

St. Tammany Fire Protection District No. 1

Board of Commissioners

Regular Meeting Minutes November 13, 2008

The meeting was called to order at 5:30 p.m.

The pledge of allegiance and prayer were given.

Roll Call: Chairman Kline and Commissioners Rich, Davis, Risley and Williams were present.

APPROVAL OF MINUTES-

Commissioner Risley made a motion to accept the minutes of the October 27, 2008 regular meeting. Commissioner Williams seconded the motion. The motion carried unanimously.

OLD BUSINESS

NEW BUSINESS

- A) **Chief's Report-** Chairman Kline asked Mr. DiGiovanni to present the financial statement. He discussed the Debt Service Fund which will be used to cover the three (3) Tax Certificates.

Commissioner Davis made a motion to accept the financial report. Commissioner Williams seconded the motion. The motion carried unanimously.

1. Millage Roll-Back/ Roll-Forward- Chief Hess presented the departments financial obligations which we are trying to address with the millage. He feels the public needs a fair idea of what the millage is used for, what our obligations are, and why we need the money. He explained the curtailing of services and the extent of lay-offs that we face, if we roll-back our millage to 27.04; as suggested by the Assessor's office. As discussed by Mr. DiGiovanni, we have a \$5.6 million debt resulting from FEMA loans after Hurricane Katrina, as a result of tax bases exempt from paying taxes for three (3) years. These loans were necessary to maintain the same level of services delivered with property taxes being taken off of the roll for three (3) years. In predicting the future with the FEMA loans, after four (4) years, we predicted being at approx. \$12 million dollars, based only on 5 % per annum of natural growth of taxes. Chief Hess is predicating his recommendation, tonight, to the Board of Commissioners, on three principles, that he will not vary from:

- a) **Safety profile-** Chief Hess will not consider reducing any level of safety to the public. He does not want to have to close fire stations, despite what he has been told.
- b) **Increased risk to the Fire Department-** Statistics show that after a Firefighter retires, he/she lives an average of 5 years, as a result of the job. When confecting the budget, we make sure we do not increase a risk to them (i.e. safety equipment, fitness, medical evaluations)
- c) **Financial risk of the Fire District**

The Assessor has informed citizens that St. Tammany Fire District #1 will be receiving \$13.6 million. The department never receives the money that

is shown on the “grand re-cap”. Every year, we have to take 8% off of the “grand re-cap” amount (3% goes to other retirements, 5 % goes to uncollected taxes). This would result in the \$12.5 million projected annual growth. The Assessor has shown this as a 36.15% increase for St. Tammany Fire Dist. #1. The Assessor further advised that the value of reassessed property in Wards 8 and 9 (Fire Dist #1) is \$12.9 million. This property that has been off the tax roll for three (3) years was “tucked in” with “reassessment”, which is actually “restoration” (properties existing before the storm and being placed back on the tax roll). In a phone call Mr. George Klump, we asked him what increment of \$12.9 million is the “restoration” of properties. He responded by stating, “That was never broken out”. As we were the single most impacted taxing body in St. Tammany parish, relative to the storm, that figure is very important to us. The year before the storm, we generated \$10 million in property taxes. The next year, \$8.1 million was generated, resulting in a 19% reduction in revenue, excluding the 5% for “uncollected” taxes. The next year was \$8.6 million. The next year was \$9.2 million. After checking his numbers, Mr. Klump told us, of the reassessed value, \$2 million is the result of restoration. We are now down to \$10.9 million dollars, from the near \$13 million, before the 8% reduction. In the final analysis, the revaluation means \$940,000 to the district. When we hear from individuals with responsibilities to the parish, they had no understanding of the impact of rolling back to 27.040 mills. As the tax roll is currently “uncertified”, we are unaware of the revenue; we have an estimate only. Chief Hess spoke on the percentages of salaries and employer contributions to the Firefighters’ Retirement System. He also commented on the potential legislation to increase homestead exemption which would have a tremendous effect on the department. In the event that we have to cut back on services, the PIAL rating system would be impacted which would affect homeowner’s insurance rates.

Chief Hess explained that the Board of Commissioners has three (3) options tonight: a total roll forward to 35 mills, a roll back of 1.94 mills, which would keep us whole, within 5% growth, and there is also 1.94 minus 1 mill; a 2.94 mill roll back. He is recommending that the Board of Commissioners accept the 2.94 mill roll back. This would cost the district a \$367,000 deficit. Chief Hess re-emphasized the higher level of risk that this would cause.

Chairman Kline wanted to give the public an opportunity to voice their opinions. Anyone wanting to speak would be limited to 2 minutes and no one would be allowed to transfer their time to anyone else.

Before opening the floor for public comment, Commissioner Rich inquired about the 2% cost of living adjustment. Chief Hess commented on Civil Service law which mandates a 2% increase in salaries each year. There were no additional incentives added for 2009.

The floor was opened for public comment.

George Smith- 305 Timberlane Drive- explained that his assessment has increased 275%. He does not see having a problem rolling back, with all the new people paying into the system. He inquired as to why the meeting was not held until after the tax roll was certified.

Chairman Kline stated that we had to have an operating budget before the end of the year. He further commented on the huge disparity in assessments. The Assessor is doing this and holding us responsible.

Mr. Smith trusts the fire district and asked not to increase any more than what is needed.

Cindy Roberts- 809 Madison Lane- Ms. Roberts inquired about when the department will find out if the FEMA loans will be forgiven.

Chief Hess stated that he thinks in about 10 months. FEMA is looking into what qualifies forgiveness, etc.

Ms. Roberts expressed her opinion on the homestead exemption being too high.

Representative Kevin Pearson- He commented on FEMA probably not forgiving the loans. He discussed the 2006 vote for the \$39 parcel fee. It has turned out to be approx. \$1.2 million/yr, not the \$800,000 originally projected. This income should be enough to pay the loans. He also stated that he is not in favor of raising homestead exemption. He commented on the 5%/year growth that we've seen. The people are not expecting to lose fire protection or their additional sources of revenues. He inquired as to why the department is not seeking additional sources of revenue. He is asking the Board, as Council on Aging and STARC have done, to roll back. After getting through this year, we can roll forward, if needed. He asked where the department would be if there were no increases this year?

Chief Hess replied that we would have lay-offs.

Jason Williams- 108 Breckenridge- Mr. Williams is the IT manager for the City of Picayune. He made reference to Chairman Kline's homeowner's tax increase of 25%. He stated that the difference between 27.04 mills and 35 mills is roughly 25%. He commented on the projectors and TV's in the room. He further commented on their budget with sales tax revenue. They have had to tighten their budget, including lay-offs. He explained that everyone is having a tough time right now.

Attorney Troy Ingram stated that this is the Fire District Command Center and every piece of equipment is necessary.

Greg Kelly- employee of Fire Dist. #1, residing in Madisonville. His assessment went from 12,210 to 20,764. He went to the Fire Dist #2 meeting and requested, under no circumstances, should they roll their millage back. While it will cost quite a bit of money, he stated that he owes it to the employees of Dist #2.

Winfried Niemand- 109 Thatcher Drive- Mr. Niemand was confused about the parcel fee. After Katrina, the fire department asked for an increase to pay for the losses that occurred. He stated that he has not seen anything showing what is collected.

Chief Hess stated that we receive approx. \$1.18 million and half of this is for the FEMA loans. We have an additional debt for the fire trucks that are purchased, which is the other 50% of the parcel fee. After these debts are paid off, we can re-divert the money back for the FEMA loans. There is a small portion that is set aside for the Firefighters' Retirement System potential obligation. He showed the trend where the expenses were going to exceed the revenues.

Donald O'Bryan- 132 Lindsey Lane- Mr. O'Bryan commented on the Chief's magnificent presentation. He inquired on what was really being said about the 1.94 mills.

Chief Hess explained that with 35 mills right now, he's suggesting that we take almost 3 mills, 2.9 mills, off of that. It would come to 32.06 mills. The new millage rate for Fire District #1 would not be 35 mills, but 32.06. That generates a total of \$11.4 million. All FEMA pay back comes from Debt Services.

Bob Beck- 45 Oak Tree Drive- (Vice President of the Oak Harbor Property Association) - Mr. Beck stated that they have over 1200 lots with approximately 1000 homes. They have supported Chief Hess very strongly, as he has done presentations at some of their meetings in the past. He asked Chief Hess, yesterday, if he would consider rolling back because they have so many people going into foreclosure, bankruptcy, loss pensions, reduced 401K's. It is an extremely difficult economic time for a wealth of the people living in their association. He also knows this to be true for those living in Eden Isles. The lowest property tax increase that he has seen, in Oak Harbor, is 25%, with the highest approaching 200%. The average is probably 50 -75%. He stated that the Assessor has been misguided and she is very much out of line with the assessments. "She has created an economic Katrina for us." "She has created it for the Fire Department, the School Board, and everybody around here." He requested consideration, stating that we have a few million dollars as a buffer that can offset some of the possible 'gambles' that Chief Hess is willing to take in some form of a roll-back, that we "gamble" for this year. We can help all of the people in the parish that are going to be extremely adversely impacted. He further stated that it's going to be rough, economically, for everyone in the next year, year and a half because of job loss, etc. He asked the Board to take a little chance and roll the millage back where they can.

George Hernandez- 108 Cawthorn- Mr. Hernandez discussed the economy and how he is in the business of liquidating assets. He questioned what would happen next year when property values hit rock bottom. He has seen his property taxes increase since Katrina.

Steve Valenti- 64 Inlet Drive, Oak Harbor- Mr. Valenti stated that he is a retired Lieutenant from New Orleans and has received one cost of living raise on his pension, since 2002, amounting to \$38.78. He hopes ours is better than that. He stated that to roll back would be tough but a good compromise would be what Chief presented and not asking for the whole amount. He acknowledged that there are a lot of less fortune people that are experiencing difficulties. He recommended rolling back to only what we need and reviewing it each year.

Rep. Tim Burns (Districts 89)- Rep. Burns has focused on this since he's been in office. He feels there is a loophole in the Constitution that allows this. He stated that St. Tammany has had several taxing bodies rolling up their millage. St. Tammany property taxes are the highest in the state due to the periodic ruling on millage rates over the years. The increase in taxes is making things much less affordable.

Bill Verrett- #3 Inlet Cove, Oak Harbor- Mr. Verrett stated that he understands the condition of the department. He requested to roll back and look at it again next year. He also stated that the property values have gone down and people are experiencing foreclosures.

After hearing public comments, Chairman Kline commented on Mr. Burns saying that he comes to every District board meeting that he can. Chief Hess explained, relative to tax issues. Chairman Kline stated that he had never seen him. Superintendent O'Neil stated that he had not seen Chief Hess' presentation. Chairman Kline was heartened to see the citizens present at the meeting. He further commented on this being the only time, in the 7 or 8 years that he has been on the Board, that citizens have come to the meeting; and this is done every year.

Commissioner Davis made a motion to roll the millage back to 27.040 mills. Commissioner Rich seconded the motion.

Chairman Kline inquired about discussion to move forward with the millage.

Having no discussion, Chairman Kline called for the vote: 3 yeas, 1 nay. The millage was established at 27.040.

Chairman Kline inquired if there was discussion, amongst the Commissioners, on what the rate should be, if any.

Commissioner Risley asked if she could change her vote for rolling- back, as she misunderstood. ***The vote to roll-back was unanimous.***

Commissioner Rich made a motion to roll forward to 32.06 mills. Chairman Kline asked if there was a second. He then asked if it was going to be left at 27.

Commissioner Davis stated that the School Board and Parish Council have kept their millage at the lowest; they rolled it back. He can't see the Board taking a hit and raise ours. He further stated that everyone is having a tough time and Kevin Pearson "hit it on the head", "We've got next year to come back and roll forward if needed. "Let's tighten our belt for next year and work on the budget."

Chief Hess stated that to reach \$9.2 with what we have for expenses this year; we will shut down Robert Road and Eden Isles firehouses. Commissioner Davis asked if this was taking in higher assessments. Chief Hess said, "yes". He then asked how Chief Hess knew what they are. Chief Hess said, "we calculated them." Commissioner Williams inquired as to if we were to roll back, shut down fire stations, and experience lay-offs, how was it going to affect our rating and the homeowners' insurances; she has understood that it would increase it more than if there was a compromise to raise it to the 32 mills, which is a compromise; halfway. "We are giving, but we are also securing safety to the homeowners and we're not increasing their homeowners insurance because when they take a decrease in their millages and their taxes on the millages, they are going to get a significant hit on their insurances." Chief Hess confirmed that. Commissioner Williams does not know that she is willing to put a risk on their insurances increasing. "What they think they are feeling in a roll back on millages, they are going to get a double whammy on their homeowners, and they are not going to get the level of fire protection." She is worried about the constituents of the area, as well as the long term effect of what this will do to their pocketbooks and the insurance.

Attorney Troy Ingram stated that the Eden Isles fire station is the closest station to the Interstate 10. "So if you guys want to roll it back and leave it at 27 and shut down Eden Isles, you're placing not only the citizens of Wards 8 and 9, but anybody traversing Interstate 10 or Interstate 12, at risk."

Commissioner Davis insinuated other cuts. Chief Hess asked, "Where would you like us to cut, Mr. Shannon?" "If you think I have done such a poor job, and be unprepared as to have not sharpened our pencil, Mr. Shannon, as best we could. I didn't bring you guys a budget that was built on fat, I brought you guys a budget that was cut back and to keep us whole with next year. At \$9.2 million net income, we are still less than where we were in 2004. you are asking that we assume that there was no growth in expenses from 2003 forward, to operate on that budget we had in 2004. We had \$10 million; \$9.2 million is \$800,000 less. The reason we would have to shut down those two (2) firehouses, I didn't say lay off the guy's, I said "shut down firehouses" and save the operational money in the firehouses." Chief Hess explained the "overlapping" of stations and the increase in response times, if closing stations.

Chief Kaufmann asked, “why are we gambling with homes that were taken off the tax rolls and are being put back on to make the roll whole again? That’s just what we were operating with before. We had \$2 million worth of homes being put back on the tax roll, that’s not with any reassessed value put to them. That’s what we did good stewardship for three years, to get to this point, waiting for the tax roll to become whole again. Why are we jeopardizing that at all, today, to roll back to 27 mills? That 36.15% is wrong, it’s misleading.” The 36% is actually 8%. “We are willing to make some accommodations, but we’re going to cut off people that have been off the roll for three years?”

Commissioner Williams stated that the Sheriff’s Office and School Board get additional revenues (sales taxes). She further stated that they are arguing about giving good fire protection to our district. She feels that because the Assessor did not do a good job in assessing these homes, “we are having to sit here and defend whether we want to give our body, our district, our constituents, good fire and emergency medical protection.”

Commissioner Williams would like to put the second motion to us doing the roll up to 32.8.

Chairman Kline asked for clarification as to whether Ms. Williams seconded Mr. Rich’s motion to roll forward to 32.06 mills. Ms. Williams confirmed that.

Chairman Kline called for the vote: 2 yeas, 2 nays. Chairman Kline, having to break the tie, voted in favor of the 32.06 mills.

There as discussing regarding 2/3 vote. Attorney Troy Ingram stated that he only has to vote in case of a tie. In so much as there’s not 2/3, it stays at 27.040.

The motion died.

Chairman Kline inquired as to whether anyone wanted to consider a motion for another alternative. Chief Hess stated that they could put another motion on for 1.94.

Commissioner Rich made a motion to accept the Chief’s report. Commissioner Williams seconded the motion. The motion carried unanimously.

B) PMI Report-

1. Employee Benefits-

a) Ancillary Benefit Review- Exec Committee

2. Human Resources-

- a) Promotional Standards and Qualifications- Development of Class Plan for Non-suppression career disciplines/ paths (presented by: Chief Kaufmann) –**
- b) BOC Resolution: 2008-021 (Millage “Roll back”)- Mr. Waniewski stated that this has been approved.**
- c) BOC Resolution: 2008-022 (Millage “Roll Forward”)**
- d) BOC Resolution: 2008-024 (COLI Pay Increase)**

Commissioner Davis made a motion to approve Resolution 2008-024. Commissioner Risley seconded the motion.

Commissioner Rich inquired as to whether we would be able to afford this. Mr. Waniewski explained that this resolution was based on the roll forward to 33.06. However, there is a resolution, that if approved, it can be an un-acted upon resolution, based on the millage rate as it is currently established.

Commissioner Risley inquired about Executive Session. Attorney Troy Ingram explained that there can not be an Executive Session without the proper posting.

There was discussion on the mandated 2%. Mr. Waniewski stated that this resolution is a cost of living above the 2%, and that currently embedded in the pay scale is a prior Board approved additional .5%, on top of the 2%. If not approved, we are still subject to the 2%.

Commissioner Williams made a motion to table this, until revised.

Chief of Administration commented by agreeing that, "we can't afford it because we voted on a tax roll that is not even certified. We don't know how much money we are getting; at this point we know it's going to be the lowest amount because it's 27 mills."

Commissioner Williams recommended tabling it until we know a definite number and can revise it according to that number. Commissioner Davis withdrew his motion, and seconded to table it. The motion carried unanimously.

- e) **BOC Resolution: 2008-026 (2009 Budget Approval)**- Based on the roll back, this budget, as presented, is not presented on a 27.04 millage rate, however, we do have a time table to post the budget and we are exceeding that. Mr. DiGiovanni stated that the budget can still be approved, subject to the amended. With the 27.04, there is a \$2.2 million deficit. It can be approved, as amended. Mr. DiGiovanni also stated that anyone could make another motion. Commissioner Williams asked that if they were to vote on the amended budget tonight, is there a way to go back and amend the budget; once we have a true number. He stated that we can amend, by going through the legalities. Mr. Waniewski stated that presently, this budget would present a \$2.2 million shortfall, but an adjustment for the shortfall can be done on a future date.

Commissioner Williams made a motion to approve Resolution 2008-026, with the exception of no increase for the cost of living adjustment (Tabled Resolution 2008-024). Commissioner Rich seconded the motion. The motion carried unanimously.

Commissioner Williams made a motion to accept the PMI report. Commissioner Rich seconded the motion. The motion carried unanimously.

Chairman Kline stated that a note was passed to him. He inquired as to whether anyone would consider raising the millage to 30? Commissioner Davis replied, "I might could live with that."

Commissioner Rich made a motion to raise the millage rate to 30. Commissioner Williams seconded the motion. After no discussion, the motion was unanimous.

Mr. Waniewski asked to revise Resolution 2008-026, line item 5, to state that it is now 30 mills vs. 33.6. And as a result, Resolution 2008-022 is now on the table and should be amended to reflect 30 mills vs. 35. Mr. Waniewski will make this revision for the next board meeting.

Commissioner Williams made a motion to approve Resolution 2008-022 relating to the roll forward of the millage rate assessment of ad valorem taxes to a millage rate of 30.0. Commissioner Davis seconded the motion. The motion carried unanimously.

Commissioner Davis made a motion to accept the PMI report. Commissioner Williams seconded the motion. The motion carried unanimously.

D) ATTORNEY'S REPORT- (none)

Commissioner Williams made a motion to adjourn the meeting. Commissioner Rich seconded the motion. The motion carried. The meeting adjourned at 7:19 pm.