

DESTIN FIRE CONTROL DISTRICT
Special meeting of the Board of Fire Commissioners
Budget Workshop
Main Station
848 Airport Road
Destin, Florida 32541

September 7, 2016

Minutes

Commissioners present: Tommy Green, Rick Moore, Jack Wilson and Bob Wagner

Absent: Mike Buckingham

Staff present: Chief Kevin Sasser, Division Chiefs Joe D'Agostino and Kathryn Wagner, Allison Henderson

Present: Dawn Stuntz

The meeting was called to order at 5:30 p.m. by Chairman Tommy Green.

Public Comments:

John Harvey of 4327 Preserve Place, Destin asked if he could wait to the end for any questions since Ms. Wagner may answer questions as we go along or we may have questions at the end. Tommy Green stated yes.

Discussion of Proposed Budget for the 2016- 2017 Fiscal Year:

Kathryn Wagner stated this was the second preliminary budget with substantial changes; the first of which was advalorem taxed revenue. She stated we have adjusted the millage rate back to 1.0 because of discussion by the Board at the last meeting and because of other changes in the budget made it necessary to utilize the remainder of the advalorem taxes therefore advalorem tax revenue increased along with corresponding related costs. Beach Safety sale of assets was \$12,500 and has been reduced to \$10,000, since we are looking to sell 4 assets instead of 5. She further stated the majority of changes will be found under personnel services, insurance benefits increased \$85,000 to reflect the current contract, however we do foresee a change to the policy, but it can only be done through negotiations. She stated the District has looked at other policies and has picked a policy that falls in the middle to use for budgeting purposes.

Kathryn Wagner stated insurance paramedic was reduced to almost nothing in the previous budget, however since that article was not changed in negotiations the District must continue to provide insurance for all current paramedics. Workers compensation did not change but it is the final rate from the provider. She stated the next and largest items adjusted were the retirement contribution 175 and the state portion; the District is responsible for paying these items less what is received from the State. The actuary for the Board of Trustees determines a funding percentage which we apply to our pensionable payroll. She stated since there has been a change to the pension article we had a special study done by the actuary to determine the effect of that change, but a new State law went into effect which determines the State funding portion. The District is waiting to hear from the State actuary how this will affect the State monies received. She stated what is presented in the budget is the worst case scenario in which the District would receive less State funding and would be responsible for the rest. She stated compared to the

budget last year those 2 items combined net each other with a \$1,000 savings compared to the current fiscal year budget and this does include adding the 5 new employees proposed. Kathryn Wagner stated it was still the worst case scenario.

Tommy Green asked when we would have the real numbers. Kathryn Wagner stated Jason Franken has been working with the State actuary to see how the new law will be applied to our case and hopes to have the numbers by our tentative meeting next week.

Chief Sasser stressed what was proposed was the worst case scenario in order to be prepared.

Kathryn Wagner stated the next category to be addressed is wages and associated expenses have been adjusted to include a new part-time personnel approved by the Board at the last meeting.

Jack Wilson stated revenue increased \$205,000 while wages and associated categories increased \$233,000 so our wages increased far more than our revenue increased.

Jack Wilson asked how much of the wage increase was driven by the addition of 5 employees verses the wage increase for existing personnel. Kathryn Wagner stated there was no wage increase built in for current staff, the overall increase comes from 2 additional employees the District intends to hire and the 3 additional employees from the SAFER grant along with part-time office personnel.

Jack Wilson asked if Kathryn Wagner stated there was no wage increase for current employees. Kathryn Wagner stated that was correct; there was no room in the budget but not knowing the firm pension number that could give room in the budget.

Jack Wilson stated at the impasse meeting they voted to give current employees a wage increase. Kathryn Wagner stated the 3% raise was built into the current year budget; the proposed budget for 2016-02017 does not include another increase.

Kathryn Wagner stated another item to discuss was uniforms- duty which was adjusted to the collective bargaining agreement keeping the budget the same with no savings. She stated a change on page 3 to capital outlay- buildings included an additional \$21,000 for the exhaust system to Station 9. Beach Safety budget was adjusted for additional funding the County has agreed to provide as well as a change in the contract terms for the City which Division Chief D'Agostino has gone through and reviewed. Beach Safety is a self-contained program.

Kathryn Wagner stated the adjustments that have been made result in using all of the advalorem taxes as well as \$7,725 of unassigned funds in order to break even.

Jack Wilson stated with nothing left over to pay down the pension fund. Kathryn Wagner stated at the moment that was correct because we are assuming the worst case scenario.

Chief Sasser stated it would be the Board's call, but if the actuary comes back with a better number then we would request the Board utilize that funding to chip away at pension.

Jack Wilson stated it was a big change from the last meeting where we were debating keeping the millage rate at 1.0 or not and now we are at 1.0 and that does not cover our costs. Kathryn Wagner stated we were not too thrilled to see the worst case scenario from the actuary but it is

what we have at this point and it is what needs to be presented but we are optimistic it will not be that.

Tommy Green asked if the law affects all special districts. Kathryn Wagner stated yes, the new statute went into effect October 1, 2015, however if you were in negotiations you had some time to work through the issue. She stated we have filed our annual report with the State to receive our current year taxes and hopefully they will be received within the next 3 weeks otherwise the District will be faced with funding this amount, but that is not the upcoming budget.

Jack Wilson asked Chief Sasser to describe how the additional 5 firefighters will be used. Chief Sasser stated he anticipated with the addition of 5 firefighters we would be able to staff up the ladder truck where it was before; right now it is up and down, cross manned. With additional staffing that truck could stay manned all the time while still allowing 2 personnel to be off duty putting us back to where we were a few years ago. He stated that would be the goal to get to that point then look to the future to get to the NFPA standard of 15 on a fire scene all within our department.

Jack Wilson stated he was troubled that we could go back to not covering our operating expenditures with our operating revenue. He stated we fought hard to get there which was hard on everyone; now we have expanding revenue, are the numbers telling me we may be clawing our way back too rapidly. Chief Sasser stated with just a \$7,000 difference he feels confident that could make that up without having to pull from the unassigned funds. He stated he went before the County Commission and there will be a difference between how they fund their Beach Safety program and ours which should be \$36,000 to \$37,000 additional that can be used to pay for all or part of patrolling Crab Island and alleviate that expense from ad valorem tax dollars.

Jack Wilson asked if originally the fire boat was a response apparatus not a patrolling apparatus. Chief Sasser stated yes.

Jack Wilson stated the distinction would be while we are patrolling we are Beach Safety and while we are responding we are Fire Rescue. Chief Sasser stated he would like the TDD to pay for all of it, Crab Island patrol as well as the lifeguards at the East Jetty. He stated he believes the patrol at Crab Island should be more than it is, it is just a matter of funding; it is a minimal amount of safety since there are people there in the summer Monday through Thursday and we are not covering those days.

Jack Wilson stated he agreed with Chief Sasser's thinking and that was exactly how we got into advance life support as well as EMS, but the taxpayers are saying no I don't want you to do that. He stated he would love to see us patrol Crab Island 7 days a week in the 100 days of summer, but we can't, no one wants to pay for it and I don't think we should be paying for it by dipping into the fire side of the business or try to save money to spend more on Beach Safety than the TDD and the City are willing to pay. He further stated if someone dies on Noriega point, it is the City of Destin even though it is not, but we cannot fix that.

Tommy Green stated there may be changes made in the TDD funding.

Chief Sasser stated after he had made a presentation to the TDD he discussed the inadequacies in the ways the funds are divided. He stated Commissioner Bowers asked about the matrix and how the funds are divided and made a motion for staff to come back with something substantial they

could base the funding upon. Chief Sasser stated he was optimistic it will make a significant difference in funding based on all the different ways we have looked at it.

Tommy Green stated we cover more miles of beach, more people serviced. Chief Sasser stated as well as where the bed taxes come from; it does not matter how you look at it.

Tommy Green stated that was why Commissioner Bowers came up with the matrix.

Jack Wilson stated anything like that has got to be to our benefit.

Chief Sasser stated it would not be on this budget, but hoping for the next budgeting cycle there will be improvements to the Beach Safety funding in the meantime we should be able to work the Crab Island patrol into the Beach Safety budget taking care of the \$7,000 shortfall.

Tommy Green stated it is hard to do these budgets without final numbers for insurance or determinations from the State; it is hard to do a budget on presumptions, but we are going to do the best we can.

Jack Wilson stated it does feel like we have a ways to go before we have a final budget.

Kathryn Wagner stated we are waiting on the State, but the rest of it is done, we can work on the Beach Safety changes. She stated the tentative meeting is next Tuesday following the regular meeting and that is where the budget has to be set or another tentative meeting will need to be scheduled.

Rick Moore asked if the SAFER grant would allow us to hire 3 of the 5 employees. Chief Sasser stated yes. Rick Moore asked if we do not get the SAFER grant would we be hiring 2. Chief Sasser stated yes, that would make all the shifts level since we hired an additional firefighter this year.

Rick Moore asked when we would be applying for the SAFER grant. Chief Sasser stated as soon as it opens up usually in November. Rick Moore asked who will be doing the grant. Chief Sasser stated the company that wrote the grant the last time has agreed to provide the District with 2 grant services at no cost since they did not perform to our expectations with one of the grants they wrote before. He stated one of the primary supervisors would be overseeing both grants.

Tommy Green asked if the public had questions.

John Harvey stated last year \$267,000 was budgeted for the SAFER grant and never got anything out of it now we are back to \$240,000 this year hopefully the District will be able to get something out of it. John Harvey asked if somebody will be on top of it for the District this year.

Chief Sasser stated yes as well as an executive from the company will be overseeing the process.

John Harvey stated the District did not get it last year which was unfortunate and there is \$240,000 budgeted this year which will be for next year too then the District is going to have to pick up the money after that. John Harvey asked if the District will be able to afford that in order to keep those people on.

Chief Sasser stated the grant does not require the employees stay on for 5 years as it had in the past because departments were giving the money back when the recession hit and they could not afford the employees. He stated the SAFER grant now pays for 2 years, there are no strings after that, it is their hope you are able to maintain the employees after that so we have researched and feel we can maintain 3 more employees within 2 years. He stated we could apply for 6 people, but would like to stay conservative and feel confident we can pick up 3 people and maintain them.

Tommy Green stated increased development in the area will increase the tax base and hopefully give back some that was lost in the housing bust, but not knowing what the future holds, we have to do the best we can.

Chief Sasser stated the Board knows when he and Ms. Kathryn project it is very conservatively because we do not want to put the District in a position where we are too far out on a limb so we feel confident in 2 years we can maintain those 3 employees.

John Harvey stated he had done research into the SAFER grant and a lot of departments have been caught in fraud where they are using the funds for everything but hiring firefighters. He stated SAFER is putting tight restrictions on making sure what you are filing is correct also \$3,333,000 was available through SAFER grants last year and believes they will start pulling down in that number because they found some departments using the money for other things.

Jack Wilson stated none of those were under the view of this Board.

Deborah Thurmon stated she and John Harvey pulled the public records for the SAFER grant and found the errors so the taxpayers have saved \$14,000.

The Board stated thank you.

John Harvey asked \$7,200 in hazmat dues is paid towards Ocean City Wright and the vehicle they have over there. Chief Sasser stated the dues go to the Okaloosa Fire Rescue Organization and it is for the hazmat vehicle which is 1/10th of 1% of department's budget done area wide.

John Harvey asked if the \$5,400 in hazmat tech is someone from our department trained to be able to assist with that. Chief Sasser stated we hope to bring someone in to teach the hazmat tech course to all the employees in the department.

John Harvey asked why we do not charge dues from other departments for the fire boat since the District aids and assists with other departments when boats catch on fire. Jack Wilson stated that was a great question. John Harvey stated if the District assists with the hazmat why we aren't getting funds from other departments to help out with the fire boat.

Bob Wagner asked if the mutual aid agreement took care of that. Chief Sasser stated yes, typically in a mutual aid agreement where fire departments help other fire departments we do not charge for the help, but will do some research, but feels it will predominantly fall under the mutual aid agreement.

Jack Wilson stated he heard something different, where there is a specific special apparatus and only one place provides it and we all use it. He stated the fire boat seems to have a lot of the same characteristics; it's here and can go other places, it's outside of the boundaries of a typical apparatus.

Chief Sasser stated the hazmat asset is not Ocean City's asset, it is the organization's asset and it takes a significant amount of funding. He stated he has been around the State trying to solicit funding through grants to keep our area's specialized vehicle up because it takes \$100,000 just to maintain the equipment on it because of the technology used, but it is a point and will look into it.

Rick Moore stated we have other personnel trained for hazmat if we were going to do that others would be reporting to the fire boat.

Bob Wagner stated we are not the only department with a fire boat.

Tommy Green stated the idea has merit and may be something we look to the County for because the water doesn't belong to one city and it something we may approach the County with.

John Harvey stated if the District goes and puts out a boat fire why not look into charging the insurance company. Tommy Green stated we have not had much success go to insurance companies.

John Harvey asked if Holiday wages went up because of new people being hired. Kathryn Wagner stated no, it is due to the new article paying Holiday pay to only those who work the Holiday instead of 10 hours of Holiday pay to everyone whether it is worked or not.

John Harvey asked if 6 people work the holiday they will be paid time and a half and everyone else won't get any pay. Kathryn Wagner stated correct.

John Harvey asked if the wages go up \$19,500. Kathryn Wagner stated yes.

John Harvey asked if it should be a deduction instead. Kathryn Wagner stated no, she had a calculation and would be happy to show it to him. She stated the calculation is based on exactly what shift works what holiday and whichever shift works the holiday they get paid for it.

Chief Sasser stated some people may take off so we may not exactly hit that number.

Tommy Green stated he had a problem paying people when they do not work.

John Harvey stated he was in management for 38 years and he had the same problem, but it is all in how it is negotiated.

Tommy Green stated he had a problem paying people to do half the work for full price, but that is me personally.

John Harvey stated he had a problem when you have people who should be paid on merit instead of a 3% increase across the board. He stated when someone is performing at a level where they

should get 5% or someone is at the 3% or someone should not get it at all and it should all be based on numbers and performance.

John Harvey asked why duty overtime was \$54,855. Kathryn Wagner stated because of a change in the CBA where there is no longer a cap of \$15,000, they are paid time and a half when they work overtime instead of getting comp time after the cap is reached.

Deborah Thurmon asked for more detail of the actuarial and the loss of state funds. Tommy Green stated Kathryn Wagner just covered that. He stated because of the change in the law; we have to go with the worst case scenario until the State tells us what it is going to be.

Deborah Thurmon asked if it had to do with the multiplier. Tommy Green stated no.

Deborah Thurmon asked what specific law it is. Kathryn Wagner stated she thought it was House Bill 172 and it had to do with not reaching mutual consent with the pension article the use of state funds is different and based funds received in 2002 verses funds received in 2012, current funds we have, whether they are over or under those amounts, whether the benefits meet minimum requirements, there is a lot that goes into it and the State Actuary is trying to figure out how it specifically applies to us.

Tommy Green stated that is why we are using the worst case scenario.

Deborah Thurmon asked if that was because of Union bargaining and why no one saw this in advance.

Tommy Green stated it is a fairly new state law from October 2015 and there are so many things they trying to figure out; just like with insurance we have to forecast a number before we can get the final therefore we use the worst case scenario.

Deborah Thurmon asked where vacation and sick leave was documented on the budget. Kathryn Wagner stated there is no specific line item in the budget, vacation and sick leave accruals are handled at yearend. She stated this year there may be a minor savings since the accrual for retirement went down, however it is immaterial so it is not reflected in the budget.

Deborah Thurmon asked what the methodology was in projecting \$65,000 in legal fees. Kathryn Wagner stated as explained at the first meeting, the Commission will spend \$12,500 for general administrative legal services, \$1,000 for HR services, \$26,500 for negotiations and arbitration which is what has been spent on a full year's negotiation. However due to the problems we have encountered and the legal expenses required to make it to the end with cancelled meetings etc. there were many reasons legal expenses were higher so we cannot just use the historical legal fees used in a full year's negotiation; an additional \$25,000 has been added to it bringing the total for legal services to \$65,000. She stated at this time \$51,500 is set aside for negotiations, arbitration and impasse.

Deborah Thurmon asked where the H2V Visas are located in the budget. Kathryn Wagner stated it was under Beach Safety dues and fees.

Deborah Thurmon asked why the general liability insurance has gone up so much. Kathryn Wagner stated she thought it had only gone up \$3,000.

Deborah Thurmon stated it had gone up \$15,000 to \$20,000 over the last few years. Rick Moore stated it was probably because insurance rates have gone up.

Kathryn Wagner stated it was the quote provided from the carrier. She stated we are limited we have no other carriers available due to the Beach Safety program.

Deborah Thurmon asked how impact fees are budgeted and why they are just left at \$50,000 since it does not just the taxpayers a clear view of what to expect in the area of impact fees. Kathryn Wagner stated impact fees are a non-general fund; they are their own fund and have fluctuated. She stated the approximate 5 ½ year average for impact fees is \$140,000, the low side had been \$65,000, and the high side has been \$370,000. She further stated we budget low because they are restricted funds with no need to over budget.

Deborah Thurmon stated you have cut paramedic incentives and reduced the number of paramedics, one has left and another one has turned in his notice. She asked why paramedic incentives have doubled. Kathryn Wagner stated paramedic incentives had not doubled, but gone down \$3,200.

Deborah Thurmon stated she thought it might be paramedic equipment. Kathryn Wagner stated paramedic supplies have increased based on the Battalion Chief in charge's need to updated and replace supplies.

Bob Wagner stated Ms. Thurmon's time was up, this is not a question and answer session it is a comment section. Deborah Thurmon stated this is the only time they can ask questions. Bob Wagner stated all of her questions can be asked during the week.

Adjournment:

With no additional business to be discussed, the meeting adjourned at 6:25 p.m.