

St. Tammany Fire Protection District No. 1

Board of Commissioners

Special Hearing/Meeting Minutes July 28, 2016

The hearing/meeting was called to order at 6:00 p.m.

The prayer and pledge of allegiance were given.

Roll Call: Chairman Crowley and Commissioners Brackett, Hoying, Rich and Gay were present.

The floor was open for the purpose of discussing the millage.

Chief Kaufmann hi-lighted the following about our district:

- In 2012, the rating in Territory B was reduced from a 4 to a 3
- In March, 2015 we became Internationally Accredited
- LWCC Top Safest Awards for 2007, 2008, 2009, 2014 and 2015
- In June 2016, we were notified of a “no findings” audit, as in the past several years
- We had “no findings” in our first “Enhanced” audit.
- In Oct. 2015, we were recognized as a “Level 1” Well Spot from DHH
- From 2005-2015, we had health care premium savings of over \$1.5M
- Since the end of 2014, we have hired 24 Certified firefighters which is a cost avoidance of approx. \$600,000

Chief Kaufmann stated that we have been efficient, doing more with less. He further reminded everyone that Fire Dist. #1 protects over 90,000 people.

Chief Kaufmann stated that 68.5% of our district is residential properties, 15% business, and 15.5% business personal property.

Chief Kaufmann stated that the voters approved 35 mills for 10 years, three consecutive times. He further stated that he is recommending to roll forward .71%, which has a projected value of \$372,250 gross dollars, \$ 346,000 net dollars.

Chief Kaufmann stated that we have rolled back 33.1 mills, over the last 7 years, with a value of approx. \$13.5M. He further stated that we have proven that we will only take what is needed to operate the fire department. He stated that even after the voters approved 35 mills, we lose approx. 2.7 mills due to having to fund other state retirement systems. Additionally, there is 4% uncollected in adjudicated property or the appeals process. We have had 6.5 subdivisions whose property value was reduced. We have been told that our natural growth will be less than 1% for the next 4 years; however, our cost of living will exceed the 1%. Chief Kaufmann stated that based on the current estimated millage revenue, we will not have enough money to balance the budget in 2018 and 2018 and 2019 have projected budget deficits.

Personal recording devices are welcome in every meeting for FD1; however, they will be maintained in the possession of the individual that owns the recorder to remove any liability from FD1 of any unintended or accidental mishaps with their recorders during any of the meetings.

Chief Kaufmann stated that we have hired 9 firefighters to man the new station, which has reoccurring monthly and annual operating costs. He further stated that we can't use the same money, with very little growth, to fund and maintain the level of fire protection and Class 3 rating that the citizens currently have.

Chief Kaufmann stated that by better property class ratings, homeowners insurance is reduced. He further stated that when we went from a 4 to a 3, we saved homeowners \$163.00 annually.

Chief Kaufmann stated that his recommendation to roll forward .71 mills will generate approximately \$206,746.98 (32,974 taxpayers), which would cost the owner of a \$150,000 home only \$6.27 per year of additional property tax. If we were to lose our Class 3 rating and go back to Class 4, the total premium savings of \$5,275,840 would disappear. That's money that could no longer be spent by our constituents on the goods and services provided by the businesses in our District. The economic impact is obvious.

Chief Kaufmann stated that PIAL is "Property Insurance Association of Louisiana" and it is the only rating for fire protection in the State of Louisiana.

- 50% fire protection
- 40% water supply
- 10% Communications/ Dispatch

Chairman Crowley stated that if the level of efficiency goes below a specific level of efficiency, the insurance companies consider it more of a risk and premiums increase. Chief Kaufmann stated that while we don't have control over some water supply, our firefighters have checked every hydrant, and completed every flow test and put the data together to maximize the points. Additionally, we are working with the private water companies to receive the adequate documentation to get the maximum points. Chief Kaufmann stated that we are working diligently to become a Class 2 department, resulting in homeowner insurance premium reductions of \$68.00/yr. Chief Kaufmann stated that the business community does have a rating and will benefit; however, some of the businesses are individually rated.

Chief Kaufmann stated that the Assessor recommended that we use the actual numbers from the end of 2015 to project the 2016 budget. He showed the Board that a Grand Recap, dated 8/18/15 reflected a gross amount of \$18,325,873, however, Grand Recap, dated 10/14/15 (after appeals, etc.) reflected \$17,977.282. He further stated that we are going to use a number we can count on when making budget projections.

Chairman Crowley stated that with regards to the PIAL rating, it is certainly achievable for us to receive a Class 2 rating within the budget we have available; however, there will come a time that the cost return on trying to improve a rating (reduce to a 1) is not going to be beneficial for the taxpayers.

Bonnie Eades- Executive Director, Northshore Business Council- Ms. Eads stated that she was impressed by hearing greater detail from Chief Kaufmann and is proud of Fire Dist. #1's quest for perfection and the want for being a premiere organization.

Ms. Eads stated that she present on behalf of the Northshore Business Council Board of Directors and their members. The organization consists of approx. 60 significant businesses that are devoted to the improvement of business and economic positions within the Northshore region.

Ms. Eads stated that she was present to express the growing concern that exists in St. Tammany Parish about the potential of property tax increases (millage roll ups) by 7 Fire Districts and 2 Recreation Districts.

Ms. Eads stated that the NBC sent a letter to our department which asked 5 questions and much of it has been answered, however, they would like the issues to be vetted externally and have the vote take place accordingly.

Chairman Crowley inquired as to whether any of the 5 questions have not been addressed. Ms. Eads referenced question 1 inquiring as to the specific initiatives the department is doing in an effort to reduce expenses and increase efficiency. Ms. Eads stated that Chief Kaufmann mentioned the cost in savings on health care and asked if there are any other functional services that may have been looked at. Ms. Eads inquired as to what percent, of the total budget, is spent on salaries and benefits. Chairman Crowley advised that it was approx. 79%.

Ms. Eads inquired about any State laws that put a strain on the budget. Chairman Crowley stated that we would provide her that information. Ms. Eads stated that while we are currently a Class 3, working on a Class 2, she was happy. Chairman Crowley reiterated that we are doing this because it is cost effective. Ms. Eads stated that she feels that is legitimate.

Chairman Crowley thanked Ms. Eads for her comment and while he appreciated her comment about striving for perfection, he stated that "perfection" is not our goal. Our goal is to be as efficient as possible, with the money we have.

Chairman Crowley stated that he was concerned about the negative tone relative to non-elected Boards that are making the decisions. He further stated that although there is not a Board member that is elected, the Board members were appointed by elected officials (2 Parish Council appointees and 2 Slidell City Council appointees) and the Chairman is selected by the 4 Commissioners. Ms. Eads stated that this was a concern that the West Chamber of Commerce had, and they feel it is unusual that a non-elected group of people can make decisions on tax issues. Chairman Crowley stated that the only decisions that they can make are on the voter approved limits. He further stated that we have 35 voter approved mills to work with. Additionally, if we didn't have some of the burden that isn't the departments, we would be able to roll back.

Chairman Crowley stated that we have extremely qualified Board members with backgrounds in Homeland Security, Retired Military, Investments and Finance.

- Ms. Eads on behalf of Lacey Toledano – St. Tammany West Chamber of Commerce- Ms. Eads read the following statement on behalf of Lacey Toledano:

"We have advised our members of your hearings and meetings that provide them, as taxpayers, the opportunity to ask questions and voice their opinions about the potential tax. I am here tonight to represent 1,000 area businesses and their nearly 30,000 employees and express our concerns about millage roll ups as proposed by eight (8) Fire Districts and two (2) Recreational Districts. While most millages originate by a vote of the people, millages for non-elected boards and commissions (i.e. rec districts, fire districts, etc.) can go up—known commonly as a "roll up" or a "roll forward" by a two-thirds majority vote of the Board. This determines whether a tax will increase. We strongly suggest to you as non-elected boards, provide information on your districts budget, why

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they deem the increases as necessary, and whether or not you intend for the proposed rollup to be permanent. On behalf of Governmental Affairs Committee and our Board of Directors, thank you for your serious consideration.”

Chairman Crowley thanked her for the letter and advised that the Board does not intend the “roll up” to be permanent. Additionally, he stated that he has asked the Chief, at each meeting, to pledge that we will only ever take what is needed to do what is necessary to function. He further stated that the Board has the same pledge. Chief Kaufmann confirmed that we will roll back the millage any chance that we can.

Chairman Crowley stated that we have had many years of Capital and maintenance projects that were put off due to past rollbacks and unavailable funding. He further stated that our goal is to get what is necessary to perform. Chairman Crowley stated that the new station is being built now, and they have never had a fire station in their area. Additionally, these are issues that are discussed each month at the Board meetings.

Chief Kaufmann stated that with regards to the Station 18 location, we did not have a relationship when economic development was discussed; however, Parish Government is now notifying the Fire Chief’s in the Parish of any upcoming commercial developments.

Chief Kaufmann stated that he is an active member with the Chamber on the East. He stated that he does an annual presentation to the Chamber on the West on our fire department budget.

Chief Kaufmann stated that we were part of the process, with the City of Slidell and Parish Gov’t., to create a process the vet background checks and interview non-elected board members. He further stated that Commissioner Gay is a result of that process. Commissioner Gay has a financial background and worked in a business with 3 billion in assets and the operating budget was approx. 3.5% times that.

Commissioner Gay stated that he sat in on the department’s budget process and was very impressed by the process. Chief Kaufmann recognized Commissioner Rich’s background as a financial advisor, Commissioners Hoying and Brackett as Active/ Retired Military and Homeland Security and Chairman Crowley as retired Navy and active contract work with the Government. Chief Kaufmann thanked them for what they do on the Board, without compensation, and having to make these tough decisions with only one vision in mind- to serve the people in our District. He further stated that the level of experience and education that is brought to the table is welcomed.

Chief Kaufmann stated that in the past 2 years, he has testified when legislation has taken place, to put another layer in the Democratic process, on top of the statute that dictates the roll back/ roll forward process.

Chief Kaufmann stated that with regards to operational efficiencies, we use the Public bid law (when applicable) and quotes for the selection of purchases. With regards to services, we have purchased 7 LUCAS devices and have used them over 105 times, to date. He stated that manual CPR has a 13% rate of pulse recovery, we are at 48% today.

Chief Kaufmann recognized the 166 employees for working so diligently to comply with all mandated requirements (i.e. Training, structured workday) and they have always put the citizens first, and that we are committed to be good stewards of their money. He reminded the Board that he never had the intention of rolling forward on monies that we do not need.

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Chief Kaufmann stated that he cannot put his on a pillow knowing the financial projections. He further stated that he makes his decisions and recommendations on the 90,000 citizens that he, as well as the employees, took an oath to serve. He stated that we are more efficient today than in the past, and he would hate to see fire protection go backwards, as we considered an essential service, not an option.

- Dwain Meche- Acadian Ambulance- Mr. Meche stated that he was there to discuss facts so that the Board can make an informed decision. He stated that he has enjoyed the partnership that Acadian and Fire Dist. #1 have and that Fire Dist. #1 is a vital part of the services they provide.

Mr. Meche stated that the presence of firefighters gives the community peace of mind to a lot of people.

Mr. Meche stated that our department has AED's, Paramedics, LUCAS Devices, etc. which assist with patient care. He further stated that our department performs extrications, HazMat,, and water rescue and is always willing to go out of the district if needed.

Mr. Meche stated that the responders should not be faulted, they have a passion to provide what is best to protect the ones we serve.

- Fred McDonald- Mr. McDonald had flyers and read the following statement- "My concern is not what Fire Dist. #1 did with the surplus of 1.6M from 2015, but why are you asking for a higher millage. The Board of Commissioners hasn't to date justified the apparent higher operating expense for 2017, even with the projected higher operating expenses. The Board of Commissioners already has an approved millage increase along with our surplus there should be sufficient funds available.

As we look at slide 1, Fire Dist #1 2015 revenue was ~18M. This comes from \$16.75M in Property Tax (Millage rate of 33.5 and mill value of \$500K) and 1.25M from Parcel Fee and other revenue. In July 2015, Fire Dist. #1 convinced the Board of Commissioners to increase their millage from 33.5 to 35, roughly a \$750K increase in the operating budget for 2016. The Board of Commissioners approved a millage vote for 2016- this increase would raise Fire Dist. #1 expected revenue to ~18.75M, from 17.5M from property tax (millage rate of 35 and mill value of \$500K) and 1.25M from parcel fee & other revenue.

As we look at slide 2, Fire Dist. #1 has stated that for 2015 that they had a surplus of \$1.6M, a portion of this surplus is the LA Workers' Compensation Corp. refund of \$321K. As of right now Fire Dist. #1 will receive ~18.75M for 2016 and the only major increase in expenditures are the \$500K for Firefighter personnel at the new fire station on Airport Rd. and the state mandated 2% pay raise. The new fire station and related expenses barely offsets the millage increase of \$750K let alone the expected \$1.45M surplus.

Fire Dist. #1 claims that the assessed value for the Fire Dist. #1 area is flat, but how can this be? The Assessor has recommended the requested millage increase of 1.5 mills in 2015 need only to be 0.79 mills now. This will give Fire Dist. #1 the same increase in collected taxes as the

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proposed millage increases. But it doesn't stop there; Fire Dist. #1 is requesting additional 0.71 mills increase or \$372K from what was requested in July of 2015. Remember they reported \$6M in Facilities & Rolling Stock Restricted Fund, in Jan. 2016 meeting. So why does Fire Dist. #1 need an additional \$372K? When are they going to justify the expected surplus for 2016 or what they plan on spending the \$1.45M on?"

Chairman Crowley stated that Mr. McDonald served on the Board for 3 years and knows that we project our budget out 3 years. He further stated that based on the information from the Assessor, that there is an anticipated flat increase, we will take a loss compared to our projected increase of expenses that are mandated vs. any projected revenue. Chairman Crowley stated that he feels that Chief Kaufmann is asking the Boards consideration to increase the millage due to the fact that if we do not collect the \$340,000, it is a revenue that we will not get later, that we can now apply to the deficit for 2018 and 2019.

Mr. McDonald stated that he understands this to mean that the money would be collected this year to pay for things down the road. Chairman Crowley stated that if we do not collect the revenue that is on the table today, and based on the "flat" projections that Assessor is saying, we will have a deficit.

Chief Kaufmann stated that we work with a "zero" based budget.

Chief Kaufmann referenced an e-mail from the Assessor which states, "as always, we recommend you use actual collections from the previous year" – and he stated that we went beyond what was presented in order to be more accurate.

Chief Kaufmann presented a packet which contained e-mail correspondence with the Assessor. He stated that these conversations took place so that we could make the most informed decision in this process.

Chief Kaufmann stated that living in the 35 voter approved mills is living within the means that the voters approved.

Commissioner Hoying stated that we've seen this year's budget process in Baton Rouge and the mess that "kicking the can down the road" has caused the State of Louisiana. He further stated that the Board would be remiss in their duties if they took the same approach. He stated that he is concerned with the solvency of the district and having to come back with a dramatic increase in the future. Commissioner Hoying stated that the Board takes all of this seriously to ensure that their fiduciary responsibility to the taxpayers is being met.

Commissioner Rich stated that he feels that one of the most compelling arguments, with regards to the budget and millage, is something completely out of their control. The Assessor reduced values in 6 ½ subdivisions, and our costs for protecting the subdivisions increase.

Chairman Crowley stated that 80% of the budget is mandated (non-discretionary) and 20% discretionary; however, 12% of that could have a significant negative impact the services we provide if funding was reduced. The remaining 8% is carefully looked at to see if cuts can be done.

Commissioner Brackett made a motion to adjourn the public hearing. Commissioner Gay seconded the motion. The motion carried unanimously.

The public hearing adjourned at 7:37 p.m.

The Special meeting was called to order.

ROLL CALL: Chairman Crowley and Commissioners Brackett, Hoying, Rich and Gay were present.

APPROVAL OF MINUTES

Commissioner Brackett made a motion to approve the minutes of the June 20, 2016 Special hearing/ meeting. Commissioner Rich seconded the motion. The motion carried unanimously.

OLD BUSINESS- (none)

NEW BUSINESS:

1. Adopt the adjusted millage rate(s)

RESOLUTION 2016-034

BE IT RESOLVED, by the St. Tammany Fire Protection District No. 1 of the Parish of St. Tammany, Louisiana, in a public meeting held on July 28, 2016, which meeting was conducted in accordance with the Open Meetings Law and the additional requirements of Article VII, Section 23(C) of the Louisiana Constitution and R.S. 47:1705(B), that the following **adjusted** millage rates be and they are hereby levied upon the dollar of the assessed valuation of all property subject to ad valorem taxation within said Parish for the year 2016, for the purpose of raising revenue:

MILLAGE

Fire Protection Services	34.290 mills
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BE IT FURTHER RESOLVED that the Assessor of the Parish of St. Tammany, shall extend upon the assessment roll for the year 2016 the taxes herein levied, and the tax collector of said Parish shall collect and remit the same to said taxing authority in accordance with law.

The foregoing resolution was read in full, the roll was called on the adoption thereof, and the resolution was adopted by the following votes:

YEAS:
NAYS:
ABSTAINED:
ABSENT:

CERTIFICATE

I hereby certify that the foregoing is a true and exact copy of the resolution adopted at the meeting held on July 28, 2016, at which meeting a quorum was present and voting.

Mandeville, Louisiana, this 28th day of July, 2016

Daniel Crowley, Chairman
Board of Commissioners
St. Tammany Fire Protection District No. 1

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Commissioner made a motion to adopt Resolution 2016-034, Relating to the Adoption of the adjusted millage rate. Commissioner Hoying seconded the motion.

Chairman Crowley called for the vote:

Commissioner Gay: Yea

Commissioner Hoying: Yea

Chairman Crowley: Yea

Commissioner Rich: Yea

Commissioner Brackett: Yea

The motion carried unanimously.

2. Set forth the adjusted millage rate(s) and roll forward to millage rate(s) not exceeding the maximum authorized rate(s)

RESOLUTION 2016-035

BE IT RESOLVED, by the St. Tammany Fire Protection District No. 1 of Parish of St. Tammany, Louisiana, in a public meeting held on July 28, 2016, which meeting was conducted in accordance with the Open Meetings Law and the additional requirements of Article VII, Section 23(C) of the Louisiana Constitution and R.S. 47:1705(B), that the taxing district voted to increase the millage rate(s), but not in excess of the prior year's maximum rate(s), on all taxable property shown on the official assessment roll for the year 2016, and when collected, the revenues from said taxes shall be used only for the specific purposes for which said taxes have been levied. Said millage rate(s) are:

	<u>Adjusted Rate</u>	<u>2016 Levy</u>
Fire Protection Services	34.290 mills	35 mills

BE IT FURTHER RESOLVED that the Assessor of the Parish of St. Tammany, shall extend upon the assessment roll for the year 2016 the taxes herein levied, and the tax collector of said Parish shall collect and remit the same to said taxing authority in accordance with law.

The foregoing resolution was read in full, the roll was called on the adoption thereof, and the resolution was adopted by no less than two-thirds of the total membership of the taxing authority voting in favor as required by Article VII, Section 23(C) of the Louisiana Constitution and R.S. 47:1705(B). The votes were:

YEAS:

NAYS:

ABSTAINED:

ABSENT:

CERTIFICATE

I hereby certify that the foregoing is a true and exact copy of the resolution adopted at the meeting held on July 28, 2016, at which meeting at least two-thirds of the total membership was present and voting.

Mandeville, Louisiana, this 28th day of July, 2016.

Daniel Crowley, Chairman
Board of Commissioners
St. Tammany Fire Protection District No. 1

Commissioner Hoying made a motion to adopt Resolution 2016-035, Relating to Setting Forth the Adjusted Millage Rate(s) and Roll Forward to Millage Rate(s) not Exceeding the Maximum Authorized Rate(s). Commissioner Rich seconded the motion.

Mr. DiGiovanni stated that we've had a clean audit report for many years. He stated that 35 mills is a "break even" for 2017; the deficit is in 2018 and 2019.

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Mr. DiGiovanni stated that we get information from the Assessor's office and do not have any of the formulas that they use in calculations; therefore, it is difficult to try to forecast what to budget for revenue in future year projections.

Commissioner Hoying commented on the success rate of the LUCAS device vs. manual CPR and the minimal cost of the increase in property tax vs. saving lives.

Chairman Crowley stated that the minimal increase (i.e. \$6.27 on \$150,000 value home) is for fire protection services which save lives and property. If that is not done, the PIAL rating will drop and homeowners insurance will increase (approx. \$160/ yr.) with no return on investment.

Chairman Crowley called for the vote:

Commissioner Gay: Yea

Commissioner Hoying: Yea

Commissioner Rich: Yea

Commissioner Brackett: Yea

Chairman Crowley: Yea

The motion carried unanimously.

3. 2016-031: BOC Resolution (Approve 2015 Audit)

Commissioner Brackett made a motion to adopt Resolution 2016-031, Relating to the Approval of the 2015 Audit for District No.1. Commissioner Gay seconded the motion.

Chief Kaufmann stated that this is a "no findings" audit.

The motion carried unanimously.

4. 2016-032: BOC Resolution (2017 Budget Millage Revenue)

Mr. Waniewski stated that this is to continue the transparency, for the district, that we are memorializing the guidance provided by the Assessor's office that established the baseline revenues for the 2017 budget.

Commissioner Brackett made a motion to table Resolution 2016-032, Relating to the 2017 Estimated Millage (Ad Valorem) Revenue for District No.1 Commissioner Rich seconded the motion.

The motion carried unanimously.

5. 2016-033: BOC Resolution (Major Medical Insurance Renewal)

Chief Kaufmann stated that based on our utilization, we have been offered a 0% renewal.

Commissioner Rich made a motion to adopt Resolution 2016-033, Relating to the Major Medical Insurance Renewal for District No.1. Commissioner Hoying seconded the motion.

Commissioner Hoying stated that with no increase in insurance premium, and employees receiving the same benefits, is phenomenal.

The motion carried unanimously.

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Commissioner Brackett made a motion to adjourn. Commissioner Gay seconded the motion.

Chairman Crowley thanked everyone that commented, and stated that the comments have been heard. Additionally, he invited everyone to attend the monthly meetings.

The motion carried unanimously.

The meeting adjourned at 7:37 p.m.

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