

St. Tammany Fire Protection District No. 1

Board of Commissioners

Regular Meeting Minutes July 21, 2015

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

The pledge of allegiance and prayer were given.

ROLL CALL: Chairman Crowley and Commissioners Brackett, McDonald, Risley and Hoying were present.

APPROVAL OF MINUTES

Commissioner Brackett made a motion to approve the minutes of the June 1, June 17 and July 13, 2015 Special meetings. Commissioner McDonald seconded the motion. The motion carried unanimously.

OLD BUSINESS – (None)

NEW BUSINESS –

1. Adopt the millage rate(s)- Chief Kaufmann read the below opening statement:

I would like to start by saying that our Fire District is responsible for 90,000 people in our Parish of 240,000. We are Internationally Accredited (of just over 200 agencies) and continue to have zero finding in our audits (as late as the 2014 audit). We have been recognized by LWCC as Top 70 Safest for 2007, 2008, 2009, and 2014.

Our agency is primarily a labor organization, with approx. 80% of the budget going toward salaries and benefits. We are a public safety agency, not private. We don't have a choice, we have to respond when the public calls. If we do not respond, it could be the difference of saving life and/or property.

We all choose to live and raise our families here for a reason. It's the quality of life we enjoy.

Since Katrina, our Fire District has used a FEMA loan, several Tax Certificates and a Parcel Fee to minimize the rolling forward of our voter approved 35 mills.

We have been fiscally responsible not to roll forward when we didn't have to. In 2013 we became totally debt free. We chose in 2014 to secure a \$3 million tax certificate in lieu of rolling the millage up (with a note of \$364,000 per year for 7 years). We have been totally transparent!

We have delayed many Capital purchases/projects that we are now paying the price for. Every year a project/ truck purchase is postponed, the price increases.

We have budgeted deficits for the last 6 of 7 years.

We can no longer fund our Operating budget with one time money that won't be replaced (ex. How many times can you pay your house note out of your savings, before you run out of money)?

We hired 6 Firefighters in 2015 for the new proposed Station 18 on Airport Rd. We have 3 other Firefighter positions in the 2016 proposed budget. We have to sustain the labor cost, going forward. We are building a station that is long overdue to serve our citizens and businesses in the Northshore Blvd. corridor. This area is densely populated and should get the same fire protection and response time as any other area built out like this in our district.

I cannot ask the men and women of our Fire Dist. to do any more than they have done. They have, and continually, put our citizens first. This proposal is not asking for a raise it is only to sustain the level of fire protection we provide today and into the future.

We have agreed by contract to commit just over \$1.5 million over the next 15 years to be a part of the new parish-wide radio system. It has an average annual payment of \$120,000.

We have additionally agreed to co-locate into a single new 911 facility to come online within the next 2 years.

I am proposing 35 mills, as the budget work we have done reflects 34.87 to fund 2016. This will allow us to continue to serve our citizens as we do today. Only a small portion of the budget is discretionary which we have already addressed in our budget work. Let's not go backwards, as it could be detrimental to provide services to our citizens.

The budget work has also shown to reflect 35.035 mills for 2017 and 35.819 mills for 2018.

The voters have already renewed the 35 mills and Parcel Fee for 10 years, to provide fire protection to our citizens.

Due to the uncollected portion of the millage and funding of other retirement systems, our operation value of the proposed 35 mills is approximately 32.5 mills. We operate on the value of the mill (net dollars), not the mill number. We cannot spend what we do not collect.

The value of a mill has been stagnant with very little growth. If the value of a mill goes up after the next reassessment, we can look to lower the mill rate if our budget allows.

It takes 1.5 million a month to operate. We only have 2 months of contingency/disaster money. We are not comfortable with this.

Questions for the Board

I ask you, to ask yourselves, if 35 mills is not approved tonight, how would you recommend we fund the future Operational and Capital budgets?

If we choose to go after more Tax Certificates, where do we get the money to repay the notes?

If 35 mills is not approved and we have to make cuts and our rating drops, how do we consciously allow this to happen and answer to our citizens?

Commissioner Hoying made a motion to levy 35 mills. Commissioner Brackett seconded the motion.

The Resolution is as follows:

BE IT RESOLVED, that the following millage (s) are hereby levied on the 2015 tax roll on all property subject to taxation by: St. Tammany Fire Protection District No.1

MILLAGE

FIRE PROTECTON SERVI CES

_____ MILLS

BE IT FURTHER RESOLVED that the proper administrative officials of the Parish of St. Tammany, State of Louisiana, be and they are hereby empowered, authorized, and directed to spread said taxes, as hereinabove set forth, upon the assessment roll of said Parish for the year 2015, and to make collection of the taxes imposed for and on behalf of the taxing authority, according to law, and that the taxes herein levied shall become a permanent lien and privilege on all property subject to taxation as herein set forth, and collection thereof shall be enforceable in the manner provided by 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:

(The floor was opened for public comment- there were no comments)

Commissioner Hoying inquired about the impact on the insurance (homeowner/ business owners) rates if the millage is not approved at 35, and services are reduced. Chief Kaufmann advised that there would be a negative impact, as we are working diligently to reduce the rating from a 3 to a 2; however, if we have to reduce, or change operations, that is in jeopardy.

Commissioner McDonald inquired as to whether services will actually have to be reduced, if the millage is not approved at 35. Chief Kaufmann stated that based on the numbers we were provided, the future will have to be cut back, starting in 2017; however for 2016, we will have to take money from a Capital fund to balance the budget, which he was not proposing.

Chief Kaufmann stated that 1.5 mills would affect a residence (\$163,000 home value) \$13.00/ year, and \$ 27.00/ year for a business. He further stated that we cannot continue to use one time money and putting off Capital projects/purchases- we have a truck replacement schedule that is so far behind, and 7 of our front line trucks have over 100,000 miles on them and if we stay on this track, it will take 40 years to replace the fleet that we currently have.

Chief Kaufmann stated that the cost of living increase is just over \$400,000 annually. He further stated that unless the reassessment changes, and we have growth that we have not seen in the past, we will have to make changes.

Commissioner McDonald stated that the 2015and 2016 budget had a revenue difference of approx. \$115,000 and requested justification due to the annual cost of living increase being \$400,000. Chairman Crowley stated that the operating expenses came in under budget.

Commissioner McDonald stated that the request is to go from 33.5 to 35 mills (1.5 mill increase). This equates to approx. \$640,000, and the deficit to be funded is currently approx. \$640,000. He also stated that we have a line item (Dispatch- \$700,000) for something that we're never going to use. He suggested that we not roll forward, and use this line item to fund the deficit.

Chief Kaufmann stated that in the current 2015 budget, half of the 1.4M was used to fund the deficit. The additional \$700,000 was left alone, as we know that there will be costs associated with moving into the 911 facility. Additionally, we voted on purchasing a new truck, which we only have \$250,000 in the budget for 2016, and a portion of that money can be used to fund the balance. Chief Kaufmann further stated that the revenue is not keeping up with the expenses and we have financial commitments that need to be funded for future years.

Commissioner Hoying stated that our fixed costs (mandatory expenses) are growing at a faster rate than the revenue. Chief Kaufmann confirmed his statement. Commissioner Hoying inquired as to when we will run out of money, even if we increase to 35 mills. Chief Kaufmann stated that we would run out of money to fund future capital projects. He further stated that the entire millage and parcel fee will fund only the operational costs and we will become flat lined. The increase in revenues, over the past few years, has been less than 1%. Additionally, the last reassessment year was the only year that we did not budget a deficit. He further stated that 2016 is a reassessment year, and that may give us a better picture of outgoing years.

Commissioner Brackett stated that in 2017 and 2018 there is a projection greater than 35 mills. He inquired as to how we were going to fund those years. Chief Kaufmann stated that we will be tracking growth and the reassessment process will determine future income.

Commissioner Brackett inquired as to whether Chief Kaufmann is in favor of putting a cap on the operating budget. Chief Kaufmann stated that he was okay with it, as long as mandated costs are covered. He further stated that any surplus funding is put into the "Rolling Stock/Facilities" Fund; it does not go into the "General" Fund.

Commissioner Risley inquired as to whether Chief Kaufman had the opportunity to meet with each Commissioner to address any questions/concerns. Chief Kaufmann confirmed that he did.

(The floor was opened for public comment- there were no comments)

Chairman Crowley stated that his concern is that the budget process started in February due to being mandated by the process. He stated that he sat through some meetings/briefs with some Northshore delegates and a Representative blamed himself for being part of the problem and "kicking the can down the road" and not dealing with the fact of funding a deficit using one time money.

Chairman Crowley stated that while there hasn't been a lot of concerns about the budget, we need to see where we can save money and fund it at the current rate. This is a survival tactic, based on the growth of revenue not keeping up with the cost to do business. Chairman Crowley stated that we have Capital projects that are necessary and we are currently funded with a deficit. He further stated that unless someone can come up with a better way of doing things, he suggests supporting the Chief's recommendation.

Chief Kaufmann stated that he has gone through the budget, line by line, and has cut as much as he can.

Chairman Crowley inquired as to whether anyone had any ideas to make this budget less than what is currently is recommended.

Commissioner Hoying stated that while looking at the budget, there are questions on whether we should defer maintenance on aged equipment and training, thus placing the citizens and Firefighters at risk. He further stated that he has scrutinized the budget and does not see where anything can be cut. He stated that he supported the increase; although he, too, hates to pay more in taxes.

Chairman Crowley stated that he agreed with Commissioner Hoying's comment about paying more taxes; however, we have to run the department like a business. Additionally, we have to make adjustments to avoid a negative impact in the future.

Chief Kaufmann committed to being creative in the future for capital projects. He further stated that no other Parish has done more to give our taxpayers relief. Chief Kaufmann stated that he has a job to run the department and represent the citizens, and we have put the citizens of this District first. Today, our message is to call Fire Dist. #1 when you don't know who else to call.

Chairman Crowley stated that we all have an obligation to justify the budget. Chief Kaufmann confirmed that and stated that he has done his due diligence in public. He further stated that the employees have delivered what was expected and can't ask for anything more.

Chairman Crowley inquired about values going up after reassessment year. Chief Kaufmann stated that would be the chance to reduce the mill rate and he would be committed to reducing it.

Chairman Crowley called for the vote:

Commissioner McDonald: Nay

Commissioner Brackett: Aye

Commissioner Risley: Nay

Commissioner Hoying: Aye

Chairman Crowley stated that lots of hours are spent trying to do what is right and from a business prospective, we have a budget presented and from the knowledge that he gained with the State Legislatures, he cannot ask the Administration to do more. He stated that the Capital expenses were already in a deficit and asked for suggestions on how we can spend one time Capital money which will never be recouped, without impacting our Capital projects going forward.

Chairman Crowley voted Aye.

The motion carried, 3-2

Chairman Crowley, for point of order, stated that we approved the June 17 minutes; however, they were not on the agenda.

Commissioner Brackett made a motion to suspend the rules to add the June 17 minutes to the agenda.

Commissioner Risley seconded the motion. The motion carried unanimously.

Commissioner Brackett made a motion to amend the agenda to reflect the June 17 Special meeting and approval of the minutes. Commissioner McDonald seconded the motion. The motion carried unanimously.

Commissioner Risley made a motion to adjourn. Commissioner Brackett seconded the motion. The motion carried unanimously.

The meeting adjourned at 6:42 p.m.