

**GOLDER RANCH FIRE DISTRICT
GOVERNING BOARD MEETING
SPECIAL SESSION MINUTES
Monday, May 1, 2023 10:00 a.m.
3885 East Golder Ranch Drive, Tucson, Arizona**

1. CALL TO ORDER/ROLL CALL

Chairperson Vicki Cox-Golder called the meeting to order on May 1, 2023 at 10:00 a.m.

Members Present: Chairperson Vicki Cox-Golder, Board Clerk Vette, Board Member Steve Brady, Board Member Sandra Outlaw and Board Member Tom Shellenberger

Staff Present: Fire Chief Tom Brandhuber, Assistant Chief Abel, Assistant Chief Robb, Deputy Chief Cesarek, Fire Marshal Akins, Deputy Chief Perry, Deputy Chief Grissom, Deputy Chief Pearce, Division Chief Rutherford, Division Chief Price, Division Chief Hilderbrand, Director Delong, Director Christian, Director Rascon, Attorney Aversa, Local 3832 President Jones, Battalion Chief Taylor, Battalion Chief Leslie, Community Relations Coordinator Camarillo and Board Services Supervisor Ortiz

2. SALUTE AND PLEDGE OF ALLEGIANCE

All in attendance recited the Pledge of Allegiance.

3. CALL TO THE PUBLIC

There were no public issues presented at this time.

4. REGULAR BUSINESS

A. BUDGET STUDY SESSION

Chief Brandhuber opened the meeting and welcomed everyone. He explained the draft budget would be presented to the Governing Board which included an increase to the mill rate. He mentioned a lot of time and effort was invested in compiling the budget which was the fourth version compiled by staff. Two large aspects of the budget, in reference to the mill rate increase, were 1. Ensuring the CIP was funded in a consistent way, \$2.5 million per year and 2. Prepare for year three, when property values decrease. Chief Brandhuber stated it was a conservative budget that met the needs of District services while still paying attention to the needs of District taxpayers. He stated staff submitted a realistic budget.



Finance Director Christian presented the proposed budget to the Governing Board. He stated the budget was \$45,732,455 million. It represented a 1% decrease from the current fiscal year. The budget was reduced by \$387,00.00 from the current fiscal year. Some costs that will increase are: labor, which has a high rate of inflation; supplies/consumables; equipment; membership and dues. There is a decrease in the Capital Improvement Plan (CIP). Overall, the costs have been reduced by 1%. Director Christian stated it was a fully balanced budget that would build resiliency over the upcoming years.

Chairperson Cox Golder asked if the bond funds had been exhausted.

Finance Director Christian replied the bond funds have been earmarked. Over half of the funds have been spent and the remainder are earmarked for specific projects. Finance Director Christian explained what would be discussed in the meeting were only those items that affected the mill rate.

Finance Director Christian explained the labor costs, direct and indirect expenses, made up approximately 73% of the budget. Within the 73% labor costs, 68% were salaries and wages. The remaining 30% of the labor budget were ERE's- Employee Related Expenses: retirement, health insurance, workers' compensation premiums and employee development. Workers compensation premiums increased substantially. Health insurance also increased. Finance Director Christian stated staff were working hard to keep the costs down, however, there were inflationary pressure on them.

Finance Director Christian noted suppression received the largest portion of the overall budget. That included labor costs, costs of the stations and costs related to suppression services. Fire Headquarters (HQ) was a distant second, next was Fleet, Training, etc. which were less than 5%.

Board Member Brady asked if the station rollup was maintenance on the stations.

Finance Director Christian answered the station rollup was a consolidation of all of the stations. It consisted of maintenance, supplies, consumables, utilities and insurance costs.

Finance Director Christian reported 83% of revenues would come from the property tax levy. The ambulance transports would be approximately 10% and everything below that would be less than 5%.

Board Clerk Vette asked what percentage of property tax revenues were residential versus commercial.

Finance Director Christian responded that the predominant source of property tax revenue was residential. He explained the breakdown of the mill rate. The current mill rate for the current fiscal year was \$2.43. The additional mill rate needed to balance the budget was .07 cents. This would generate approximately \$1 million.



Finance Director Christian explained the various revenue sources for the proposed budget. The total budget would be \$45,732,455.00 which was a \$2.50 mill rate.

Finance Director Christian explained the debt service rate remained unchanged from the current fiscal year. The debt service mil rate remained at .14 cents. The aggregate mill rate proposed was \$2.64. The current mill rate was \$2.57. Another fire district nearby has a current mill rate of approximately \$3.05. GRFD is about .60 cents less.

Board Clerk Vette asked what the size of the reserve was.

Finance Director Christian responded the total reserve was approximately \$12 million. There were three sub-components earmarked for specific things, however, all were available through Board action.

Finance Director Christian reviewed the labor budget.

Chairperson Cox Golder asked what the extra duty overtime was.

Finance Director Christian clarified the extra duty overtime was the estimated cost to call personnel in to cover shifts that floats were not available to cover.

Chairperson Cox Golder asked what PEHP was.

Chief Brandhuber responded that PEHP was the Post-Retirement Healthcare Plan.

Finance Director Christian stated there were currently 291 employees, six vacancies and two new positions were being proposed. That would bring the total employee count to 299. The two new positions proposed were a Health and Safety firefighter and a fire inspector/investigator.

Chief Brandhuber explained that there were other positions requested in the previous draft versions of the budget. These two were selected because of the safety they offered the public.

Fire Marshal Akins requested an additional fire inspector/investigator to align with NFPA standards, the potential of additional points in the next ISO process and to align with the goals of the strategic plan.

Board Member Brady asked if there were different requirements from the various jurisdictions the District encompasses such as Pinal County, Pima County and the Town of Oro Valley.

Fire Marshal Akins answered the requirements throughout Arizona are the same. The various levels of an inspector determine what type of inspections the person can



complete. The person hired would more than likely be an apprentice inspector and at this level would complete prevention inspections.

Deputy Chief Grissom presented the need for a new Health and Safety firefighter in the Division of Health and Safety. Currently one captain, Captain North, runs the division. The new person would help with the PPE carcinogen reduction program, the hood exchange program, the wash down procedure, peer fitness program, return to work program, OSHA inspections, NFORS reporting and additional areas where needed.

Chairperson Vicki Cox Golder asked if the person would be a new hire.

Deputy Chief Grissom answered the person would be someone from within the organization that would be promoted to the position.

Board Clerk Vette asked if staffing, at the stations, was at a necessary level.

Deputy Chief Pearce responded that staff invested a lot of time in the staffing model and after the last academy and lateral recruitment, suppression was at the point where it was staffed fully. The only place where they lacked was in the ranks. The Training Division was working to offer classes to promote through the ranks.

Finance Director Christian commented on the Capital Improvement Plan (CIP). The five year Capital Improvement Plan amounted to \$18,000,354. Within the plan were two items that would be good projects for financing. They were a \$4 million warehouse that would be constructed in 2026 and a \$1.7 million ladder truck, which was on order and would be delivered in approximately two and a half years.

Chairperson Cox Golder asked if land would need to be purchased or if the warehouse would be built on existing land.

Chief Brandhuber responded that it would be built on the lot next to the Hanley building that was already purchased.

Finance Director Christian, explained that if the \$6 million that would be borrowed was deducted from the \$18 million that left \$12.6 million. The \$12.6 million divided by five years equals about \$2.5 million per year. The goal was to keep the CIP constant. The total cash outlay was \$2.5 million but the District was going to self-fund the CIP at a slightly higher level, \$2.536 million. The projects for the 5 year CIP were provided to the Board.

Board Clerk Vette asked what the lifespan of the burn tower was.

Division Chief Hilderbrand explained that burn towers last a long time, however, Professional Development is looking to the future and believes it is time to upgrade the tower. It allows for training of structures that are in currently in the District, TRT



options, availability to reconfigure spaces and allows for upgraded training. The current training tower was seventeen years old.

Board Clerk Vette asked if there was availability to offer other agencies to use it.

Division Chief Hilderbrand responded that ideally that was the goal.

Board Clerk Vette asked if fees could be charged for other agencies to use it.

Division Chief Hilderbrand responded he could not answer the question of fees.

Chief Brandhuber commented that the District allowed smaller districts the use of the training facility in return for other services.

Board Member Outlaw had a question about leasing versus purchasing the Zoll cardiac monitors.

Finance Director Christian explained that for the District, it made sense to do a capital lease because technology was always changing. At the end of the lease, the equipment could be returned and updated equipment could be obtained. He clarified it was important to stay on the cutting edge for this type of patient care technology.

Chief Rutherford explained the lease agreements for the Zoll cardiac monitors.

Finance Manager Christian discussed the Debt Service section of the proposed budget. He mentioned the District would be making the final payment on the bond that was taken out in 2005. The debt service mill rate was for the servicing of the bonds. The mill rate was .14 cents on the bond levy. It did not affect the O & M rate.

Finance Director Christian explained the capital lease schedule. This was all of the traditional financing that had been done that would affect the mill rate. The total cash outlay was \$3.2 million. District would be making the final payments on a couple of leases. This would cause it to drop to \$3 million in 2025.

Finance Director Christian presented the Budget Rollup that included the individual divisions budgets. He mentioned that they were discretionary budgets and did not include labor costs, insurance, utilities, or capital.

Chief Brandhuber said it was the fourth version of the budget and there were reductions in the previous three versions.

Staff presented their individual budgets and answered questions from the Board.

Board Member Brady stated he believed it was a clean budget. Most of the departments were conservative with their budgets.



Board Member Outlaw commented that she believed they needed to respect Director Christian's plans to prepare for the upcoming economy. She thought the budget was responsible and visionary.

Board Clerk Vette said it was a great budget, staff did a phenomenal job. The question was how should it be funded. He asked if there should be less of a tax increase and if reserves could be used to help balance it.

Chief Brandhuber replied that using reserves was discussed at length. Staff were attempting to prepare for three years, when the property taxes will be reduced significantly. Staff was trying to build the capacity in the mill rate. If the mill rate was to be held down artificially for one or two years, then in year three, when the property taxes are reduced, the mill rate will have to be increased substantially. So, the staff was attempting to provide an incremental approach to year three. Albeit, .07 cents did not appear to be incremental. Staff was trying to present an incremental approach to year three. Reserves could be used, however the proposed budget incrementally prepares for year three when property taxes will be reduced. The District can do an incremental increase to stabilize as opposed to eating away at the reserve and having to do a dramatic rate increase in a few years. What staff tried to do was prepare for the future and lessen the impact. It will be an impact this year at .07 cents but it is believed to be the best for District residents in three years.

Board Member Outlaw mentioned the 2008 recession and said to look at what happened to property valuations after that. She claimed she personally experienced it. Board Member Outlaw added that it lags a couple of years. She wanted to make sure the District was funded appropriately to prepare for the bad times that are coming.

Board Member Shellenberger said he was opposed to using reserves when it does not have to be done. He said the District can afford to do it now. He did not think it was a responsible thing to do at this point.

Chairperson Cox Golder asked if there was anywhere in the budget that could be cut.

Chief Brandhuber said he would be happy to go back and look at the budget. He said staff did present a good faith budget.

Board Member Shellenberger asked if there was a rate the Board would like.

Chairperson Cox Golder said she would like to see it at .04 cents. She said the District had never seen a rate increase like this before in the history of Golder Ranch. She did not feel comfortable raising it .07 cents. She said she is big taxpayer in the District and this year she saw huge values. If mill rates increase, she believed people would rebel, especially businesses.

The Governing Board took a brief break at 11:40 a.m. They reconvened at 12:20 p.m.



Chief Abel thanked the Board for their fiscal mindedness. He also thanked Chief Brandhuber for his fiscal mindedness. Through Chief Brandhuber's leadership the proposed budget was preparing for the future. The budget was building capacity for a future decrease in property tax revenue. The District wants to be prepared and have what is needed to ensure the firefighter's safety and provide the services needed to the citizens. Chief Abel stated that although .07 cents sounded like a lot, he believed it was truly responsible, in the sense of being prepared for the future. Cuts would have to be made in capital and labor if it were reduced.

President Jones spoke on behalf of the Local 3832. He told the Board that, for the first time in several years, the Union was engaged and involved in preparing the budget. On behalf of the Union, he offered their support of the budget as presented. He believed the fourth version of the budget was the most reasonable and responsible to continue to provide the services, the District is committed to providing, to the community.

Chief Brandhuber informed the Board that Finance Director Christian located information that shows the historical data of the mill rate over the years. He would like to show it to the Board to give historical context.

Finance Director Christian presented the mill rate from the previous ten years. He mentioned the average increase in the mill rate was .08 cents. This is partly due to an .18 cent increase in 2017-2018. Without the one time .18 cent increase, the median increase was .05 cents. Finance Director Christian stated that the proposed budget was a balanced budget, that built resiliency, to prepare for the future in two or three years when there is a decline in net assessed value. His concern was for a gap increasing between the net assessed value and the full cash value of property. He stated he wanted the District to be prepared when the correction occurs. He continued to say the total costs for the proposed budget were \$45,732,455. He added that there are little costs in the budget that are discretionary. This was a 1% decrease from the current fiscal year's budget. The O&M mill rate was \$2.43. The proposed increase was .07 cents that would total \$2.50. The bond rate was .14 cents. The combined proposed mill rate would be \$2.64.

Board Clerk Vette asked for staff to return with proposals for a .04, .05, and .06 cent increase to the mill rate. He said it was good budget, but to try to be fiscally responsible he would like to see what the impact would be.

Chief Brandhuber responded that he would present options at the next Board meeting.

5. FUTURE AGENDA ITEMS

This provides an opportunity for the Board to direct staff to include items on future agendas for further consideration and decision at a later date or to further study the matter.

- Regularly scheduled meeting – May 16, 2023




6. ADJOURNMENT

MOTION by Board Clerk Vette to adjourn the meeting at 12:38 p.m.

MOTION SECONDED by Board Member Brady

MOTION CARRIED 5/0



Wally Vette, Clerk of the Board
Golder Ranch Fire District
s/o

