

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

September 13, 2016

Minutes

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

Staff present: Chief Kevin Sasser, Division Chiefs Ron Gerdeman and Kathryn Wagner, Allison Henderson

Staff absent: Division Chief Joe D'Agostino

Present: Dawn Stuntz

The meeting was called to order at 6:10 p.m. by Chairman Tommy Green.

Tommy Green stated the purpose of the meeting was to discuss the 2016- 2017 millage rate and budget.

Discussion of 2016-2017 Proposed Millage

Tommy Green stated the Destin Fire Control District, a state taxing authority, proposes a millage rate of 1.0000 which is 4.26% greater than the role-back rate of 0.9591 mills.

Public Comments

None

Adopt Tentative Millage Rate

Jack Wilson made a motion to adopt a millage rate of 1.0000 which is 4.26% greater than the roll-back rate of 0.9591 mills. Mike Buckingham seconded. The motion passed unanimously.

Discussion of Proposed Budget for the 2016- 2017 Fiscal Year

Tommy Green stated the Destin Fire Control District proposes a budget of \$6,055,045 for the 2016-2017 fiscal year which is a 4.93% decrease from last year's budget.

Public Comments

Shane Stewart of 306 Primrose Circle, Destin asked if the increase was just based off property values. The Board stated yes.

John Harvey asked if he could address any issue on the Budget. Tommy Green stated it is really public comment. He asked if Mr. Harvey had questions.

John Harvey thanked Ms. Wagner for adjusting Holiday pay from \$74,000 down to \$29,000. Kathryn Wagner stated they took a closer look at the article to make sure wages did not adversely affect pensionable wages for the fire fighters and my classifying the whole day as a

holiday that was exactly what was happening so an adjustment was made, they still get paid time and a half, but it is now categorized as differently so it does not affect pensionable wages.

John Harvey stated when he sat in negotiations the District had said there would be an increase in holiday pay, but during the course of negotiations the Union showed the District that it would actually go down, at that time the District and Mr. Norton agreed that those monies would be given to the Union employees.

John Harvey asked if the \$45,000 savings, if the promise would hold up. Mike Buckingham stated he would have to look at the meetings to see if the said that, he could not agree until he heard that.

John Harvey stated at the time they agreed that that money would be put back into the employees.

Jack Wilson asked John Harvey what that meant. John Harvey stated in the wages; it would be a good point to talk to the Union about do we put \$45,000 into their salary or do we pay down their pension.

Jack Wilson asked to accept there was anything extra there went into paying down the pension. John Harvey stated it was stated that money would be divided amongst the Union employees. He stated you can listen to the tape on it.

Jack Wilson stated he was trying to put that together with a Commission that said we want an increase of 4%; we did not say we want 4% plus \$45,000. He stated we added 1% not \$45,000. He further stated he was having trouble tracking how that \$45,000 can into play.

John Harvey stated that is why he was asking, could we go back and verify that because that is what he thought Mr. Norton said; the money would be distributed into the pay of the fire fighters.

Tommy Green stated we would go back and look at it.

John Harvey asked where the BP settlement money is budgeted; \$25,000 less 33% in fees. Kathryn Wagner stated it was an oversight and as far as she knows the settlement has not be awarded at this time so it is not guaranteed we will get anything.

Mike Buckingham stated if we have not gotten we cannot add it.

John Harvey asked Chief Sasser of the \$80,000 budgeted for hiring employees are we going to hire EMT or Paramedics. Chief Sasser stated that would depend on the applications received, if we get Paramedics then that is what we will hire, if not then EMTs, but a lot of that will be based upon our practice and what we run through, we have a pretty tough physical agility test, we have had Paramedics come before that could not get through that, but fire fighter EMTs could so that will be dependent on the group that we have that applies. He stated obviously it would be his intent to hire the most qualified that can pass the physical agility and does well in the interview.

Minutes of Tentative Budget Hearing – September 13, 2016

John Harvey asked if it did not matter if they were qualified or just EMT. Chief Sasser stated EMT is the minimum qualification if they are Paramedic then that is additional feather in their cap.

John Harvey asked for an update on the State's portion of the pension, in the budget it is now listed as \$225,000. Kathryn Wagner stated it was adjusted at the last meeting as of the actuarial study done by Foster and Foster where we asked what the impact of the imposed pension article. She stated the study was performed however the study was done with a worst case scenario because the actuary was working with the State Actuary so they could determine how the new House Bill 172 will apply specifically to our department and our plan. She further stated that is why an adjustment was presented at the last budget workshop for that item and was explained at that time as well.

John Harvey stated he has gotten phone calls and would like to get some clarification from someone here so he made a phone call to Sarah Carr and the explanations between last week and what she gave me are pretty far apart. He stated Sarah Carr said the reason we were not given the funds was because in 2012 a new tier was added to the pension at a 2.5 multiplier when article 45 was changed due to 15 articles being imposed at the July 28, 2016 impasse hearing it brought the multiplier down from 3.5 to 2.75 without bringing the tier 2 employees from a 2.5 to a 2.75 which is the state minimum this puts the pension fund out of compliance and would not be receiving any of the state funds of \$350,000.

John Harvey asked if the District is stalling to draft a resolution from the impasse hearing with the changes and delivered to Ms. Carr at the state.

John Harvey asked why Lee Dehner, the pension attorney, has refused to write a letter saying the pension is in compliance so the District can receive those monies.

He stated we have heard there will be a special meeting of the Pension Board in order to terminate Lee Dehner as the pension attorney. Tommy Green stated these are questions you can ask the Pension Board.

John Harvey asked if the District knows that because of that you are not going to get the \$350,000. Tommy Green stated at this time he does not know that.

Robin Baugh stated you guys imposed the changes that caused us to lose state funding.

Chief Sasser stated you are saying we are losing state funding we are saying we are not. He stated he will speak to Sarah Carr.

John Harvey stated he was just asking. Chief Sasser stated he was not just asking a question he was making a statement that we are losing state funds and I dispute that.

Robin Baugh asked if it does cost the District \$350,000 and we do lose state funding is this still something the Board wants to impose. Tommy Green stated it is a Pension Board question.

Robin Baugh stated it was not, the Board makes the decisions about how things are going to change.

Hillary Anderson stated those decisions were made by this Board and ratified.

Mike Buckingham stated with all due respect Mr. Harvey asked a question, we disagree, Chief Sasser will check with the state so before we go any further let us check what the question was.

Robin Baugh asked if the Board would know if this is something they wish to impose by the next meeting. Tommy Green stated we would try to make it right whatever it is.

Robin Baugh stated there are two side here saying two different things.

Mike Buckingham stated the easiest thing to do is to let us find the answers.

George Giganti of 4836 Indian Trail, Destin asked where the money in the budget comes from under transfer to asset fund. Kathryn Wagner stated that was advalorem taxes which is transferred to an asset fund reserve which was set up several years ago based off of depreciation schedules to allow the District to replace capital assets as needed without having a dramatic effect on budgets from year to year to year.

George Giganti asked if this was a monthly expenditure. Jack Wilson stated it was a non-cash expense.

George Giganti asked if the advalorem taxes collected that have been in the general fund can be transferred into this fund. The Board stated yes.

George Giganti asked why the transfer of asset fund was never included into the audit's financial statement under expenditures. Kathryn Wagner stated it is not an expense until you actually purchase a capital expenditure; it is an internal transfer from one account to another. Kathryn Wagner stated it is listed on the budget because you have to show what you are doing with the monies you receive so it is a transfer of monies from the general checking account to the asset fund reserves.

George Giganti asked when you expend that then it would be recorded. Jack Wilson explains in depth how an audit is done and how the asset fund works.

George Giganti asked if the amortized portion of that thing is not generally included in any type of an audit. Jack Wilson stated that specifically is audited every year.

George Giganti asked why the Beach Safety commits are not listed under revenue since they are committed amounts. Kathryn Wagner stated they are not listed because they are not committed yet; actually neither of the two entities has had their budget workshops, tentative workshop or their final workshop and until they do that is where they go. She stated they are not guaranteed funds, the Commission also decided several years ago that it wants to present the budget and show the budget to the public where these are the advalorem taxes, this what we are spending and this where we are short and these are the other sources we have to go to get other money to make a balanced budget. She further stated it is shown on the page 4 under other funds being received.

George Giganti stated they are not listed separately, like the City of Destin. Kathryn Wagner stated they are listed separately on page 4.

Jack Wilson stated it is not an accident that our sources for Beach Safety are the people that use Beach Safety that is the way we budget it so from the standpoint of taxpayers and advalorem taxes all of that goes to fire rescue.

George Giganti stated he was curious how those funds are put in there. Jack Wilson stated that is our shortfall that is made up of other taxing authorities.

George Giganti stated in the last approved 2015- 2016 fiscal year there was \$315,000 allocated in the transfer to asset fund however as of September 2016 amount had changed to \$509,000 there was no information contained in the minutes for the approval of that or why it was increased.

Jack Wilson stated his talk about replacement costs and original costs; that hits you when you buy an asset like a new engine.

George Giganti asked if that was something that was approved in the minutes. Jack Wilson stated yes the Board approved the capital expenditure of new equipment.

Tommy Green stated we approved the purchase of a new fire truck.

Kathryn Wagner stated then the procedure put in place followed so the old fire truck held a certain depreciable value so those funds could be used towards the purchase of the asset, but there was not enough in the fund so an additional asset fund had to be used which caused a shortfall. She stated our asset fund is setup to not fall below 10% of what a depreciable schedule tells us it should be and with the purchase of a large capital expenditure it fell below that 10% so we had to contribute the additional amount within that budget year.

George Giganti asked if that goes through the general fund into the asset fund. Kathryn Wagner stated yes.

JR Shelton of 18 Norriego Rd, Destin stated during the budget process of the City of Destin after we got the TRIM notices I went back and researched and called the property appraiser office to find out how much of that increased. He stated he understands the fire District and the City are too different things, but it would appear that the increases you received in taxable values would be very similar as far as a percentage and when looking at the City of Destin approximately 18% of that increase came from new construction the rest came from property values going up; that 18% adds additional stress on the infrastructure and means more call for you guys so please keep that in mind, it is not free money, it is taking on additional responsibility.

Mike Buckingham stated that is why we have this asset fund so we can make sure we have it when we need it and that is how we could buy a new \$470,000 or so truck, but as things are being built we are going to make sure they have the tools they need.

Karen Shelton of 18 Norriego Rd., Destin asked how the TDD contribution was calculated. Tommy Greens stated the TDD determines how much they give us.

Karen Shelton asked if they could go there and ask for a certain amount. Tommy Green stated yes we have done that.

Minutes of Tentative Budget Hearing – September 13, 2016

Karen Shelton stated when you see all the misuse of funds with the TDD, they just seems to have a surplus of money to spend on all these other things she would like to see us ask for more money. Tommy Green stated this year we went to the TDD to ask for a share of Beach Safety money which they give to Okaloosa Island as well; they have given us the same amount in the past even though they do not cover the same amount of beach we cover and we do the Pass and Crab Island, but Kelly Windes and another Commissioner have asked the TDD to setup an matrix to determine how to distribute this funding in coming years which we should benefit from.

Jack Wilson stated it would be appreciated if Ms. Shelton and 700 of her friends went to the Okaloosa County Commission and share your view. Karen Shelton stated if she had 700 friends she would be at the next TDD meeting.

John Harvey stated the citizens need to be aware the Sheriff's Office is also in competition for the TDD money and the City of Destin is giving them another \$42,000 for Spring Break along with \$75,000 for a patrol boat so now the Sheriff's Office is going to received \$17,000 more while the City gives the District \$100,000 for years and the costs have increased.

John Harvey asked why we have not gone to the City and ask for more. Mike Buckingham stated we have and the last couple of years they have told us that is it and even talked about taking it away from us. Mike Buckingham stated they have told us be thankful because this is all we are going to give you and have said they might take it away and we would have to go to the TDD for it all; we cannot beg anymore but it would be nice to have 100 people there and support us.

John Harvey stated he is just saying the Sheriff's Office is now very aggressive in all these meetings. Mike Buckingham stated and so are we.

Jack Wilson stated the number of calls we run with Fire Rescue has nothing to do with beach.

John Harvey stated during Spring Break we respond to fights and broken bones and would think calls go up during that time so the City has to realize that for the Fire District.

Mike Buckingham stated he hopes Mr. Harvey realizes the Board does try to get additional funds. John Harvey stated that is why he has always stressed the Board should have a liaison to every different organization to let those folks know what is going on around here.

Tracy McCraw of 410 Ridgewood Circle, Destin stated the tourism development dollar by law is to go to tourism, how the tourism development spends that money is decided by commissioners, by law most of that money is to be spent out of County because tourists are already here they say bed taxes go out of County. He stated some of these are pet projects that are brought in by Commissioners and past Directors and should not have been part of the TDD budget, but you get people to throw things in because it is politics so if you want more money you have to play the political game; you have to get in there and fight and scrap which is hard for a Board of Commissioners to do that because they are considered a public entity.

John Harvey stated the thing they have to realize is the money that they would give the District is to protect those tourists.

Minutes of Tentative Budget Hearing – September 13, 2016

Tracy McCraw stated that is the marketing perception that you use because they are talking about arrests but no one is talking about firemen taking care of them; that is something we should push because these guys work just as hard during Spring Break as the Sheriffs do but that is not the perception, the Board cannot do that, we as the public have to go out and fight for this. John Harvey stated they are supposed to give so much to public safety.

Tracy McCraw stated he has been in a meeting where he has seen Tommy Green fight tooth and nail trying to get money for lifeguards and they do not listen, but they listen to owners, we as citizens need to go and make sure they are spending the money as it should be spent.

Shane Stewart asked what if the SAFER grant is not received what happens to the money. Kathryn Wagner stated we do not take out revenue we make budget adjustments within the year, but if it is not there we won't hire them so we will not expend those funds along with all the associated costs.

Shane Stewart asked if we have already put into the budget those 3 fire fighters. Chief Sasser stated yes we cannot increase our budget once those funds are received so if we receive a grant we would not be able to expend the grant or hire the people because we cannot increase our budget so we prepare for if, if it is not there then we do not do it.

Shane Stewart asked if the \$240,000 was split up between all of the lines or is there District money in there. Kathryn Wagner stated no, that was not District money and it actually costs more than that there are non-reimbursable expenditures that total around \$14,000.

Shane Stewart asked where the current SAFER grant was in the process. Kathryn Wagner stated they have not released it yet. Chief Sasser stated we are hoping November.

Discussion of Proposed Budget for the 2016- 2017 Fiscal Year

Kathryn Wagner stated at the last budget workshop there were a few items the Board discussed which were changed and presented in this budget and was posted online and Commissioners have in their packet. She stated the first was discussion on Crab Island and should that be funded by the District or should we get it into Beach Safety; since the TDD did increase the funding it has been moved to Beach Safety, but fuel for the boat remains under the fire department side. Holiday pay was adjusted moving from wages hourly to wages 175 so employee pensionable wages do not go down. Kathryn Wagner stated the budget presented was a break even budget, does utilize the full 1.0000 millage rate, and includes the addition of 5 fire fighters and 1 part-time personnel.

Jack Wilson asked if we end up paying down any of the unfunded pension liability. Kathryn Wagner stated yes, a small portion because we do not know the final outcome of the pension. She stated there was approximately \$36,000 of excess revenue that could be put into the pension fund.

Jack Wilson stated we have taken the most conservative approach on pension funding so if we land in middle ground there will be excess dollars there. Kathryn Wagner stated yes. She stated if it is determined we do not get any state funding then the District would have to pick up the \$225,000 and find savings throughout the year or pull from reserves.

Chief Sasser stated the Junior Lifeguard Program is presented in the budget because the Foundation approached the District to take over the program, which we do not have a problem doing, but we have prepared the budget to include it and will wait for the Foundation to decide what they would like to do.

Jack Wilson asked if it will be accounted for under the Beach Safety program. Chief Sasser stated yes.

Jack Wilson asked if the Junior Lifeguard program was more than self-funded. Kathryn Wagner stated yes.

Jack Wilson stated it would not have any net financial impact. He stated he like keeping it on the Beach Safety side.

Chief Sasser stated there could be other funding options available from the TDD by having this program operate under Beach Safety and would help offset some of those costs to the parents.

Jack Wilson made a motion to adopt the proposed budget as amended for \$6,116,693 for the 2016-2017 fiscal year based on taxable value of real property totaling \$5,357,319,954. Bob Wagner seconded.

Hillary Anderson asked the BP money was not put into the budget like the SAFER grant money. Mike Buckingham stated he has heard of people waiting 4 years to receive money, there is not guarantee.

Hillary Anderson stated she did not understand why it was not added even if it is not a guarantee especially if there may be a shortfall.

Jack Wilson stated his view is it is a small amount and we are not certain of the timing. He stated if it arrives then it will get dropped into the general fund and we will do a budget adjustment.

The motion passed unanimously.

Public Comments

Shane Stewart asked if 120 participants was a fair number for the Junior Lifeguard Program. Chief Sasser stated yes.

Shane Stewart asked what happens if they do not have 120 participants. Kathryn Wagner stated the breakeven point is 100 participants which they have passed for the last 4 years.

Shane Stewart asked if the \$63,000 was based on 100 or 120 participants. Kathryn Wagner stated 120, that is why it shows an excess for the program.

Shane Stewart stated he worries about the figures and if they do not make their minimum.

Jack Wilson stated if they end up with 80 participants then we will adjust the cost of the program in order to keep it in the surplus.

Minutes of Tentative Budget Hearing – September 13, 2016

Chief Sasser stated instructor costs are based on 120 so if they have 80 instructors costs will go down.

Shane Stewart asked what the hard and fast items are. He asked if insurance was based on the number of participants. Kathryn Wagner stated no, insurance was a fixed number.

Shane Stewart asked about field trips and competitions, drug screens and workers' comp. Kathryn Wagner stated field trips were based on participants, drug screens were based on instructors and workers' comp was based on wages.

Adjournment:

With no additional business to be discussed, the meeting adjourned at 6:55 p.m.