



Upper Captiva Fire & Rescue District

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Richard Pepper, Fire Chief • Bob Kinniry, Assistant Chief

BOARD OF COMMISSIONERS

PRELIMINARY BUDGET MEETING

12 September 2015

COMMISSIONERS PRESENT: Zeke McDonald, Roy Wildeman, Tom Jenkins, Bill Fry, Steve Sward (by phone), and Acting Chief Bob Kinniry.

ISLANDERS PRESENT: Sue Ann Cousar and by phone (John Mejia and Arthur Mason)

1) CALL TO ORDER: Chairman McDonald called the meeting to order at 10:01 AM

2) ROLL CALL: Chairman announced which Commissioners were attending in person (Fry, Jenkins, Wildeman, and McDonald) and by telephone (Sward).

3) FIRST SUBSTANTIVE ISSUE DISCUSSED:

- Proposed Millage Rate of 3.7500 mils: This is the same millage rate as last year, which will generate about \$35K in additional revenues, if passed. 3.7500 mils is the maximum rate allowed (we can lower but not increase).
- Proposed Millage Rate is 3.58% above the roll-back rate (Rollback Rate is 3.6203 mils): Fry explained that the TRIM notice has a good explanation of the rollback rate in the Column 2 notes (last year's total ad valorem revenue divided by current total property valuations times 1000 = rollback millage rate).

4) DISCUSSION OF THE TENTATIVE BUDGET:

- Revenue:
 - Tax Revenue: \$645,213 in revenue minus \$19K in expected/historical discounts taken
 - \$15K Miscellaneous Income: Wildeman stated that his budget recommends including a sale of an asset (ladder/squirt truck). Fry suggested that the only budgeted income that we should focus on is the tax revenue minus discounts and McDonald agreed, indicating that a possible sale would be significantly less than that amount. Wildeman stated that the \$15K came from initial expressions of interest via a broker but those haven't panned out. Both Wildeman and Sward

stated that about \$15K is the historical average of miscellaneous income in the past (donations, fund raising, fun run, etc.) but McDonald, Fry, and Jenkins stated that only known revenues should be included in the budget. A notice was placed in the News-Press to accept sealed bids to sell the ladder/squirt truck, due by noon 18 September, which will be opened at our next meeting on 19 September (sale to go to highest bidder, without reserve).

- Fry suggested that the Board should try to come to agreement today on the millage rate and overall tax income/revenue (the key decisions for the County Tax Collector and taxpayers) and the bottom line total expenditures, even if we want to adjust individual lines up and down during the rest of the meeting.
- **Fry moved** that we set the millage rate at a **3.7500** millage rate with **\$645,213** in expected tax revenues, without budgeting for donations, sale of assets, or other miscellaneous income. Jenkins seconded. Vote was **4-1 (Fry, Jenkins, McDonald, and Sward for with Wildeman opposed)**.
- Expenditures:
 - COLA Adjustment for Chief of \$2960: Wildeman proposed an adjustment to Chief's salary because Chief's current base salary is \$2960 less than what it would be if it had been "COLA" adjusted annually over the past 11 years. Fry stated that we shouldn't be looking at just base salaries but total compensation (including health insurance, housing/utilities, vacation days, and retirement contributions from the District), roughly \$132K for Chief and \$109K for the Assistant Chief. McDonald stated his uneasiness in providing a raise only to Chief (and not the Assistant Chief) and agreed with Fry that we really can't afford any raises for anyone (again this year). Public Comment (Mejia) was that technically, compensation has increased this year for both Chief and Assistant Chief with increase in Health Insurance premiums of \$5970 (or \$2985 each). Public Comment stated that we have to stay within our tax revenues, not extra money, starting the discussion of spending with a discussion about raises (and that we should have a budget to spend no more than our tax revenues ... and stay within that budget, including the Special Assessment that the voters barely approved for the ISO problem. And this year, we lost \$100,000 in reserves, it was a terrible year this year but the Board should live within our revenues (and starting with a wage increase is not the way to start). Fry stated that he agreed; that we should spend no more than our tax revenues (or even less to begin rebuilding our reserves that the District has lived off of the last 7 years, since the Great Recession). McDonald stated that he believes we should rebuild not only our operational reserves but also build a contingency fund for un-programmed/emergency replacements. McDonald also stated that we really need to address the budget effect for Chief's injury. Wildeman stated that his proposed budget does not address the need to temporarily replace Chief to meet our ISO/4-firefighter minimum. Fry proposed deferring the discussion on the budget effect in October (when Chief and Sward were back on-island); Chief already identified forgoing regular vacation days (that will cover 3-4 weeks of his 5 weeks convalescence this fiscal year). Sward and McDonald stated that we

need to come up with a budget by next week, then we should discuss the solution now. Fry stated that the estimated cost was in the \$40K-\$60K (and McDonald said, assume it is \$40K as a start). Based on that, Fry stated that he would propose that taking Chief's 2016 vacation days (\$8K), terminating the lease/utility payments for the house (\$17K), and reducing/eliminating Chief's retirement contribution (\$17K) would total \$42K (the bottom of that range). Wildeman has previously asked Chief to discuss with the owner a month-to-month rental basis now that the 12-month lease is expiring this month (so the lease could be terminated with a month's notice).

- Part-Time Salaries: McDonald stated that he had just become aware that part-time wages for ALS-certified firefighters were now being paid above their hourly hire rate (increases agreed upon by Chief Pepper). Fry stated that, depending on magnitude and numbers, this could be the missing explanation for why we have been overspending on Pay & Benefits (or at least some of the \$35K in overspending so far this year). Public Comments reflected frustration that something like this could happen without the Board's knowledge. Wildeman considered this to be micro-management by the Commission and to discuss this proposed action with the Chief before imposing it without his input. **Fry moved** that a report be generated for the Board's review at the next meeting, including name, current hourly rate, number of hours worked, and the hire rates for each part-time employee, for a decision about resetting rates. Jenkins seconded. **All voted aye.**

5) PUBLIC COMMENTS & QUESTIONS: No additional comments; interspersed throughout the minutes.

6) ADOPTION OF TENTATIVE MILLAGE RATE FOR FISCAL YEAR 2015/2016: **Wildeman moved**, Jenkins seconded to approve the millage rate 3.7500 with revenue at \$645,213. Vote was **5-0 (Fry, Jenkins, Wildeman, McDonald, and Sward yes)**.

7) ADOPTION OF TENTATIVE FISCAL YEAR 2015/2016 BUDGET:

- COLA Raise for Chief: McDonald asked if this proposed budget included a raise, Wildeman said yes, and Fry/McDonald stated that, even if we wanted to, we can't afford a raise, no matter how deserving (when the Board knows that we need \$100K in equipment and hoses, \$100K to rebuild an operational reserve, etc.).
- Budgeted Shortfall: Sward stated that using the spreadsheets provided by Wildeman (and the decision not to include \$15K in miscellaneous income), we are \$16,271 over budget (that would have to further reduce the operational reserve ... which is restricted since \$27K includes Friends donations).
- Bottom Line Expenses: Fry suggested that we set our 2015/2016 budgeted expenses to the same levels as the 2014/2015 bottom line expense number \$610,238 (adjusting individual lines as desired), which would allow for a budgeted increase to reserves of \$15,975. McDonald stated we really need to address the funding needed to cover

Chief's disability; Sward asked why we need to pay the Chief a full salary without any benefit. McDonald restated the sense of the Board from last month's meeting that we would figure out how to continue paying his salary but everyone agrees that we can't pay for it out of operational costs (risks to other firefighters and citizens) or borrowing the money and paying for it later. Fry stated that we could reduce the lines for lease (shifting the Assistant Chief's lease to the Special Assessment budget), utilities, and Chief's retirement contribution (moving those dollars to part-time labor, FICA, and Workmen's Comp). Public Comment asked whether we could set a limit of 4 months for Chief to return or not receive pay (Sward stated that he was going to suggest 3 months and only subsidize him for 3 months). Fry stated that we aren't subsidizing for any period (Fry proposed taking the total costs out of his other non-pay compensation but he'll still get his bi-weekly pay for 4 months). Mejia stated that Fry's plan was well founded. Sward stated that maybe we could apply an across-the-board cut of 3% (with Wildeman/Lynch making adjustments). McDonald then asked if we could set a balanced budget (Wildeman said that every budget is in balance ... even if overspending comes out of reserves).

- Proposed Budget: Fry again restated recommendations that we could reduce retirement (\$17,135), leases (\$14,400), and utilities (\$3,000) lines (and increasing part-time wages, FICA, and W/C by those same amounts proportionally), essentially having Chief fund his disability pay out of other compensation lines, with the bottom line expenses from 2014/2015 budget (\$610,238). Wildeman stated that if we do that, what about the lines where we know the numbers have changed (examples were the increased \$5970 for Health Insurance) and Sward stated agreed that Health Insurance had to increase \$5970 and a \$10,000 decrease for Audit (that is now shared between Ad Valorem and Special Assessment budgets). McDonald stated that the key was the bottom line total expenditures, reminding the Board that a budget resolution could be approved anytime next year to move dollars between lines. **Fry moved** that we set expenditures at \$606,238, generating a \$20,005 increase in operational reserves (increasing Health Insurance, Salary & Wages, FICA, and W/C ... and decreasing Rents/Leases, Utilities, and Retirement). Jenkins seconded. Vote was **4-1 (Fry, Jenkins, McDonald, and Sward for with Wildeman opposed)**.

8) DATE/TIME FOR **FINAL BUDGET HEARING: Saturday, 19 September 2015 at 10:00AM** at the Upper Captiva Fire Station, 4511 Hodgepodge Lane, Upper Captiva Island, Florida

9) ADJOURN – **Move** by Fry, seconded by Jenkins; **all voted aye**. Meeting adjourned at 12:52 PM.

Respectfully submitted,

Bill Fry
Secretary