

CARBONDALE & RURAL FIRE PROTECTION DISTRICT

MINUTES OF THE SPECIAL MEETING

BOARD OF DIRECTORS

CARBONDALE FIRE HEADQUARTERS

AUGUST 19, 2015

The Board of Directors of the Carbondale & Rural Fire Protection District met for a special meeting on August 19, 2015 at the Carbondale Fire Headquarters/Training Building.

President Gene Schilling called the meeting to order at 5:37 p.m. Directors present were Mike Kennedy, Louis Eller, Bob Emerson and Carl Smith. Also present were Ron Leach, Jenny Cutright, Bill Gavette, Eric Gross, Dan Hardin, Hilary Fletcher, Michael Hassig, Mike Wagner, Ray Sauvey, Tom Flynn, Will Grandbois, Leslie Lamont, Jeff Wadley, Tom Adgate, Susie Adgate, Mike Edminister, Janice Ingram, Vickie Smith, Mark Chain and Joanne Teeple.

CHANGES TO AGENDA

There were no changes to the agenda.

PERSONS PRESENT NOT ON THE AGENDA

Michael Hassig said that it was clear that there is going to need to be a mill levy increase. He said the question was for what amount and how long. He added that the District cannot offer the current level of service without a mill levy adjustment. He said the main question is how much to ask for and when and added there are risks with going to the voters in 2015, but there are other risks with waiting until 2016. He added that whatever the Board of Directors decides, they have his support.

DISCUSSION REGARDING NOVEMBER 2015 ELECTION

Tom Adgate asked the Board to have the courage to put a ballot question to the voters. He said that the master plan says the Board and Ron Leach are doing a great job, but that the District needs more funding. He said that he requests the Board put a ballot question to the voters.

Louis Eller said that the fire department is on an unsustainable path. He said that it is operating below a minimum staffing level, deferring capital improvements and spending reserves. He said that March 2014 a task force was created to help determine how the fire district can provide valued service in a fiscally responsible manner.

Louis Eller said that the recommendations provided by the Citizens Advisory Committee in Option 1 Phases 1, 2 & 4 have been met or addressed. He said that the district has completed a master plan study and gathered significant public input and comments on the district.

Louis Eller said that as a director, he has a fiduciary responsibility to the fire district. He said that he has the duty to exercise the utmost good faith, business sense and astuteness on behalf of the district. He added that the public has said that they are satisfied with the current level of service and are willing to fund it. Louis Eller said that the district needs a mill levy increase that will maintain existing levels of service in a sustainable way by providing for additional staff, capital improvement spending and increasing the reserve balance.

MOTION: made to seek a mill levy request for 1.75 mills, generating approximately \$605,000 for four years, at which time it will sunset. The money should be used to hire two additional firefighter/EMTs, fund seasonal help and the summer wildland team - \$200,000; provide for capital improvements as prioritized by the Chief- \$200,000; and add approximately \$205,000 to the reserve balance each year.

Carl Smith said that all Board members agree that a mill levy increase is needed and that the fire department is doing a good job. He said that the currently level of service cannot be maintained for an indefinite amount of time with the current financial situation. He said according to the Almont study, the District will be in a desperate financial situation between 2017 and 2018. He said that the Almont report has seven goals and many specific recommendations and the Chain report has six scenarios and nine recommendations. He said that he was not comfortable choosing a mill amount or an amount of time for a mill levy increase. Carl Smith asked to propose an alternative motion but was unable to do so as there was already an open motion.

Gene Schilling said that he agrees there is a fiduciary responsibility to the citizens of the District. He said he was not comfortable with a four year mill levy time period, but would rather look at a two year time period. Gene Schilling added that the Board of Directors would be irresponsible if they did not let the voters decide the funding. He said that if something isn't done in a timely manner, that the Board members could be personally liable for willful and wanton disregard for public safety. He said the way the District is operating is not sustainable and is understaffed. He added that he would support a 1.75 mill levy ballot question for two years. He noted that he did not want to go for a four year period in case the valuations increased in 2018.

Mike Kennedy said that while he doesn't know what the outcome of the discussion will be, he asked that everyone support the fire department and educate the public about what the fire department does and how much it really costs to do those duties. He added that he attended all of the master plan steering committee meetings and listened to those comments and has talked to members of the public. Mike Kennedy said that the board received the master plan which said the District was doing what they were supposed to be doing and doing it well. He added that while the Board of Directors already knew this, it was good to hear it from an outside source.

Mike Kennedy said that he gathered comments from the public on why the Board should or should not move forward with a mill levy increase election. He said one comment was that the District needed time to build credibility. He said that he does not think that any credibility has been lost. He said the reason the 2013 election failed was because the District asked for more than the tax payers were willing to fund. He said he does not feel that the District lost the public's trust. He said the District lost an election, but that doesn't mean it is untrustworthy. He added that the master plan didn't say the District was untrustworthy. He said that if any member of the public would like to see something, they simply need to come ask to see it. He said that there is more information on the website than any other fire department in the valley has. Mike Kennedy added that he does not feel there are any issues with transparency.

Mike Kennedy said that 1.75 mills cost about \$87 per year for a \$500,000 valued home. He said it is about \$7 per month, less than a big mac meal. Mike Kennedy said that 1.75 mills would be about \$340 for commercial property or vacant land. He said it a good start to help the District get back on its feet. He said the District owes it to the citizens of the District and the employees to stop running the finances in the red.

Mike Kennedy noted that the average cell phone bill costs \$3 per day. He said that whatever decision is made, he hopes that everyone will work together. He added it is time to stop dwelling on the 2013 election and move forward.

Bob Emerson said that he has been considering what to do since the 2013 election. He said that the District is in financial straits and something needs to be done to alleviate the situation. He said that there are a number of recommendations in the master plan that need to be addressed but some of those take money. He added that Mark Chain said that the master plan is as document that moves forward and will take some time to implement. He said if the District does not get the financial situation in order, there will be no funds for those items. He said even with the increase in property valuations for 2016, \$200,000 will need to be taken from reserves to balance the bare bones budget.

Bob Emerson said that said that one thing he heard after the 2013 election was that citizens want a sunset provision. He said in two years the District will receive new valuations again and need to decide what to do with funding at that time. He said that while voters want assurance that they are not locked in to a long term mill levy, no public entity wants to go to an election every two years. He said he feels there is value to a four year sunset but thinks a two year may be the best option.

Bob Emerson said that he feels the most transparent thing is to tell the voters that it is up to them to decide the financial future of the District. He said that the voters need to have the opportunity to make the decision. He said the voters own the district. He added by putting off an election, it is denying the voters the opportunity to express their opinion.

Bob Emerson said that people recognize the financial situation the District is in. He said if an election does not pass \$200,000 would need to come out of reserves for to balance the budget. He added that the master plan talked extensively about the capital needs. Bob Emerson said that a ballot issue is a stop gap measure. He said both sections of the master plan recommended larger mill levy increases for a long period of time. He added that Almont Associates recommended going to an election in 2015.

Gene Schilling said that he doesn't want to restrict where funds would go until there has been time to discuss it. Louis Eller said that his goal in the motion was complete transparency but agrees that all categories could use more than \$200,000 in additional funding. Louis Eller added that the board has an obligation to the paid staff that has been carrying an additional burden while the District has been underfunded. He said the board also has an obligation to the volunteer and paid members to provide adequate safety equipment to perform the dangerous jobs they do.

Discussion regarding the amount of a mill levy to request followed. Mike Kennedy noted that the longer the District waits, the more funding will be needed. He added that people do not want elections every two years and those elections cost money.

Carl Smith said that the income is increasing \$420,000 in 2016 due to new valuations. He said he agrees with meeting to address and develop a 3 to 5 year plan. He said that the master plan was received one week ago. He said there are many scenarios in the master plan that need to be discussed. He said that staff needs to do a lot of work, including implementing ICD-10 codes, creating job descriptions, look at send out the ambulance billing. He said that there are low to no cost items in the master plan that can be implemented. He suggested going to an election in May or November 2016.

Carl Smith said that he supports a mill levy increase but how much and when hasn't been determined yet He said the board needs to make a list of priorities and develop a plan over the next six months. He said once a plan is developed, that is when to go to the voters. He added that he is not opposed to a mill

levy increase, but wants to be able to go to the citizens and said this is the plan and the direction we want to go in. He reviewed the assessed valuations changes for 2016.

Bob Emerson said that if the mill levy passes, the increase revenue will still not be enough to bring the District back to the revenue level of 2013. He said that the property tax revenue declined \$1.2 million and three full time positions were lost. He added that the voters have trusted the board and staff to spend money wisely. He said the master plan said that the District was on a road to disaster if finances don't change. He said the recommendations suggested going to an election in 2015, not to wait another year and have more difficulties.

Jeff Wadley said that the Garfield County Assessor said that assessed valuations are increasing 33%. Gene Schilling clarified that 33% is a countywide average. Louis Eller said that he contacted the Garfield County assessor's office who said the District's increase will be 25.5-26%. He added if there are any changes to those numbers, they will likely be reduced. Bob Emerson added that due to the \$1.2 million reduction in revenues for the past two years that \$600,000 has been cut from the budget and \$600,000 has been taken out of reserves for the each of the past two years.

Mike Kennedy noted that the board has had the master plan for over a month. He said that the public wants to know that the District is moving forward with the master plan but noted it is a long term program. He said that if an election happens in 2016, the board still won't have all of the answers for the next 10 years. He added that one large wildfire could change everything. He said that there are too many moving targets and things that could change. He said the board needs to get the word out and educate the public on what the fire department is doing.

Bob Emerson said that the master plan is available on the website and paper copies are available. He encouraged the public to read the master plan. He added that the master plan says many times how great the financial need is and that it needs to be fixed now.

Carl Smith said that the valuations may change again. He said that the Board needs to make a plan of where they want to start, where they are headed and what is being considered today. He said then if the plan changes, it can be explained why. He said that he did not hear Almont Associates say the election needed to be in 2016. He said some scenarios suggested 2017 for an election. He said that funding would be tight in 2016 but the strategy needs to be developing a plan for the next five years.

Bob Emerson noted that when Almont Associates made their presentation to the board, Jeff Wadley asked when they recommended going to an election and they said 2016. He added that the financial scenarios presented by Almont Associates and Mark Chain Consulting both start with a revenue increase in 2016.

Bob Emerson said if there is a successful election in the fall, he thinks the board will look at adding staff to get the lost positions back. He said the master plan clearly shows the District is understaffed. He said the District is having a problem staffing multiple calls. He said the master plan also shows the problem with equipment that is at the end of its service life. Bob Emerson said that he would like to work on funding for a sinking fund. He also said that the master plan recommends a \$2 million reserve fund and the District is currently well below that level. He added that even with an election, the reserve fund balance will not get to \$2 million for many years. He said that as a board member, he would commit to look at all of those items so the funds are utilized in the best manner.

Tom Adgate asked the Board of Directors how many years they would like to see a mill levy increase for. Carl Smith said that he isn't sure if there should be an election but once there is a plan, then he

would like a four year sunset. Carl Smith added that he would like a ballot question to say if there is a significant valuation increase that the district cannot take the entire amount. He said he is concerned there will be a huge jump in property valuations in 2016. Bob Emerson said that the board can issue a temporary mill levy credit if the revenues are greater than the budget needs. Eric Gross added that if the mill levy is a two year sunset, the valuations will not change much between 2016 and 2017.

Carl Smith said that a four year sunset will help with long term planning. He noted that the District needs a new ambulance, fire truck and hose. He said a four year sunset is better for fiscal planning.

Tom Adgate said that he would like to see the Board of Directors make a decision and move forward with an election. Louis Eller said that if the valuations rise in 2018, the additional funds will still be needed. Gene Schilling asked Tom Adgate his recommendation for a length of a ballot question. Tom Adgate suggested a four year sunset, since the citizens do not want to go through elections every two years.

Dan Hardin said there is a wealth of wisdom on the board and as a citizen he does not want to know the minutia of how the funds will be spent. He suggested a four year sunset. He said that he doesn't want the board to come back to the voters in two years. He said now is the time to move forward with an election. He said the district has a master plan to back up the request. He said that he is concerned with the District's budget and huge area. He said that the district needs to be able to cover multiple calls. He said as a taxpayer, he is willing to pay more.

Gene Schilling noted that within the last seven minutes, there were two calls going on.

Joanne Teeple said that she served on the citizen's advisory committee and the master plan steering committee. She said that she has read the master plan and budgets. She said that the Almont document is a study and the path must be made clear. She said that the argument that the district needs money is hollow. She said that she wants to see the work the board has done before there is an election.

Mark Luttrell said that the citizens want one thing, someone to come when they call 911. He said the public doesn't want to look at every line in the budget. Mark Luttrell said that to say that the community does not trust the fire department is bogus. He said once there is dissention in the board, it creates conflict. He said that the newspaper did not help support the fire department as they projected the fire department as negative. He said that the fire department has been planning since day one.

Mark Luttrell said that the fire department has developed in to one of the finest departments in the state by planning. He said if the board does not ask for a mill levy increase it is going to deteriorate. He added that he would rather see the District with too much money and not to have to come back to the voters in a few years. He said that he would like to see the board unify. He added that most of the citizens don't care what fire truck is being purchased, but they want to know that they are taken care of.

Mark Luttrell said if a mill levy brings in too much money it can be refunded or not ask for another mill levy increase. He said that he doesn't want to see the fire department going to an election every two years. He said it is time to take care of the citizens of the community and get over the undermining.

Tom Flynn said that Almont Associates told the master plan steering committee that an election sooner was better than later. He said that they didn't say which year. He noted that they said if the District waits too long, they will run out of money. He said that the master plan steering committee's

consensus was to wait until 2016, ask for a 2 mill increase and have a four year sunset. He said that the master plan steering committee thought it would be best to spend more of the reserves. He said the master plan survey came back with 42% of the respondents saying they would pay more to keep the same level of service. He said that 42% does not pass an election. He said there were 26% of respondents that are the swing vote and the committee things that the board and staff need to reach out to them. He added that when he talks to people, he doesn't hear negative comments; just that people don't know what is going on with the fire department.

Ray Sauvey asked the Board of Directors how they know that 1.75 mills are enough to ask the voters for. He said that there are 20 budget scenarios to review. He asked what an adequate level of service for the district was. He said that that will determine how many mills are needed. He said that by waiting to go to an election, the budgets will determine how much funding is needed. Ray Sauvey added that Almont Associates made recommendations base on sooner rather than later based on the department's need. He added that they did not ask the voters if they are willing and able to pay for a tax increase that the board is proposing.

Louis Eller said that in 2013 the district asked for a mill levy increase that would provide for the district for many years. He said that if people want that level of service, it would take at least 4 mills. He said he is willing to ask the voters for 1.75 mills now and that will help get the district started on the master plan work. He said with 1.75 mills there will be the same, if not better, level of service.

Mike Kennedy said that while he does not think that voters want to see a ballot issue every two years, a two year sunset will give the board time to address some of the comments made regarding the master plan. He said that two years will allow the district to decide the direction it wants to take, make a plan and see where the economy is heading.

Discussion regarding the wording of the original motion followed. Further discussion regarding the length of the sunset followed. Mike Kennedy noted that 1.75 mills for two years should be enough to get the fire department back on track, begin implementing the master plan and reassess where the valuations are going.

The motion was amended to:

MOTION: made to seek a mill levy request at the November 2015 election for an additional \$600,000 annually for two years at which time it will sunset. The money will be used for, among other things, to maintain current level of essential firefighting and paramedic services. General discussion followed. It carried and passed 4-1, with Carl Smith opposing.

Carl Smith said that he would like to make it clear that he has explained his positions. He said it is not trying to be contrary, but expressing what he believes. He said there is a belief that the Board of Directors must be unanimous, but feels that it is not always appropriate. He added that he will express his opinion. Louis Eller said that once a board makes a decision, all of the members of the board own that decision. Mike Kennedy agreed and said that a carried motion should be supported by all of the board members. He asked Carl Smith to support the mill levy increase. He added that he agrees with a number of Carl Smith's points but if the district waited, then all of the questions would still not be answered plus the district would continue to spend the reserve balance. He said Carl Smith noted a number of capital expenditures that are needed but it will take some time to develop a plan implement. He added that he does not think that property values will rise like before the recession. Mike Kennedy noted that the vote was a compromise and reiterated his desire for the Board of Directors to be unified in this decision.

Tom Adgate asked Carl Smith if he would support the mill levy increase. Carl Smith said he would consider the proposal and make a decision. He said that he does agree the district needs more funding but his concern is the plan. Discussion followed.

Bob Emerson said that the Board needs to authorize Eric Gross to review the Intergovernmental Agreements for the county clerks for the election and authorize Gene Schilling to sign them.

MOTION: made to authorize Gene Schilling to sign the IGAs for the election once they have been approved by Eric Gross. It carried and passed unanimously.

The Board of Directors agreed to a special board meeting on August 26, 2015 at 5:30 to review a ballot question. Bob Emerson noted that he would participate by telephone.

Ron Leach said that a Designated Election Official needs to be appointed. Discussion followed.

MOTION: made to appoint Ron Leach as the Designated Election Official for the November 2015 election. It carried and passed unanimously.

Ron Leach said there is a point where staff and board can only deliver factual information about the election. Eric Gross said that point is when the ballot question is certified. He said as a board member or when paid staff is on duty, they cannot take a pro or con side on the election. He said that board members may speak freely as an individual, not as a board member. He encouraged board members to make that distinction when they are speaking about the election.

Eric Gross said that staff time and resources cannot be used to encourage people to vote a certain way, but that they can deliver facts. He said that staff members can participate in any way they want on their own time.

MOTION: made to adjourn the Board of Directors meeting at 7:52 p.m. It carried and passed unanimously.

Respectfully submitted,

Jenny Cutright, Recording Secretary

Gene Schilling, President