

South Metro Fire Rescue Fire Protection District
Special Board of Directors' Meeting Minutes
November 28, 2022

| | | |
|----------|----------------------------------|--|
| Present: | Jim Albee, Chair | Bob Baker, Fire Chief |
| | Renee Anderson, Vice Chair | Mike Dell'Orfano, Chief Govt. Affairs Officer |
| | William Shriver, Treasurer | John Curtis, Deputy Chief – Emergency Services |
| | Sue Roche, Secretary | Jon Adams, Deputy Chief - Internal Services |
| | Cindy Hathaway (Excused Absence) | Kristin Eckmann, Deputy Chief – Community Services |
| | Kevin Leung | Dillon Miskimins, CFO Business Services |
| | Rich Sokol | Camie Chapman, CHRO Employee Services |
| | | Bob Cole, Legal Counsel (Absent) |

Others Present: SMFR Staff & Citizens

MEETING CALLED TO ORDER

Chair Albee called the special meeting of the South Metro Fire Rescue Fire Protection District to order at 6:05 p.m. & welcomed everyone to the meeting.

PLEDGE OF ALLEGIANCE

Chair Albee led the Pledge of Allegiance to the United States of America.

ROLL CALL

Director Hathaway's absence was excused. All of the other Board Members were present in person.

PUBLIC COMMENT

N/A

DISCUSSION ITEMS

2023 Budget Review – CFO Miskimins provided an updated overview, highlighting:

- Reviewed proposed changes to get to the 23% reserve
- Long-Term Plan – Capital Projects
- Capital Fund
- Updated Capital Plan

At Director Anderson's request, CFO Miskimins stated that implementation of this new fund balance process in the board policy was a factor in the transfer of funds and how they affected the reserve balances.

At Director Sokol's request, Chair Albee informed that a Fund Balance & Reserves Policy was approved by the Board that separates out the 3% Tabor reserve required by the state and 20% Operating Reserve, for a combined total of 23% in the General Fund. The policy was created to document the intent for sustainable financial management by maintaining sufficient fund balances and reserves as well as the rationale on how the percentages were determined.

At Director Shriver's request, CFO Miskimins confirmed that there was a \$15M transfer from the General Fund with an additional \$4M of expenses in the Capital Projects Fund which made up the total of difference in fund balance from the prior budget version. CFO Miskimins also confirmed that the total expenses only decreased by 0.1% from the prior version.

At Director Leung's, request, CFO Miskimins stated that the overall impact of the recommended changes is relatively small with small changes in overtime and general and administrative expenses.

At Director Sokol's request, CFO Miskimins indicated that he could not recall for certain but fairly sure there have been a handful of years that we ran a deficit budget as well as years that ran a surplus. Chief Baker added that there have been times and the reserves are intended for the times that there is a deficit, but they have not been very frequent. Director Sokol commented that this year's budget is fine but we are going to have a lot of strains on our budget & we have already shown that we have significant capital expenditures that we are not funding and the Local will be wanting a pay increase. Knowing that revenues in 2024 and 2025 will be good we need to be putting money in the bank in anticipation of funds dropping in 2026. Director Anderson informed that was the reason for the plan to put \$15M into the Capital Funds budget to start doing some projects that had been placed on hold, but that will be hit in 2023. It was also part of the reasoning for the three-year agreement with the Local and the unknown.

At Director Sokol's request, Chief Adams confirmed that the top FF grade is a 3% pay increase and we will be growing in 2023 by 30 people to about 600 Line employees, and a total of about 780 employees. Two additional vacation days will be added for Line positions in 2024. No Staff FTEs are included in the numbers presented.

At Director Anderson's request, CFO Miskimins stated that there is always the ability to try to catch up depending how the general fund is performing in that year. Director Leung stated he recommends a more conservative approach just in case we have a huge drop in revenues. Chair Albee stated his intent would be to take any sort of a windfall to be used to replace the shortages and concurred with Director Sokol that if things turn out lesser than predictions, we should not assume that we would just reduce capital projects, everything should be considered. Director Shriver reminded that a few years ago the Board discussed floating bonds to get the stations built.

Director Anderson asked if it would be useful to have the residential assessment rates included in the spreadsheet. Director Shriver suggested that the growth is reflected, might be helpful to show the reserve threshold also. CFO Miskimins stated that both could be added to the spreadsheet.

Chair Albee noted that everything that the Board just reviewed includes abatements. So, just over the 10-year plan, that equates to \$10M. Director Anderson stated that last year the vote was 4-3 against collecting abatements but came after good discussion about the process. Chair Albee asked the Board if they want to discuss abatements tonight in order to streamline the process for next week's meeting or no later than the December 15th deadline to certify the mill levy.

At Director Sokol's request, Chief Baker stated that Staff could cut the budget by \$1M if the abatements are not accepted, but there would be consequences.

Director Anderson stated that philosophically she does not agree with others having to pay more for those that can afford to protest their property taxes, even though it is allowed by law.

Director Shriver suggested considering accepting the abatements this year, but not accept them in the future, especially if we are anticipating increased revenues in 2024 and 2025. Chair Albee stated that the Board could accept the abatements if we identify what we are doing with the funds & that we will continue to do good things with the funds. Maybe similar to the Parker excise tax, we take the abatements because that is what we are going to use to fund our sleep hygiene study. It doesn't change what we are doing but makes it more digestible. Director Sokol stated that he feels it does not align with our promise of 9.25 mills & since we are already running at a \$3M deficit, we could not accept the abatements and run at a \$4M deficit. He will probably vote for the abatement, but for years that we are running ahead of budget we don't accept the abatement. All were in agreement to accept them for 2023 and start looking at the view without those funds going forward.

Chief Baker expressed his appreciation to the board for making the special meeting work on short notice & for their agreeable response and thanked CFO Miskimins for the presentation he put together and the way that Staff worked out a reasonable fix. The Board agreed.

INFORMATION ITEMS

Correspondence items in the Board's packet are summarized below as well as other information items that were communicated:

- Chief Adams reminded that the Academy Graduation is scheduled for next Friday, December 9th at Regis Jesuit High School – Z theater.
- Director Anderson stated that Chair Albee has worked out the station gifts, but they might not be ready by next week & may need assistance from Staff getting them prepared for distribution.

EXECUTIVE SESSION (UPON MOTION)

N/A

NEXT MEETING

The next Regular Board of Directors' meeting to be held on December 5, 2022, 6:00 p.m. at 9195 East Mineral Avenue, Centennial, CO

ADJOURNMENT

Chair Albee adjourned the meeting at 8:02 p.m.

Attested by:  Date: Dec 5, 2022