



South Davis Metro Fire Service Area

Meeting of the Administrative Committee
255 South 100 West, Bountiful, Utah and Zoom
April 14, 2022
3:00 p.m.

COMMITTEE ATTENDANCE:

NAME	POSITION / CITY REPRESENTED
Bryce Haderlie	Woods Cross
Ken Leetham	North Salt Lake
Duane Huffman	West Bountiful - Chair
Gary Hill	Bountiful
Brant Hanson	Centerville - Vice Chair
Curtis Koch	Davis County

STAFF PRESENT:

Dane Stone, Fire Chief
Dave Powers, Deputy Chief
Greg Stewart, Deputy Chief
Jessica Hardy, Finance Director
Nikki Dandurand, Secretary

APPROVAL OF MARCH 2022 MINUTES

Mr. Hill moved to approve the March 2022 minutes, and Mr. Hanson seconded the motion. All members voted and approved the motion.

DISCUSSION REGARDING BUDGET FY 2022-23

Mr. Huffman started the meeting discussing the FY 2022-23 budget. He stated that in the packet, there is a bullet point document to help review the structural components of the budget. Mr. Huffman also stated that Chief Stone put together a memo regarding the proposed daytime position.

Mr. Huffman stated the document is divided by funds. The operating fund/general fund is funded primarily by city contributions and ambulance fees. The draft budget has the city

contributions increasing by 7% and the ambulance fees increasing by 9.3%. Some of the major expenses proposed are a COLA at 7.1%, health insurance premium increases, a 33% increase in shift coverage (overtime, vacations, etc.), and the new daytime position, which comes in around \$90k. With all these primary expenditures and revenues, the operational deficit is estimated to be \$45k. The projected fund balance \$3.7M, which is above the minimum amount required by the fund balance policy.

Chief Stone reviewed the history of the new position requests. Chief Stone stated he would like to change the training position proposed last year to an EMS Battalion Chief position. Right now, our EMS Chief is on shift work and comes back on a regular basis off shift to do his EMS job which requires overtime pay. With EMS being close to 80% of call volume, and after dealing with COVID, this position would be better served as an exempt daytime position. It would also help with EMS training which would take the duties of the second training captain. Mr. Hill asked if this position was budgeted last year. Chief Stone said no, it was requested but only two of the three positions were budgeted, with the idea that the third position could be added in the 22/23 budget. Mr. Huffman asked where this position would be on the organizational chart. Chief Stone said its currently under him but will be moved under Deputy Chief Stewart.

Mr. Huffman went back to the fund balance and the \$45k deficit, and reviewed options to reduce or eliminate that. This included using fund balance, reducing expenditures, increasing projected ambulance revenues, and adjusting member assessments. Mr. Leetham asked how much at the end of the year operational costs end under budget . Ms. Hardy stated in 2021, we decreased the fund balance by \$500k, this year it is projected to increase closer to one million.

Mr. Hill asked what the 7.1% COLA was based on. Ms. Hardy stated the Consumer Price Index. Chief Stone stated we discussed that in the previous meeting. He does not want to fall behind on COLA and do another salary adjustment later. Mr. Hill stated he is not convinced using the CPI rate is always a best practice. His concern is creating an operating deficit by adding an employee while at the same time doing a 7.1% COLA. It's hard to add an employee without a dedicated revenue source. Mr. Hill likes the option to keep the daytime position and reduce the COLA or keep the COLA and forgo the new position. Mr. Hanson asked what the merit increases employees would receive in addition to the COLA. Ms. Hardy stated it is 3.5%. Mr. Hanson stated his COLA is tied to CPI, but not always. Mr. Hill suggested reducing the COLA to 6.5% to reduce our operational deficit. Mr. Leetham asked if the district has been consistent with COLAs and using the same methodology using CPI. Chief Stone said no, it's been all over place, which is what got us into problems in the past. Mr. Leetham stated in his city they have used the same methodology for nine years to do COLA's, sometimes it works and sometimes it doesn't for the employees. Mr. Hill stated that the district has used a methodology, and that methodology is implementing a COLA that the district can afford. Mr. Hill stated that going from a 7.1% to a 6.5 % COLA would not be demoralizing to the employees and they would still get their 3.5% merit.

Ms. Hardy stated that if we adjust the COLA to 6.5%, the deficit will only be \$1,400. Mr. Haderlie stated that we have discussed a lot of options to help reduce the operational deficit

and stated that the department has done a good job of not spending all the budget each year which can be used to help with the deficit. Mr. Hanson stated the budgeting assumption is that all the budgeted expenditures will be spent. Mr. Haderlie stated that a \$45k deficit in a budget of this size is not that concerning. He doesn't have a problem reducing the COLA to 6.5% and keeping everything else in the budget. Mr. Hill stated he has a hard time adding a new position, but if we are going to, then we need to reduce the COLA. Chief Stone said he would really like this position, so he is open to all options. Mr. Koch stated the county has a 30% vacancy right now and that's entry level positions, not senior positions. So, the county staged the COLA 12%, 8% and 6%. You have to be concerned with this, and can you be competitive? How is staffing right now? Chief Stone replied all positions are filled, plus the three new recruits. Mr. Koch said that means we are at market. Getting to a consistent methodology is a good thing, but we probably won't get to that this meeting. Two years ago, we had a \$500k deficit and this year we could have about a million budgeted but unspent. If we are fully staffed, keep COLA at a rate where the employees feel valued and we stay fully staffed, then 6.5% is reasonable. This reduces the deficit to \$1,400, which we can pull from fund balance with the understanding that this board is looking for the district to present a balanced budget. Mr. Huffman said it seems the consensus is adding the new position, adjusting COLA, and present a balanced budget. We should start at 6.5% and adjust as needed. Mr. Hanson also suggested using the fund balance, but limit its use. Ms. Hardy stated that adjusting the COLA to 6.5% puts us at a \$1,400 deficit. Mr. Huffman stated that is essentially a balanced budget.

Mr. Huffman stated the property tax fund is divided into 20% of employee costs, large capital, debt service, and now paramedics. Regarding the Capital Projects Fund, it currently has a fund balance of \$1.9M, with \$1.4M for training and \$500k unassigned. Our policy is to have a balance between one and three million dollars. For capital, we built a five-year property tax, with average costs of over a million dollars. Inflation is likely outpacing what was assumed in a five-year projection. This year's proposed budget is a bit higher than the annual collections at \$1.2M. Engine costs have increased from \$680k to \$750k as well as other vehicles, etc. The proposed budget has a capital fund expenditure deficit of \$193K which is essentially coming out of the operating budget fund balance. He reviewed options for this deficit - we can reduce expenditures, take it from fund balance of the capital projects, or adjust property taxes now. Additionally, Mr. Huffman recommend that due to inflation and rising costs, we should consider moving up the purchase of the FY 2024 fire truck. If we wait, the cost could be significantly more. As of now, the estimated cost is \$980k. We've budgeted \$800k in FY 2024. Due to inflation and rising costs, the chief is proposing to not finance, but instead use fund balance. We would be using the money set aside for the training facility with the plan to use next year's revenues to re-fund the train facility in FY 2024. This limits moving forward with the training facility, but nothing is currently in the works in FY 2023. The consensus was to purchase both engines now and dip into capital projects fund balance to cover the deficit resulting from the currently proposed expenditures. That is the whole point of fund balance. We can decide in a few years to adjust the property tax.

Mr. Huffman stated that 20% of employee costs are funded by the property tax rate. Employee costs are increasing faster than natural growth in the property tax, and this trended will likely continue. Property tax fund balance can cover the increases this year, but likely will not be able to next year.

Mr. Huffman continued with discussing impact fees and debt service. Property tax was built to fund the full annual debt service payment of \$700K. This amount gets transferred directly from the property tax to the debt service fund. The debt service fund has a balance of \$700k in general debt reserve and \$380K in impact fees. In the budget request, we have four-line items using impact fees totaling \$144K. He suggested we spend down all impact fees on eligible expenses. Mr. Leetham agreed. Mr. Huffman asked if we spend the impact fees, do we still make a full transfer to fund balance, and the consensus was yes.

Mr. Huffman suggested we make these changes and review them at the next meeting on May 5th. Ms. Hardy recapped the changes, which includes a 6.5% COLA, keep the position, add in the purchase of the FY 2024 truck, and all the deficit in capital come from the capital fund balance.

FIRE CHIEF REPORT

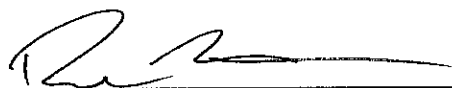
Chief Stone had no report.

ADMINISTRATIVE CHAIR UPDATE

Mr. Huffman had nothing to report.

ADJOURNMENT:

Mr. Hanson moved to adjourn the meeting.



Duane Huffman, Chair



Nicole Dandurand, Secretary