



SUNSTITES-PEARCE FIRE DISTRICT

SERVING RESIDENTS OF THE SUNSTITES-PEARCE FIRE DISTRICT,
AND NEIGHBORING COCHISE COUNTY

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Sunsites-Pearce Fire District Budget Work Session April 9, 2013

1. **Call to Order** – The meeting was called to order at 10:30 a.m. by Mr. Schelling.
2. **Budget Work Session.** Mr. Schelling addressed the public by stating that this Budget Work Session was to discuss revenues for the upcoming 2013-2014 Fiscal Year. He introduced Interim Chief Joshua Steinberg and Admin Jill Schultz indicating they would be answering some questions he had regarding the revenues.

Mr. Schelling then discussed the meeting held by Mr. Leindecker from the County Assessor's office last Tuesday pursuant to some information he had received from Mr. and Mrs. Lance. Mr. Schelling met with Mr. Leindecker and requested that he attend our Work Session. Mr. Leindecker declined to attend the meeting due to the Assessor's Office only assessed the properties and did not want to be involved with the special districts in setting the tax rates. Mr. Leindecker informed Mr. Schelling the property assessed values had dropped approximately 20 percent for this year and that they would be dropping another 10 percent for the next year. Pursuant to those assessed values dropping, Mr. Schelling indicated that the District had to be very careful in budgeting for the next two years. If we keep the District's tax rate the same as it is at the present time, the taxpayers would actually have to pay more in taxes which we want to avoid.

Mr. Schelling further indicated that Mr. Leindecker did not want to come in addition to the above for the fact that the Special Districts, i.e. light districts, water districts, school districts and fire districts were responsible for making and setting their own tax rates and submitting them to the Board of Supervisors where, in turn, they are forwarded to the County Treasurers Office and finally to the State whereas the tax rate is put on the tax bill.

Mr. Schelling also explained the Statutes have formulas to calculate the tax rates. He also explained special districts have a budget override procedure should they get more money in that what was budgeted for, however only the school districts are eligible for budget overrides. He went further to explain the amounts for some of the special districts and how the funds can be used. Mr. Schelling indicated that it may be useful for residents to look about Sunsites at the number of lights, especially around the golf course, that are not being used, especially around vacant lots. It would be possible that SSVEC could turn off the lights and that would lower the light district's tax rate a little bit.

Mr. Schelling then discussed the hospital tax district's rates. He indicated NCCH's tax rate was set by ASU Dept. of Economics many years ago. Each year the tax rate is increased based on the amount of inflation and that is how the Hospital sets its budget.

Mr. Schelling then moved to explain the Fire District's tax rates. The District can charge a 1.8 % increase over the prior year's fiscal budget or \$3.25 per \$100 of assessed value, whichever is less. In our circumstance, the \$3.25 per \$100 of assessed value would be less; however we don't want to take the \$3.25 per \$100 of assessed value as it would increase the taxpayer's tax liability. The District's current tax rate is 2.85% therefore if the District adopted the 3.25% rate; it would substantially increase the taxpayers' property taxes. Mr. Schelling indicated that the District needed to look into revenue sources to generate revenue other than increasing the tax rate and cutting expenses.

If the District takes the current assessed values for next year and the current tax amount would generate a tax rate of 3.10%, which we do not want to do. We know already that we can cut the budget by \$70,000 to \$80,000. Therefore if we take the \$370,992 of assessed values, our tax base would be 2.42% which is the District's goal.

Mr. Schelling further explained that when building a budget it is to include 12 months for the next fiscal year, however it is necessary to build a budget for 15 months to cover the expenses for the months that tax dollars are not being collected. By doing that, it results in a cash carry forward. Mr. Schelling provided the public with documents that the County uses to obtain the tax levy calculation. He further reviewed the document explaining how the District obtains its adopted budget.

Mr. Schelling then explained the Fire District Assistance Tax which is over and above the real estate and personal property taxes. He indicated that the County collects the money and then the County distributes the funds to the Districts within the County. Fry Fire District receives the largest portion of the funds due to their District being so large. Each District receives 20% of the Fire District Assistance Tax. Mr. Schelling further explained how the County calculates their tax bill based on the school taxes which receive 59%, special districts only receive 12.9% and then the County receives 24.9%. The next step is the County contacts the District either by e-mail or fax and provides them with a memo showing what they have come up with. The District has to immediately review the documents from the County to make sure there are no errors. If acceptable, the District signs off on it and then returns the documents to the County as soon as possible.

Mr. Schelling then discussed the Ambulance Service. He explained that the total adopted budget sets the FDAT amount, which includes ambulance services.

Mr. Schelling indicated that Interim Chief Steinberg and Jill Schultz have been working to put numbers together for the budget. Mr. Schelling further indicated that Interim Chief Steinberg was putting together a Seasonal Wildland Firefighter program. Last year the District budgeted \$158,000 for Wildland Revenue. Presently, the District has only brought in \$55,000 of the \$158,000 budgeted. Interim Chief Steinberg indicated we have a little over \$10,000 coming in from recent fires in the past few weeks. The District has approximately

"Sunsites-Pearce Fire District is an Equal Opportunity Provider and Employer."

\$14,000 outstanding from Federal fires from last year. Interim Chief Steinberg explained that the Federal revenues have not been received as of yet due to changes the government implemented. Steinberg indicated that he did not expect to receive the \$158,000 budgeted even though the fire season has started up. He explained that the previous year the District received approximately \$90,000 and thinks that is a more accurate amount. Mr. Schelling indicated that Wildland revenue is hard to budget as it is impossible to see what the season is going to be like. Mr. Schelling inquired of Interim Chief Steinberg if the District had ample equipment to send out a Wildland crew. Steinberg indicated that the District had enough equipment to cover 6 additional firefighters not including the current staff. Seasonal Wildland Firefighters are advantageous to the District as due to their seasonal status they do not receive benefits as a full time firefighter would. Steinberg explained to the public how the District receives an assignment from the State Forester as well as how payments are processed and received.

Mr. Schelling indicated that the FDAT was budgeted at \$80,000, however with the decrease we could probably expect to receive \$75,334; and less the following year if the assessed values continue to go down.

Questions were asked by the Public regarding the Wildland Fire Program. Mrs. Lance inquired if the State covered the overtime expense for the personnel on the Wildland fire as well as the personnel covering the shift for the individual on the Wildland fire. Interim Chief Steinberg explained that the State would cover both individuals' overtime expenses.

Mr. Hooker inquired as to how the District received an assignment. Interim Chief Steinberg explained the procedures the State uses to assign districts to Wildland fires.

Mr. Schelling then addressed Out of District Revenue. Interim Chief Steinberg indicated that \$8,000 had been budgeted for the current year. He further indicated that he is in the process of developing a SOP to address out of district billing. The procedure would be in place to enable the District to bill for fire or MVA assignments that do not occur within the District boundaries. An exception to billing an out of district incident would be if the individual had a subscription agreement. Steinberg indicated that the District had out of district assignments over the past several months in an amount in excess of \$8,000 that the District would be billing. Steinberg indicated the District has a fee schedule in place for billing out of district incidents. By developing an SOP for out of district billing, the District can generate additional revenue for the upcoming fiscal year. Steinberg indicated that the SOP would be ready for review by the April 23 regular board meeting as well as an approximate amount to include in the budget for the upcoming fiscal year.

Mr. Schelling inquired as to Subscription Services for fire protection. Interim Chief Steinberg explained to the public how a subscription services works and the costs associated therewith. A subscription service is available to out of district individuals. If an individual subscribes to the service and should they have a fire, the individual would be treated as if they lived within the District and would not receive a bill for the fire. A discussion followed and Steinberg answered questions from the public. Many insurance companies offer a discount on their premiums if the individual has a paid subscription, other insurance

companies will not cover an individual unless they have a paid subscription. Ms. Schultz indicated that the Subscription Agreements are renewed at the beginning of the fiscal year.

Mr. Schilling then addressed the ambulance revenues. Ms. Schultz indicated the amounts that the State will pay for Medicare and AHCCCS patients. AHCCCS will pay 58.59% of billable ambulance services and Medicare is a fee schedule so the District receives an average of \$425 per call. Should an individual have secondary insurance, then any amounts Medicare did not pay can be submitted to the secondary insurance. However, Medicare patients cannot be billed over and above what Medicare and the secondary insurance pays. Further discussion was held and questions from the public were answered.

Mr. Hooker inquired of Interim Chief Steinberg what an average call cost the District. Steinberg indicated that he will look into the matter and get an answer. Steinberg further explained that an ambulance bill is \$912 plus mileage. Mrs. Rydzak asked if the fees varied depending on the seriousness of the call, i.e. if an individual was having a heart attack. Steinberg replied that at this time the fees are all a base rate fee plus mileage.

Ms. Rydzak inquired if the District could increase the ambulance rates. Steinberg indicated that it could. The District can submit a letter to DHS to request an increase which is based on the inflation rate and fuel costs at 4% annually. Mr. Frei inquired if the District increased their rates, would the District receive any more money from Medicare. Steinberg responded that the District would not due to Medicare being on a fee schedule. Mr. Frei further inquired what the other insurance companies were paying. Steinberg indicated that at the present he did not know but would find out from Fry Fire District. Fry Fire District provides the District with an annual report of all calls and it is broken down by insurance companies. Mrs. Lance indicated that the report could probably be provided right now. Steinberg responded that we do have last year's report; however we do not have the report for the current fiscal year. Mrs. Lance indicated that if an individual went on the internet they can find all the ambulance rates for the State. Steinberg acknowledged that he was aware of the site and provided the address to obtain the information.

Mr. Frei inquired if the District was trying to adopt a budget to maintain the District as it is running now, 24/7 or adopting a budget that the District can actually afford to do. He suggested that the District needs to run on an 8 to 5 schedule and a call out after 5 by individuals within the District. With the way the economy is heading, the District is losing money. He further indicated that it appeared the District was trying to adopt a budget for the District as it is now. Mrs. Ford indicated that the District is not a wealthy community and indicated that there are 60 families regularly using the Sunsites Food Basket, in addition the water district is applying for a loan that the taxpayers are going to have to pay back. Mr. Frei indicated the vacancies within the community are increasing and people that he thought were financially solvent are walking away from mortgages in the District.

Mrs. Rydzak inquired how many runs are run after 5 p.m. Steinberg responded saying a majority. She indicated that no matter who had an emergency after 5, an individual's life after 5 was worth it. She indicated that having the District run from 8 to 5 was not realistic and indicated it would be a better plan if everyone came together and worked to assist the fire

district and keep it going. Mrs. Rydzak further stated that the District has personnel located in Phoenix, Tucson, Benson and Willcox and very few volunteers actually live within the District to respond to a call after 5 p.m. should the District only operate from 8 to 5.

Mr. Frei stated that Willcox only operates from 8 to 5 and contracts with HCI for after hours. He indicated it may not be as efficient but it is coverage.

Further discussion was had and comments were received by individuals saying they would like to see a budget for the way the District is currently operating and see if it is affordable. They would like to see the District move forward, not back. Upon completion of the budget, if they can't afford it they will let the District know and take it from there.

An individual inquired again as to the ambulance rates. He inquired as to who set the rates and if the District was charging the maximum allowed. Steinberg responded the rates are set by Arizona Health Services. Mr. Ford inquired if the District could bill less, Steinberg indicated that he didn't think the State would allow that. Steinberg further indicated that Robin Gill of DHS indicated that the District could not sustain by lowering the rates and DHS would not allow it. Another inquiry was received if the rate would be the same regardless of what hospital an individual was transported to. Steinberg indicated that the rates would be the same; however the mileage factor would be different.

An individual inquired if Interim Chief Steinberg had figured how much of the budget would be for salaries. Steinberg indicated that he has not yet calculated that but was diligently working on it. Mr. Schelling indicated that the next work session would be held to budget the expenses. Steinberg further indicated he was also working diligently on reducing payroll. The most recent payroll was down and the upcoming payroll would be less. Mr. Frei asked how much the payroll dropped. Steinberg indicated that the payroll was \$17,000 from \$20,000 the previous payroll.

A question was raised as to the amount of payroll was budgeted for the current fiscal year. Mr. Schelling replied that the amount was \$420,000; approximately 40% of the budget was for payroll.

Mr. Frei indicated that payroll was exceeding the amount of revenue the District received in property taxes. Mr. Schelling corrected Mr. Frei indicating the mortgage companies usually paid the full amount of taxes in November; therefore November tax collection was higher than the one received in the spring. Steinberg indicated that the \$17,000 for the most recent payroll covered all expenses of the payroll, including health insurance and retirement contributions. Frei stated again that the payroll exceeded the tax revenue. Steinberg indicated that he is trying to get the payroll down to below \$15,000. Mr. Frei said it was still over the amount received in taxes. Mr. Schilling responded by saying that the District has other revenues such as the ambulance revenue.

The discussion continued on by a member of the public reiterating what was said before by suggesting that the District prepare the budget and reviewing it after its completion.

Mr. Schelling inquired of Interim Chief Steinberg if he had a year to date amount for property taxes. Ms. Schultz indicated that the total revenue for taxes, including the FDAT, was \$417,352.01.

Mr. Frei spoke again reiterating his comment that the District is trying to maintain the District as it is now. Ms. Schultz indicated the revenues for the year are higher than they were the previous year. Interim Chief Steinberg agreed and went on to further state the District has been looking into alternative resources for revenue which will be a great benefit to the Community without much cost. Mr. Frei indicated that he has been hearing for three months that the District is looking into alternative sources and wants to know what they are. Steinberg responded by saying that he has only been in the position for a month. Mr. Schelling stated that he is creating a budget to include the ambulance service. He further stated that he would not be the one to get rid of the ambulance for the District; it will be the choice of the future governing Board when it is appointed. It is his goal to keep the fire and ambulance services going for the citizens of the District. He will not be cutting the budget to have a volunteer department or a department to run from 8 to 5.

Mrs. Lance inquired of Mr. Shelling the process of removing the parcels in Sunsites of which as he had brought up in the previous meeting. Mr. Schelling indicated that the number of parcels in Sunsites increases the tax base. Mrs. Lance inquired what the process was to have them removed. Mr. Schelling indicated he would look into it with Mr. Leindecker.

Mr. Frei inquired if the PTO wages that are owed is going to be set aside as well as set a certain amount out of the budget to replenish the reserve account. Mr. Schelling indicated that he hoped so.

Mr. Frei inquired if the \$75,000 removed from the volunteer pension fund was going to be returned. Steinberg indicated that it would not due to it paying down the unfunded liability to PSPRS so the company contribution would be reduced.

Mr. Frei brought up donations that were received by the District for a training center. He felt that those monies should be returned. He requested that the District write them a letter. Steinberg indicated he had been looking into the matter and would contact the companies regarding it.

3. **Adjourn** – There being no further business, the meeting was adjourned at 11:55 a.m.

Respectfully submitted,

Jill Schultz