

# **WAKE COUNTY FIRE COMMISSION**

## **Thursday, May 01, 2014**

### **ADOPTED MINUTES**

*(Audio Replays of the meeting are available upon request)*

The Wake County Fire Commission was held on Thursday, May 01, 2014, 7:00 PM, at the Wake County Commons Building, Cary Drive, Raleigh, North Carolina.

#### **CALL MEETING TO ORDER**

Meeting was called to order by Fire Commission Chair Lucius Jones.

Members present: Chief Tony Mauldin (South Region), Chief Mark Haraway (West Region), Chief Rodney Privette (East Region), Barbara Poole (Citizen Consumer), Billy Myrick (Citizen/Consumer), Keith Gregory (Citizen/Consumer) and Bob Stagg (Citizen/Consumer), Chief Lee Price (Firefighter's Association), Chief Ron Early (North Region Alternate), and Paul Coble (WC Commissioner).

Other members present: Chief Chris Perry (East Region Alternate).

The following members were absent: Judge Michael Denning (Citizen/Consumer), Commissioner Phil Matthews (WC Commissioner), Chief Tim Pope (North Region), Chief David Price (South Region Alternate) and Chief Bryant Woodall (West Region Alternate).

County officials and staff present: Fire Services Director Mike Wright, Fiscal and Policy Analyst Mark Matthews, Emergency Services Manager Demetric Potts and Sr. Accounting Tech Fire Services Priti Amin.

Mr. Billy Myrick gave an invocation.

#### **ITEMS OF BUSINESS**

#### **APPROVAL OF AGENDA**

Upon motion of Bob Stagg and second by Chief Privette, the Fire Commission unanimously approved the Agenda.

#### **ADOPTION OF MINUTES**

None.

#### **REGULAR AGENDA**

## CONSIDERATION OF FIRE TAX DISTRICT BUDGET COMMITTEE AND STAFF RECOMMENDED FY 2015 OPERATING BUDGET AND FY 15-FY21 FIRE CIP

Fire Commission Chair Lucius Jones noted he knows that the Budget Committee and Staff spent a great deal of time to make the budget process work for everyone involved in the process. Mr. Myrick stated as Budget Committee Chairman he would like to thank the other members who worked on this budget. He shared that they started out with a goal of having one budget, not two budgets competing with each other like they have had sometime in the past. He stated that with staff and budget committee members agreeing to meet that goal, they did meet the goal. With that being said, Mr. Myrick turned the presentation over to Mark Matthews.

Mark Matthews, Fiscal and Policy Analyst informed the Fire Commission following points.

### Operative Policy Assumptions

- The single fire tax district created by the Board of Commissioners in 1999 should fund the full cost of fire service to residents of district, which contains all unincorporated areas as well as the Town of Wendell.
  - Any subsidy from the General Fund would mean municipal residents paying for the cost of fire protection of unincorporated areas.
- When the County assumes the role of fiscal agent for Countywide public safety projects or operations, the Fire Tax District should be treated the same as municipal fire departments for the purposes of cost allocation.
  - A good example of this is the 800 MHz Operating Budget, in which user costs are allocated to both municipal and county users based on defined criteria.
- The Fire Tax District Budget should be balanced, sustainable, and reflect the priorities of the Board of Commissioners as advised by the Fire Commission.
  - By policy, a sustainable budget means that the ending balance for the Fire Tax fund represents a minimum of 16% of the subsequent fiscal year's operating budget.
  - A sustainable budget and fire tax model reflects:
    - Realistic revenue growth assumptions based on the current tax rate
    - Realistic expenditure growth assumptions
    - An assumed operating/capital distribution needed to meet fire debt and capital obligations in the Fire CIP

### Base Budget Parameters

- Communicated to Departments in early December, the FY 2015 Base Budget reflects:
  - FY 2014 Adopted Budget
  - With updated salary and benefit rates (includes annualization of merit increase)
  - No Operating Expense increases (departments may move money between lines)
  - Minus One-Time Items in FY 2014 (WF Station 5 and Zebulon SAFER positions)

- Any item not in the FY 2015 base requires an expansion.

### **Budget Balancing Challenges and Assumptions**

- Since the Fire Tax District is fully supported by the Fire Tax (currently 8 cents), the only options to address a funding shortfall are:
  - Increase tax rate
  - Cut expenditures
  - Reduce transfer to Fire CIP (which requires a commensurate reduction in the Capital program, after current debt obligations are met)
- The one-time impact of “tax and tag” results in a one-time loss of revenues of about \$240,000 in FY 2015. Unlike the General Fund, the Fire Tax fund has no other revenue streams to offset this loss. Therefore, FY 2015 will reflect lower total revenues than the FY 2014 Budget.
- Ongoing expenditures must be supported by ongoing revenues.
- Neither a tax rate increase nor a net increase in revenues due to revaluation (beginning FY 2017) can be “assumed” in a future year.
- Without a defined funding model or “standard of cover”, the budget committee and staff are limited in the ability to make targeted cuts. While targeted line-item cuts are an option, the Budget Committee preferred across the board to specified cuts to give departments’ latitude in how to manage their internal operations and budget reductions.

### **Therefore, the FY 2015 Fire Tax Operating Budget, approved by the Budget Committee by a vote of 5-2 on April 9, Reflects the Attached Balancing Spreadsheet (see Option 4-S, Fire Tax Operating Balancing Spreadsheet):**

- Total Department Appropriations of \$17,055,002, an increase of 1.01% above the FY 2014 amount. Total Systemwide Appropriations of \$911,037.
- Therefore, the FY 2015 base (with no additions) reflects excess fund balance of \$498,294 to end FY 2019, an annual surplus of \$95,274.
- However, the Budget Committee priorities and ongoing costs are as follows:
  - \$286,956 – (FY 2015 cost \$215,217) Match County employee merit increase % (3% used for calculation purposes)
  - \$275,000 – Fund Wake Forest Station 5 (funded one-time in FY 2014)
  - \$77,500 – Fund Zebulon SAFER grant positions (funded one-time in FY 2014)
  - No staffing increases or operating expense increases
- The priorities above result in an ongoing shortfall of \$529,834. To cover this shortfall, the following reductions are recommended:
  - \$240,000 – One-time short the Capital transfer (based on one-time loss of tax and tag revenue)
  - \$486,068 – Cut ALL departmental appropriations by an unprescribed across-the-board cut of 2.85% -- Please note that after making staff adjustments to reflect a commensurate cut to the Fire Training Center offered by Fire Services and finalizing the model, the required cut is reduced to 2.75%.
    - Management of this across the board cut will be challenging, as departments have been held relatively flat in recent years, and this will result in unavoidable service impacts. However, the only

alternatives are to make other cuts, increase the tax rate, or substantially shrink the capital program.

- Other priorities not able to be funded in FY 2015 include implementation of the Compensation Study, NFPA Physicals, and \$1.21 million in department staffing and operating expense expansion requests.

### **Fire CIP (Approved by the Budget Committee 6-1)**

- Several adjustments were required to maintain solvency of the Fire CIP in the low years of FY17-FY19 compared to committee requests:
  - Equipment Program Adjustments
    - Defund for one-year and transfer appropriated, but unspent balances to Fire Uncommitted CIP from SCBAs (\$200K), Thermal Imaging Cameras (\$100K), and Turnout Gear (\$100K). Based on current balances, it is anticipated that FY 2015 needs may be met with the remaining appropriation.
  - Apparatus Program Adjustments (from Apparatus Committee request)
    - Move all engine purchases out two years beginning in FY 2017
    - Move all rescue/service truck purchases out one year beginning in FY 2017
    - Move tanker 3 out from FY 2017 to FY 2020. Fuquay-Varina is already getting one tanker replacement in FY 2017, and tankers are 100% County funded.

### **Long Term Challenges**

- The current funding model is not sustainable. Expenditures exceed anticipated revenues over the duration of the five-year sustainability timeframe, managed by responsible spending down of excess fund balance.
- A focus on cost savings and/or cost containment is needed in the following areas:
  - Identify appropriate number and specifications for minimum number of apparatus for the system, regions, and departments/stations
  - Develop a staffing standards and operating expense standards for the fire tax system
  - Evaluate options for pooling of health insurance for a better rate (on average)
  - Increase bulk procurement of apparatus on a competitive procurement basis
  - Responsible, collaborative planning for new station locations to minimize coverage gaps, overlap, and thereby limit the overall need for capital and operating costs associated with new fire stations.

Chief Tony Mauldin asked if there was any specific reason as to why Apparatus committee decided to buy one tanker in 2017 and purchase second tanker in 2020. Mark Matthews responded that if they bought both in 2017, CIP money would run out in 2018, so instead of moving both tankers to 2020, one can be purchased in 2017.

Chair Lucius Jones called for a motion on the budget. Mr. Myrick made a motion to approve the budget and the motion was seconded by Mr. Stagg. Chair Jones asked if there were any comments and Chief Early stated that he had to make a comment on behalf of the North Region. He stated that they applaud all the hard work put forth by the Budget Committee and the Wake

County staff especially under the leadership of Director Wright who they believe is already doing a fantastic job, and obviously Chairman Myrick and the whole Budget Committee. Chief Early stated that they brought forth a balanced and sustainable budget, but he felt that it was fair to label the budget as the best of the worst possibility. He stated that again he could only speak for the North Region Fire Department, but we cannot support a budget proposal that would result in an unavoidable service impacts. He stated that they do feel that this send a wrong message to not only the Wake County citizens, but to our fire department personnel as well. Chief Early stated that fire department budget have been flat for several years and the result has been internal line item budget reductions, line items have been reduced while the cost of delivering emergency services to the community has escalated.

Chair Lucius Jones stated that he wanted to congratulate and praise the Budget Committee for its hard work because he knows that they have spent a lot of time on this and it is a tough time. He stated that a lot of businesses have been going through tough times for a number of years and it looks like tough times have finally caught up with us. He shared that he is very optimistic because he sees a lot of things changing in the economy, and he thinks that this is a short term situation that we are in.

Commissioner Coble stated that he thinks it is a good thing that we send a budget to the Commissioners, and he appreciates what Mark said in the meeting with the Managers. He stated that there are some challenges and we are facing some challenges. He stated that he couldn't make any promises, but when this gets to the Commissioners table he was in hope that they would be able to address some of the structural issues that are causing us some problems. He stated that they understood that there are some issues, they understand the effects of the economy, and they are dealing with it in every department. He stated that he is in hopes that that the Commissioners may be able to find some ways to create some relief.

Upon motion of Mr. Billy Myrick, and seconded by Robert Stagg the Fire Commission agreed to accept the FY15-FY21 Fire CIP budget with a vote of 10:1.

## INFORMATION AGENDA

### CHAIR REPORT

None.

### FIRE SERVICES DIRECTOR REPORT

Fire Services Director Michael Wright opened the meeting with the first topic being Cost control measures. He is looking into MEWA (Multiple Employee Workers Association) Insurance in collaboration with DOI so that employees cost for insurance could go down. Director Wright also expressed interest in getting a County wide Apparatus maintenance program to reduce individual FD cost. His goal is to establish a Standard of Cover (SOC) to define our target, identify resources along with funding needs. This would in turn help us meet services with demand.

Director Wright has scheduled a BOD meeting on June 19<sup>th</sup>, 2014 from 18:00-20:00 to discuss Fire Services work plan for the coming year. Agenda for the meeting will be sent out soon.

Capital improvements at Fuquay Station 3 were done that consisted of Roof project, Floor project and some previous projects. Savings were identified for all of these projects.

**OTHER BUSINESS**

None.

**PUBLIC COMMENTS**

None.

**ADJOURNMENT**

Being no further business, the meeting was adjourned