

St. Tammany Fire Protection District No. 1

Board of Commissioners

Special Hearing/Meeting Minutes June 20, 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, and Rich.
Commissioner Gay was absent.

- 1.) To Consider and Adopt Additional or Increased Millage Rates Without Further Voter Approval or Adopting the Adjusted Millage Rate and Rolling Forward to a Millage Rate Not to Exceed the Prior Year's Maximum (35 Mills) – (Current budget is \$18,043,092)** – Chief Kaufmann stated that we are the largest Fire Department in St. Tammany Parish (90,000 residents). He further stated that we are predominately a residential Parish with 69% in our Parish. Additionally, we have a responsibility to provide adequate fire service to the citizens of the community. We are the only Internationally Accredited Fire Department in the State of Louisiana.

Chief Kaufmann stated that the voters approved 35 mills, for 10 years, three consecutive times. The .71 mills, above the 34.29 adjusted mill rate provided by the Assessor's office, has a projected gross value of \$372,250; however, we budget on net dollars which is \$346,192 (after 7% for the funding of other retirements, uncollected taxes, adjudicated property and appeals).

Chief Kaufmann stated that we always look at a three year trend (forward and back year projections) and many years we projected an 8% reduction from the gross tax roll; however, in 2017, we projected it at 7%.

Chief Kaufmann recommended that the Board consider the roll forward the .71 mills, to roll forward to the voter approved 35 mill maximum, which we are currently at in 2016. Fire District #1 has rolled back 33.1 mills over the last seven years, with a value of over \$13.5M. This is more than any other taxing body in St. Tammany has done. Chief Kaufmann further stated that we have never received the value of 35 mills due to losing approximately 2.7 mills being uncollected and due to the funding of other retirement systems which total approximately \$1.245M (including the tax assessor's office, adjudicated properties, and tax appeals).

Chief Kaufmann stated that the Assessor is projecting a near "flat" reassessment that will hold for the next four years; thus expecting little to no increase in income for the foreseeable future. Additionally, the Assessor, or his Chief Deputy Dugas, talks about 12 subdivisions being de-valued, 6 ½ of the subdivisions are in our district. Chief Kaufmann stated that he has repeatedly asked, in person and by e-mail through our attorney, for the

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formula used to de-value the subdivisions in our district. Chief Kaufmann further stated that the inquired into the overall property value reduced.

Chief Kaufmann stated that he has asked for all new growth of commercial property in our District, in particular, the Fremaux Town Center. We have asked these questions to get the most accurate estimated projections, so we could do our due diligence in preparing a proposed budget for 2017.

Chief Kaufmann stated that based on the current estimated millage revenue, we will not have enough revenue to balance the 2018 operating budget. With a very flat tax assessment and minimal growth, we cannot expect to fund the reoccurring costs associated with the new station, which will be complete in approximately 45 days (9 personnel to man the station, and all of the monthly and annual operating costs). Chief Kaufmann stated that we can't use the same money, with very little growth, to fund and maintain the level of fire protection, and a Class 3 rating, that our citizens enjoy today.

Chief Kaufmann provided examples of different home values to show the annual cost associated to increase by .71 mills. Chief Kaufmann further stated that we do not receive any sales tax revenue.

The floor was opened for public comment

Tim Scanlon- Mr. Scanlon inquired about the \$39 parcel fee. Chairman Crowley confirmed that we do have the fee, and it is still in effect. Mr. Scanlon stated that it was his recollection that it was supposed to be temporary to complete reconstruction of a fire station. Chairman Crowley stated that there were temporary reasons for using the fee, however, the fee was then rolled in to the operating costs used daily. Chairman Crowley stated that the ultimate goal for the \$39 fee was those that do not pay property tax to have input into the costs of services used today. Chairman Crowley stated that the parcel fee was renewed last year, by voters, and it was not presented as a temporary fee.

Mr. Scanlon inquired into how much the fee generated. Chief Kaufmann stated that it generates \$1.2M. Chairman Crowley stated that if it did not renew this past year, the challenge would be finding \$1.2M.

Chief Kaufmann stated that in 2010, we put 50% of the parcel fee in the operating budget, which was originally received to pay debt down. He further stated that we received \$5.2M from FEMA, which we were forgiven, which allowed for the millage rollbacks in previous years. Chief Kaufmann further stated that we budgeted deficits six out of seven years, from 2009-2015. The remaining 50% of the parcel fee was put into the operating budget in 2011. Chief Kaufmann stated that we consider the parcel fee to be a fair tax, due to everyone paying it.

Bonnie Eads- Exec. Director Northshore Business Council- Ms. Eads stated that the Council consists of a membership of over 60 CEO's, of a significant business entity, within the St. Tammany, Tangipahoa and Washington Parish region. She stated that generally, it is the position of the entity to not support the Fire Districts requests for millage hikes by rolling forward the millage rates, unless there is a compelling reason for such an increase. She further stated that the anticipated revenue that each taxing body will receive is the result of the reassessment in property values, together with the more than \$35M in property added to the tax rolls, over the past 2 ½ years, should be sufficient for each taxing body to maintain the pristine level of services currently provided.

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Ms. Eads stated that at a time when Louisiana state taxes have increased for both consumers and businesses, combined with additional tax burdens yet to come about in the Legislature, the entity does not believe that additional millage taxation is appropriate. She further stated that businesses, consumers, government, first responders, etc. should be doing more with less to help with the economic dynamics that we are faced with today.

Ms. Eads requested that the Board go against the request from Fire District #1 to roll forward the millage rates to get additional revenue, unless there is a compelling reason for such an increase.

Commissioner Hoying asked Ms. Eads, with regards to her comment on \$35M in property added to the tax rolls, how much of that was added in St. Tammany Fire Dist. #1. Ms. Eads stated that she was not aware. Commissioner Hoying stated that if our projections were flat, in regards to the revenue we will receive, it would indicate that we wouldn't receive much of it, or there has been an offset by the Assessor's office that would have reduced the property taxes collected for District #1. Commissioner Hoying stated that the Board is very cognizant that the people most affected are those on a fixed income, or retired and/or receiving social security and that the higher the taxes, the less spending and less sales tax revenue generated. He further stated that the Board wants to be very careful that what is done is prudent, so nothing is done unintended that may affect our PIAL rating, which could be more detrimental to the community as it could significantly raise homeowner's insurance.

Ms. Eads stated that the entity does understand that The Fremaux Center could be additional revenues. Chairman Crowley advised that we have been unable to get any numbers on The Fremaux Center from the Assessor. Ms. Eads understands that with the lack of information, it is difficult to project budget needs and wishes everyone had more information. Commissioner Hoying advised Ms. Eads that if he had a way of getting the information, the Board would love to see it, to help project better revenue collections in future years, in order to be prudent with taxpayer money. Commissioner Hoying stated that property taxes affect all of them, they don't want to do anything to affect anyone's homeowners insurance and the homeowner sees an exponential increase. Ms. Eads stated that they placed a call to the Assessor's office this afternoon and haven't heard back. Chairman Crowley reiterated that we do not benefit in any way from sales tax.

Fred McDonald- Mr. McDonald stated Fire District #1 has an annual operating budget of approximately \$18M; a monthly budget of approximately \$1.5M. He further said that Chief Kaufman recently increased the contingency fund from \$2M to \$3M, by stating that this will support two months of operations.

Mr. McDonald stated that over 95% of the revenue received is from property taxes and parcel fees; however, another source of significant revenue has emerged- the LWCC refund. The 2015 refund was \$321,000. He stated that this is a refund, and cannot be relied on, however; it is significant. He further stated that the value of a mill for Fire Dist. #1 is approximately \$500,000.

Mr. McDonald stated that last July, the Board voted to set the millage to the maximum authorized by the latest renewal (35 mills) even after receiving the largest LWCC refund ever, at the time. He stated that last January, Fire Dist. #1 reported a \$1.6M surplus for 2015 - approximately 3 mills, or one month's operating budget, on 33.5 mills collected.

Mr. McDonald stated that the hearing tonight is “to consider levying additional or increased millage rates without further voter approval or adopting the adjusted millage rate, after reassessment, and rolling forward to a millage rate not to exceed the prior year’s maximum”. He further stated that earlier this year, Fire Dist. #1 received an even larger LWCC refund check (\$329,000).

Mr. McDonald stated that Fire Dist. #1 reported a \$1.6M surplus in 2015, a larger LWCC refund, and larger millage to be collected (\$2.3M more than Fire Dist. #1 used last year on its annual budget (13% increase).

Mr. McDonald inquired as to why there was discussion to increase the millage rate, when there should be discussion to lower it. He further inquired as to when Fire Dist. #1 was going to think about its constituents.

Chairman Crowley thanked Mr. McDonald for the two years that they served on the Board together and reminded him that one of the best services we have now are maintaining our own firetrucks, thanks to the hard work he did as a Commissioner. He further stated that the surplus that we have will go towards the failing trucks, and it is not a continued revenue as something to be counted on for budgetary purposes. The insurance refund that we get, that we have bettered over the years, is not a continued revenue, and cannot be put in a budget to be counted on.

Chief Kaufmann stated that in 2013, the District became debt free, and instead of levying and rolling forward, secured a \$3M Tax Certificate (approximately \$365,000 reoccurring cost). Chief Kaufmann further stated that we are not discussing non-essential services. The fire service is a professional service that is being delivered at a high level of efficiency. Chief Kaufmann stated that we are the only Internationally Accredited department which a validation from budget and operations standpoint.

Chief Kaufmann stated that we operate on a zero based budget annually. He further stated that if we do get a flat reassessment, as the Assessor has said, we would not be able to provide the adequate service that we currently have. Chief Kaufmann stated that we moved forward with Station 18, as those residents should be able to enjoy the same response time that the rest of the district enjoys. Additionally, the insurance class rating, from a 3 to a 4 has an impact and Chief Kaufmann stated that this would not be on his shoulders, as he is making a recommendation, which is a hard, business decision to make. Chief Kaufmann further stated that we were projected to be a class 2 rating next year, which would provide a break in homeowners insurance. Chief Kaufmann stated no taxing body has rolled back more millage as Fire Dist. #1 and that we have lived, doing more with less, since Hurricane Katrina.

Chief Kaufmann stated that we are far behind on our apparatus replacement schedule, and there is an urgent need to replace our 1992 and 1994 pumpers.

Chairman Crowley stated that we will get creative with spending and get caught up. Chairman Crowley stated that when the money is right, he wanted Chief Kaufmann to publicly pledge that when he doesn’t need the money, he will roll back again. Chief Kaufmann stated, “Absolutely”, and that he would love our district to be fairly assessed. Chairman Crowley stated that it is the Board’s job to oversee the spending and make sure the constituents are safe, the equipment is right, and we are where we need to be to make sure insurance is right. Chairman Crowley further pledged not to take more money than what is needed.

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Gene Bellisario, Parish Council (Dist.9) - Mr. Bellisario requested the spreadsheets that reflect the dollar amounts when changing a class rating. Mr. Bellisario further stated that Chief Kaufmann attends his meetings, and is the only person that has gotten a standing ovation as a result of being forthright with everyone.

Mr. Bellisario stated that the people are now looking at any renewal as a “no” and the fire district’s advantage is the rating impact. Chairman Crowley stated that we do need to educate the public more.

Commissioner Hoying stated that there are issues in Baton Rouge where the “can has been kicked down the road” and we are now in a desperate situation and Louisiana is the highest taxed in the nation. He further stated that costs are increasing, with a flat revenue projection, and that does not encompass the mandatory retirement and salary increases. He further reiterated that the Board wants to be fiscally responsible at this time.

Commissioner Hoying stated that he wished that someone from the Assessor’s office was present to answer some of the questions he has regarding assessments, etc.

Chief Kaufmann stated that the 34.29 adjusted millage rate, that the Assessor has provided, is to give us the same dollar value as we received last year. If they devalued 6 ½ subdivisions, where did the value of those deductions go, to give us the same money we got last year? That burden had to be pushed on to everyone else to make up the difference.

Chairman Crowley stated that the Assessor was invited to come to the meeting, and he did confirm that he would be present, however, no one was in attendance.

Bob Campo- Mr. Campo inquired as to when the new millage, if passed, would take effect. Chairman Crowley stated that it would take effect next calendar year. He further stated that we are required to make budget decisions before getting accurate information from the Assessor.

Chief Kaufmann stated that while we are not even half way through 2016, we are having to make a budget decision for 2017. He further stated that the tax roll that is given to every taxing body in the Parish is only an estimate, and it changes daily. Commissioner Hoying stated that in August of 2015, the Assessor sent letters out, outside of the assessment period, advising some residents in St. Tammany Parish that their assessments were going to be lowered.

Mr. Campo inquired as to whether a pumper would have the ability to put out a fire in his subdivision (Frenchmen’s Estates). Chief Kaufmann advised that we bring approximately 10,000 gallons of water to any working structure fire and assured Mr. Campo of our ability to extinguish a fire in his subdivision.

Mr. Campo asked if the millage increase being used to mainly cover expenses for the next four years. Chairman Crowley stated that we have an annual mandated increases and are not able to cover the increases between now and 2018. He further stated that we are only going up to cover those costs. Chairman Crowley promised that if we do not need the money, we will give it back.

Commissioner Hoying stated that the Board wanted to ensure a fair and transparent process to project the future year collections. He wanted to inquire, from the Assessor, what was the dollar value of the devaluation, how are the assessments being done, and

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what is the process for assessing the value of a neighborhood. Commissioner Hoying stated that the process is not transparent, and if we understood the process, better decisions could be made.

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

The public hearing adjourned at 6:56 p.m.

Chairman Crowley stated that there was not going to be a millage levy tonight, the meeting will be held July 28, at 6:00 p.m., for the vote.

The Special meeting was called to order.

ROLL CALL: Chairman Crowley and Commissioners Brackett, Hoying, and Rich.
Commissioner Gay was absent.

APPROVAL OF MINUTES

Commissioner Brackett made a motion to approve the minutes of the May 17, 2016 meeting. Commissioner Rich seconded the motion. The motion carried unanimously.

OLD BUSINESS- (none)

NEW BUSINESS:

1. Human Resources

- a.) 2016-026: BOC Resolution (Station 18 Change Orders) - Amended/ Record Keeping

Commissioner Brackett made a motion to adopt Resolution 2016-026 (Record Keeping). Commissioner Rich seconded the motion. The motion carried unanimously.

- b.) 2016-027: BOC Resolution (EAP Renewal)

Commissioner Brackett made a motion to adopt Resolution 2016-027, Relating to the Renewal of the Employee Assistance Program (EAP) for District No.1. Commissioner Rich seconded the motion. The motion carried unanimously.

- c.) 2016-028: BOC Resolution (Official Journal)

Commissioner Brackett made a motion to adopt Resolution 2016-028, Relating to the Selection of the Official Journal for District No.1 Commissioner Rich seconded the motion. The motion carried unanimously.

- d.) 2016-029: BOC Resolution (Commercial Banking- Signature Authority)

Commissioner Brackett made a motion to adopt Resolution 2016-029, Relating to the Authorization to Conduct Commercial Banking Services for District No.1. Commissioner Rich seconded the motion. The motion carried unanimously.

- e.) 2016-030: BOC Resolution (Fire Apparatus "Pumper" (2))

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Commissioner Hoying made a motion to adopt Resolution 2016-030, Relating to the Approval to Purchase Replacement Fire Apparatus “Pumpers” for District No.1. Commissioner Rich seconded the motion.

Chief Kaufmann stated that he forwarded the apparatus price quote from Siddons-Martin. The pumpers were based on the same specs as the ones purchased in the past. Chief Kaufmann stated that a new Rescue truck was proposed in next year’s budget; however, due to the maintenance issues, the need for replacement pumpers was greater.

The motion carried unanimously.

- f.) 2016-031: BOC Resolution (Approve 2015 Audit) – Discussion Only

Chief Kaufmann reported that we received a “Draft” of the 2015 audit, and there were no findings.

- g.) Command Climate Survey Response- Released

Commissioner Brackett made a motion to accept the PMI report. Commissioner Hoying seconded the motion. The motion carried unanimously.

- 2. Duplantier Hrapman Hogan and Maher, L.L.P.

Mr. DiGiovanni discussed the financial report.

Commissioner Rich stated that there is a \$400,000 deficit in 2018 and asked if there was anything that was “driving” that. Mr. DiGiovanni stated that the mandates and projected flat income contribute to it.

Commissioner Brackett made a motion to accept the financial report. Commissioner Rich seconded the motion. The motion carried unanimously.

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

The meeting adjourned at 7:19 p.m.