaries and wages lines. The Bomb Squad is the largest source of revenues and expenditures which are mostly a wash. The grant money is received here and equipment is purchased from here to show a clear tracking of funds. Contacts in this fund are EOD annual contracts which average \$2,000 a year per contract except for Douglas County which is \$15,000. These contracts have been in place for years with no rate increases due to the amount of grant money we have been able to secure. We do not charge the federal government or FBI for their EOD requests. We are forecasting a slight decrease in revenue in this fund, with a \$40,000 increase salaries and wages which comes out of the ending fund balance.

Page 11 **Health Insurance Fund**, there is a \$25,000 increase to meet the agreement to fund 23% for retiree health benefits. Last year we were not able to meet this obligation due to the downturn \$500,000, but we funded everyone to top step “family” and the savings in that budget process netted us \$115,000. Which gets us really close to funding it to 23%, this is the first year we are at 23%. We had to go back to the spreadsheets and put in actual numbers for July 1 to get the fund to balance, which became a discussion point with the union. Budgeting this way, can result in issues through the year, as someone changes from single to married, but this methodology is was preferred by labor. Heath Insurance fund does not receive any ad valorem or CTX funding.

Gross amount of \$4,510,000 will be transferred out to the irrevocable trust which is currently being set up, and projected to be funded in 60 days. This trust fund process is dictated by GASB, the balance will cover the insurance benefits we all enjoy.

Page 12 **Fire Safe Community Fund** is outside the tax cap and abatement formula. When put into place, it was estimated that it would produce approximately \$680,000 annually. In its first year it produced \$649,000 since then, we have had two years of decreasing assessed

valuation and are now down to \$590,000. This fund must be managed closely. Other Income, which is strike team revenue, has little history to estimate a budget from. End of fiscal year, augmentations are typically the result of this line, not meeting projections. This fund is budgeted at \$60,000 under the 2010 actual numbers, dropped \$18,000 in overall expenses as compared year to year and a total of \$120,000 under the prior year.

Page 13 **Ambulance Fund**, is showing a collection rate trending \$35,000 short year to year and a reduction of \$178,000 in salaries and wages. Budgeted 15 positions in this fund in the past, based on 2 ambulances x 3 shifts + 1; this fund has been reduced to 12 personnel. It has dropped an additional \$54,000 for the transfer into the health fund.

Page 14 **Ambulance Fund - Cash Flow**, dropped \$46,000 in user fees collected. Purchase of equipment of \$115,000 for the 3rd ambulance re-chassis, thus completing the refurbished boxes and new chassis on all our ambulances, and these boxes are warranted for life.

Page 15-17 **Transfers**, shows the transfers between the funds.

Page 18 **Fund Definitions**.

Chief LeFever again expressed his appreciation to everyone who contributed in developing this budget, and which will serve to fiscally guide our year.

The one item that was questioned by our accountant was on page 6, Column 3 states \$123,500 and Column 4 states \$223,500. A decision was made April 1, that we will have another \$100,000 in salaries and wages and operating supplies to cover a shortfall, which will affect the total beginning fund balance.

Trustee Grant commented on how detailed and complicated the budget appears. Chief LeFever confirmed that we deliberately do it differently than other organizations, to provide full disclosure and transparency of each of the budget areas. Any questions can clearly be explained and justified. Most organizations just keep it all in a general fund which often can bury the liabilities. TDFD pays cash for everything, we plan for and carefully fund future liabilities.

Chairman Dorton reiterated that today we are stable and benefiting from the prudent fiscal planning of the past Board and Staff members. We need to carry on that responsibility and continue to do the same for the future employees, retirees and residents.

Trustee Clason asked what effect the reduction in the Fire Safe Community Fund will have on the Zephyr Crew and their fuels reduction efforts. Chief LeFever noted that we were able to build an ending fund balance and that, in conjunction with Forester John Pickett's aggressive efforts to obtain property owner matching funds and grants, will support the season. Without the infrastructure we have in place, we would be faced with cut backs. We will live on ending

fund balance going into next year. It is management's responsibility to get work for the crew; it is not our intention to sustain a budget in deficit spending.

Trustee Clason moved to approve the Final Budget for FY 2011-12 as submitted. Trustee Grant seconded the motion. No discussion. Motion carried with a vote of 5-0.

**12. Item: Review of monthly expenditures.
Fire Chief Guy LeFever**

Chief LeFever presented explanations for the unique expenditures:

Comments:

David and Johnson provides an itemized accounts payable check report (attached), which should be reviewed by the Trustees, and can always be justified for the Trustees.

Date	Check #	Payee	Amount	Fund	Reason
04/19/2011	52279	Bradley Petersen	180.33	General	Reimburse for station supplies purchased
04/19/2011	52280	Chuck Salerno	\$113.84	General	Supplies for Donated birthday party event
04/19/2011	52289	Jones-West Ford	\$33475.25	Fuels	Chipping truck chassis
04/19/2011	52291	Maupin, Cox & Legoy	\$7500.00	Health Insurance	Legal work-trust
04/19/2011	52296	SWEP (Sierra Watershed Ed. Partnership)	\$65.00	Fuels	Pub Ed training
04/27/2011	52317	JBR Environmental	\$2339.48	Fuels	Kingsbury & Glenbrook biological studies
05/03/2011	52336	Andy Isenberg	\$150.00	General	Boot allowance reimbursement
05/03/2011	52338	Bearcom Wireless	\$12,976.86	Special Serv.	Radios-EOD grant
05/03/2011	52341	Bradley Petersen	\$150.00	General	Boot allowance reimbursement
05/03/2011	52346	Fire Service Specification & Supply	\$17,810	Capital Projects	Outfit new engine
05/03/2011	52353	Logos Imaging LLC	\$4250	Special Serv.	Image Plate Kit-EOD grant
05/11/2011	52365	Allen Vanguard Tech	\$38,794	Special Serv.	Bomb suits-EOD grant
05/11/2011	52366	Barton Healthcare	\$26,031.10	General & Fuels	Physicals for line & pre-employment screening for Z Crew

- The chipping truck chassis has an estimated 10 year life.
- Expenses for the environmental studies should be reimbursed from FEMA.

- Boot allowance is for employees who choose to pay for a higher quality boot; the District will reimburse them for the \$150.00 we would have paid for standard issue boot.
- Radio funds should also be reimbursed from grant funds.
- New engine equipment is for extrication equipment, and it was included in the original budget for the engine (\$510,000 board approved).
- EOD plate and bomb suits (3) will also be reimbursed from grant funds.
- Barton Healthcare for annual comprehensive physicals for line and staff, and some Zephyr Crew new hires.

13. Discussion: *Fire Chief's report on previous month's activities.*

Service Recognition

Firefighter Joe Anderson

24 Years of Service

Alarms for April 2011

Total – 107.

Ruvo Gate

Expecting closure on this issue, the district's cost to date exceeds \$17,000. The lesson learned is that no project will proceed in the future unless there is a signed agreement. If all the documentation is not complete, staff will not approve projects. We need to keep the attorneys out of these projects.

Health Insurance Trust Development

Submitted to IRS for approval pending, we are about 60 days from the transfer of funds.

Investments

Discussion with Wayne Omel on 5/23/11, directed the reinvestment of \$400,000 – 600,000 in funds into short term CDs earning 2-3%. Omel will confirm the investments next week.

Trustee Clason requested additional information on the five (5) fires reported in April. Chief Ogami said they include wildland fires; controlled - out of control burns from other agencies one was on Upper Kingsbury, which after dark appeared to be a problem to passing motorists.

Chairman Dorton acknowledged the employee participants at the Kahle Easter Hunt, the Business Expo and Earth Day community events. This is great outreach to the community. He also noted the Hazardous Waste Recycling May 21 at Station #3 from 10am-3pm.

A motion was made by Trustee Clason to leave Open Session and to go into Closed Session and Trustee Seibel seconded the motion. No discussion, motion carried 5-0. Closed Session began at 5:10pm.

Action Item #13: Closed Session Contract Negotiations (2011 – 2012 Contract)

A motion was made by Trustee Clason to resume the Open Meeting and Trustee Grant seconded the motion. No discussion, motion carried 5-0.

Chairperson Dorton resumed the Open Session at 6:13 pm.

Action Item #13: Confirm next meeting, Wednesday, June 22nd @ 4:00 pm, possible agenda items.

Agenda items were discussed:

- Acknowledgement of Type I Engine Purchase Project Team

A motion was made by Trustee Clason to confirm the next meeting as scheduled. Trustee Seibel seconded them motion. No discussion, motion carried 5-0.

Action Item #15: Adjourn.

A motion was made by Trustee Seibel to adjourn, and seconded by Trustee Clason. No discussion, motion carried 5-0.

The meeting was adjourned at 6:15 pm.

This meeting was recorded on audio tape.

**Kate Warner
Administrative Assistant
Tahoe Douglas Fire Protection District**