

**MEETING OF THE BOARD OF COUNTY COMMISSIONERS
SITTING AS THE GOVERNING BODY OF FIRE DISTRICT #1**

REGULAR MEETING

AUGUST 14, 2002

The Regular Meeting of the Board of the County Commissioners of Sedgwick County, Kansas, was called to order at 11:33 A.M., on Wednesday, August 14, 2002 in the County Commission Meeting Room in the Courthouse in Wichita, Kansas, by Chairman Ben Sciortino; with the following present: Chair Pro Tem Betsy Gwin; Commissioner Tim R. Norton; Commissioner Thomas G. Winters; Commissioner Carolyn McGinn; Mr. William P. Buchanan, County Manager; Mr. Rich Euson, County Counselor; Mr. Chris Chronis, Chief Financial Officer and Ms. Lisa Davis, Deputy County Clerk.

GUESTS

Mr. Ronald J. York, President, PolicePay.Net, Inc.
Mr. Dave Thompson, Vice President, IAFF Local 2612.

ROLL CALL

The Clerk reported, after calling roll, that all Commissioners were present.

CONSIDERATION OF MINUTES: Regular Meeting, July 17, 2002

The Clerk reported that all Commissioners were present at the Regular Meeting, July 17, 2002.

Chairman Sciortino said, "Commissioners, I believe you've had a chance to review the Regular Meeting of the Fire District July 17, 2002. What's the will of the Board?"

MOTION

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Commissioner Gwin moved to approve the Minutes of the Regular Meeting of July 17, 2002.

Commissioner Norton seconded the Motion.

There was no discussion on the Motion, the vote was called.

VOTE

Commissioner Betsy Gwin	Aye
Commissioner Tim Norton	Aye
Commissioner Thomas Winters	Aye
Commissioner Carolyn McGinn	Aye
Chairman Ben Sciortino	Aye

Chairman Sciortino said, "Thank you. First item."

PUBLIC HEARING

A. PUBLIC HEARING REGARDING THE 2003 SEDGWICK COUNTY FIRE DISTRICT #1 BUDGET.

POWERPOINT PRESENTATION

Mr. William P. Buchanan, County Manager, greeted the Commissioners and said, "You have the budget before you. We've had the public hearing two weeks ago. We've done the appropriate publications. It's now time to have the public comment on this budget. It's a budget of \$10,879,367 with a mill levy of 15.4 mills. Mr. Chairman, I would recommend that you open the public hearing at this point."

Chairman Sciortino said, "Okay. Well, at this time I will open up the public hearing on the 2003 budget for the Fire District #1. The comments I made at the earlier public hearing hold for this

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hearing. We would entertain any comments pertaining to this budget for, against, add, subtract. So if there's anyone here in the audience that would like to address us with regards to the 2003 Fire District #1 budget please come to the podium, state your name and address and hold your comments to five minutes if possible. Thank you."

Mr. Ronald J. York, President, POLICEPAY.NET, Inc., greeted the Commissioners and said, "I am the president of POLICEPAY.NET Inc., a consulting firm from Oklahoma City that represents police and fire bargaining units on matters of municipal finance. I'm here this morning to speak to you about the budget that you're about to adopt and how it relates to the Sedgwick County Firefighters Association.

It is my understanding that currently the Fire District and the Firefighters Association is in negotiations trying to obtain a contract for the coming year. Knowing everybody involved, I'm certain you'll come to some agreement and that will all be worked out.

Two things are always involved when you're talking about making a change in salary. One is the merit of that increase. Should it be given because the salary that's too low? I guess, theoretically, it could be the other way, should it be cut because it's too high but I'm not going to speak to that issue because I do not have knowledge in this specific incident of whether the current salary is the correct salary or not. What I want to speak about is the second issue, is once you've made a determination that there should be a change in the salary, there comes the question of can it be funded. I mean, that seems like that's the question all of us have on anything.

And there was a few things that I wanted to point out to you in this current year's budget. I'm not here speaking in opposition to the budget. I have no problem with the budget. The budget that's been presented, at least the preliminary draft of it, is on page one believe the beginning page on it is page 79 and there's a couple of things that I would like to bring to your attention. First of all, at the current time the Fire District's proposal is for a 1.6% increase and it is factored into this budget. It represents roughly \$125,000 and it's currently in the budget.

Where the firefighters now stand, my understanding is 7%. Roughly it would take an additional \$400,000 if you granted that amount and I'm not here to recommend either one of them. I just want to know what can be done. And the question comes down to if you decided to give the full amount that they're asking for, is it financially possible to come up with that additional \$400,000. And my

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answer to you is yes and not only is it possible, but there's authorization in this budget that can be used.

If you'll notice on the budget, on the bottom of page 79, there's a line item called inter-fund transfers. In the current budget, that is \$997,499 and basically most of this money is budgeting authority that has no specific expenditure in mind at the current time. It could be moved up to one of these other line items, including personnel and benefits. There's certainly adequate funding there.

One of the things you might be concerned with would be the fact that if you did this that possibly the Fire District would be broke at the end of the year. And if you look on page 92, which has the recap of the revenue projections for the Fire District, looking back historically, I can't predict the future but I can tell you what's happened in the past, the rearview mirror is very good and that is each year for the past three years the Fire District's actual results have been about a million dollars a year better than what the budget forecasted. It's almost evenly divided between revenues are about a half a million dollars more than anticipated and expenditures come in about a half a million dollars under what was appropriated.

The budget, historically, has been prepared each year using a beginning fund balance that assumes that the current year's budget is going to be right on the money and history has shown us that it's not. It's off about a million dollars. So the amount that would be shown down there on page 92, which would be the third line up from the bottom. Actually the second line has no numbers on it, of about a million three. If we could extrapolate the past three years into the current year, that number would actually be closer to 2.3 million versus 1.3 million because of the difference in the actual results in the budget.

And the main thing that I want you to understand is you adopt this budget, it appears to be a very good budget and I've been all over it and Mr. Rengfeng Ma has been very helpful and I can assure you he's not a tax and spend liberal. He's done a good job."

Chairman Sciortino said, "Excuse me just one second. How much more time do you need?"

Mr. York said, "I'm going to wrap it up."

Chairman Sciortino said, "We'll give you a few more minutes."

Mr. York said, "No, I'll just close it up. I don't believe in hogging the time. But later down the line, you come to some agreement with the Sedgwick County Firefighters Association, you do have the financial capacity to fund that increase. And there may be some discussion brought up about

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capital expenditures and it's true with almost any fund. If you increase the capital expenditures for cash large enough you can do the same with the general fund, you can wipe it out in any year. But using customary budgeting practices and what's been normal in the past, you should have no trouble funding that."

Chairman Sciortino said, "All right. Thank you, sir. Is there anyone else in the audience that would like to address us pertaining to the Fire District's budget for 2003? Hi, Dave."

Mr. Dave Thompson, Vice President, Local 2612 IAFF, "The current vice president of Local 2612, hopefully till November, maybe longer. We come to you this morning, as we promised two week's ago, with our CPA to review the budget, to look where the numbers were. On April 25th we met in pre-negotiation talks with the County and they advised us of 1.3 million dollars available and that number is reflected, as Mr. York said, on page 92 in the unencumbered cash, 1.3.

Since that time, I've spent time with Mr. York, the last three days, and we found additional dollars. Definitions have changed within the budget. On page 79, inter-fund transfers, previously as I spoke to you two week's ago have been the cost of doing business as a department to the County. Well, that definition has now been changed and is used as parked cash, dollars available to be used by the Fire District. Our inter-government transfer, or inter-fund transfer is now contained within the line item contractual services. So what we pay Sedgwick County for personnel, human resources, payroll is now in contractual services. So on top of 1.3 million dollars we addressed on April 25th, and two weeks ago, we now have an additional \$997,000 to discuss.

On top of that, we had discussions on Monday and we talked about a cost center within our budget called research and development. It's contained on page 91. That cost center has \$30,000 in it. According to the Public Safety Director in budget, that \$30,000 is there to assist in the expenditures of donations, just so they can spend those donations without having to go through the red tape and approvals. So there's \$30,000 more, on top of the 997, on top of the 1.3.

We continue to struggle with these issues of pay and benefits and can we afford it and can we not. We're here, we've been here, we continue to do the job we were expected to do and all we're asking for is to be compared equally and unilaterally with what the fact-finders report said. I came to the County Commissioner's office yesterday with our salary survey report. I hope you guys received it and were able to look at it. Those pay compensation benefits were obtained through our department that participated in that survey in November. The only adjustment we made to that survey was adding Wichita. They did not participate. So what we did was extrapolated those numbers and then added Wichita and made our spreadsheet for this presentation.

We're significantly behind Wichita. We're significantly behind with what the County Manager's

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compared himself to in '98 for a 9% pay increase Johnson County Fire District which is located in Overland Park. Compare the two, compare three, compare the state, all we're asking for is to come to a compromise. We're not asking for the Volvo to Mercedes pay increase. We're asking for equitability to our brothers across the street and comparative to the State.

To quote a gentleman that spoke two week's ago, a friend of mine and a fellow firefighter, Don Stewart, it's shameful. He used the word shameful in a way I've never, ever heard before. It's shameful that the firefighters of Sedgwick County have had to educate ourselves about this budget, do our homework and come to you in a manner in which we have to prove the dollars are there and they're there. All we're asking for is to be compared equally and to just compromise.

With that, dollars savings by the department continue to maintain the equal amount. I'll wrap it up Commissioner. And like our CPA stated, in the budget every year we tend to overstate our expenditures and we under-spend our revenues. And that's where we come up with the additional dollars. I stand for questions."

Chairman Sciortino said, "I don't think at this time we have any questions. We appreciate your comments. Is there anyone else in the audience that would like to address us on the 2003 Fire District budget? Okay, I don't see that there is any, so I will now close the public hearing portion of this item and limit comments to staff and to this Bench.

I believe . . . Did you have a question of one of the presenters, or . . .? All right, Commissioner Norton."

Commissioner Norton said, "On page 82, under training, it indicates that our FTEs went from two to four. That's a doubling of personnel in the fire training. Can you speak to that, Chris?"

Mr. Chris Chronis, Chief Financial Official, said, "Yes, sir. That is not a doubling of the staffing in training but rather it's another example of a correction of the 2003 budget from the 2002 budget that was at a lower level of detail than we've ever had in the past. Those two people in the 2002 budget are doing training but they're budgeted in another cost center and we simply moved them in 2003 to the cost center where they're actually working."

Commissioner Norton said, "Okay. So over the next few years, that will be a better comparison to what we've had. Page 83, personnel costs went up to 14.1% and I assume . . . I mean, there are ups

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and downs throughout the different fire stations. Is that a part of this readjustment, as far as computerization and reporting?”

Mr. Chronis said, “Yes.”

Commissioner Norton said, “Okay. That’s all I had, Mr. Chair.”

Chairman Sciortino said, “Okay, thank you. Is there any other comments from the Bench?”

Commissioner Gwin said, “Not right now.”

Chairman Sciortino said, “Okay. Did you have a . . . Are you here to tell us any additional information, Chris?”

Mr. Chronis said, “Yes, sir, just a little bit. We have the same kind of presentation that we had for the County budget. You see that our fire budget requires a total mill levy of 15.373 and we’re missing something. Bear with me just a second.”

Commissioner Gwin said, “We are on Item B, are we not, Mr. Chairman?”

Chairman Sciortino said, “We’re on item . . . Excuse me just a second, Chris. I don’t think, we didn’t call Item B yet. We’re still on Item one and isn’t this going to be . . . you’re actually talking about the adoption of the budget now?”

Mr. Buchanan said, “Yes.”

Chairman Sciortino said, “So I need to close . . . Just for homework. So we’ve closed the public hearing. We have no further comments on Item A. It doesn’t look like we have to take any action on it. So, Clerk call the next item please.”

B. ADOPTION OF THE 2003 FIRE DISTRICT #1 BUDGET.

POWERPOINT PRESENTATION

Mr. Chronis said, “Once again we’re looking at a ‘levy live’ presentation here. The blue number at the top represents the mill levy that is necessary, we think is necessary based on our current estimate of valuation to produce the property taxes that will support the fire budget. That is 15.373.

The budget that was recommended and that we published two weeks ago, after the last public hearing, is \$11,266,739 and it requires \$8,067,124 of property taxes to fund that budget.

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Since then . . . Again, the Budget staff has spent the last two weeks going through the budget, looking at actions that the Commission may have taken since the recommended budget was put together and checking with the tax appraisal folks and others to determine if there is anything that we need to take into account before final adoption. I mentioned in regard to the County budget that we had the adverse ruling from the State Board of Tax Appeals that caused a reduction of property tax revenue to the County budget of something on the order of \$900,000. Those same rulings affect the Fire District and in the case of the Fire District there is a revenue loss of \$150,372. Additionally, we mentioned to you at the last meeting that the amount of cash that was included in the 2003 budget, that \$1,300,000 number was in reality going to be less than that because we had to incur two expenses for capital in 2002 that had not been anticipated and you see those two items here. We had to replace a fire engine costing \$200,000 and we had to replace some specialized equipment costing \$37,000 and those two items serve to reduce the amount of cash that's available to fund the 2003 Fire District budget.

Now because the Fire District budget includes all of the known cash and all of the property taxes, all of the other funding sources that are available the only way we can accommodate this loss of cash is to reduce expenditures in the 2003 Fire District budget. And so that expenditure reduction, sum of the three numbers is \$387,372, which reduces the recommended budget to \$10,879,367. The expenditure reductions that will offset that loss of revenue to the tune of \$387,000 will come out of the \$900,000 account that was mentioned during the public hearing portion of this meeting. That represents the cash that is budgeted but for which there is no planned 2003 use.

As I said and as our practice has been, in the Fire District we budget all of the known cash, whether we have a plan to use it in the current year or not, so that we can deal with unexpected expenditures like this that might come up over the course of the year. That gives us the spending authority to do those transactions because the Fire District budget, unlike the general County budget, doesn't have a lot of flexibility in it. It's only a 10 or 11 million dollar budget to begin with and that 10 or 11 million dollars is primarily going to pay for salaries. So there's not a lot of room for budgetary adjustments during the course of the year. And that's why we take a little bit different approach with the Fire District than we do the County.

So the bottom line is that we are at a Fire District budget right now of \$10,879,367 that requires \$7,916,752 of property tax and in order to receive that property tax we estimate that the Fire District

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will need a property tax rate, a mill levy of 15.373, which is the same tax rate as applies in the current year. With that, I'll be glad to answer any questions that you might have or, if you have none, I recommend your approval of the Fire District budget of \$10,879,367 with \$7,916,752 of budgeted ad valorem taxes or approximately 15.4 mills of tax rate, subject to review and technical adjustments."

Chairman Sciortino said, "Chris, before we . . . I think we're going to have some questions of you and I don't want to get into negotiating a contract with the firefighters from the Bench here because I know we're doing that. But since we haven't finalized negotiations with the firefighters and since, at this particular time, if I'm hearing right, they're wanting more than we're willing to give and we're still negotiating, does this budget set aside sufficient monies if the one side negotiates better than we anticipated, they get what they want, I mean do we have monies in this budget to handle that if that unlikely situation were ever to occur?"

Mr. Chronis said, "This budget includes all of the funding that we know to be available to the Fire District. It includes the property taxes that will be available from that tax rate, all of the miscellaneous revenues that are available and all of the known cash. To the extent that we use that cash for things that aren't in this budget, whether as a result of union negotiations or anything else, it simply reduces the amount of cash that's available in future years. The Fire District, over the past several years, has realized operating surpluses at the end of each year, yet the size of those operating surpluses has been decreasing about \$200,000 a year and we project at the end of this year the operating surplus will be less than \$100,000 total. Next year, based on those trends, we project that we will actually incur an operating deficit and that those deficits will grow in the future years, so long way of saying that to the extent that we use cash this year we increase the time in the future when we have to think about a property tax rate increase."

Chairman Sciortino said, "Okay. But my point that I was just trying to make is there's sufficient monies in the budget that good faith negotiations can go forward."

Mr. Chronis said, "Yes."

Chairman Sciortino said, "Okay. Because I will just make . . . Some of this stuff that's being presented to me is starting to interest me. Any other questions about the budget itself? Commissioner Gwin."

Commissioner Gwin said, "Yes, I again need clarification on the inter-fund transfers line item. All the time I have understood that that is the cost of departments doing business and it is a charge back for Legal, for Human Resources, for those departments who support the operation of the Fire

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District and other departments throughout the County organization. Is that not still the case?"

Mr. Chronis said, "That is still the case in the County budget and it's partially the case in the Fire District budget."

Commissioner Gwin said, "Okay, clarify it for me please."

Mr. Chronis said, "In the case of the Fire District, that's the account where we budget that extra cash that we have, the amount that we know to be available but that we don't have a current planned use for. And again we budget it there so that we will have legal spending authority should we need to access that cash during the course of the year for unanticipated expenses, such as this fire engine that we have to do in 2002."

Commissioner Gwin said, "Okay. So that if we approve that, then that gives us the spending authority. Is that the same thing then for the Research and Development fund?"

Mr. Chronis said, "No, ma'am. The Research and Development fund is an account funded solely with donations that the Fire District may receive that are restricted to some particular activity. We establish a nominal budget there not because we have donations that we're waiting to spend but because, again, we want spending authority so that if we receive those donations we can use them and that's what that \$30,000 budget does."

Commissioner Gwin said, "If we should, for some reason, receive \$50,000 in the next year for R & D then how do you authorize it?"

Mr. Chronis said, "Then we have to do a budget amendment to the extent we want to use the extra \$20,000 of that \$50,000 donation."

Commissioner Gwin said, "Okay, thank you. I think that's it right now, Mr. Chair."

Chairman Sciortino said, "All right, thank you. I don't see that there's any other further comments on the budget."

Commissioner Norton said, "I've got just one. What is the difference between the total budget and the levy requirement budget? Where does that money come from?"

Mr. Chronis said, "In the case of the Fire Department, it comes primarily from cash and the Fire Department receives a very small amount of user fees. If memory serves it's something on the

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order of \$100,000 and they receive some motor vehicle taxes as well.”

Commissioner Norton said, “It’s about almost \$3,000,000. Is that correct?”

Mr. Chronis said, “And most of that would be cash and motor vehicle taxes. If you look on page 92, you will see the anticipated revenues of the Fire District.”

Chairman Sciortino said, “Is that all, Commissioner?”

Commissioner Norton said, “Yes, that’s fine. Good.”

Chairman Sciortino said, “All right, I don’t see that there’s any other questions. I’m ready for a Motion now.”

MOTION

Commissioner Gwin moved to adopt the 2003 Fire District #1 total budget of \$10,879,367. The total budget includes a legal budget of \$10,849,367 with \$7,916,752 in budgeted ad valorem taxes, or approximately 15.4 mills, subject to review and technical adjustments.

Commissioner Winters seconded the Motion.

Chairman Sciortino said, “Any comments? Chris, the only comments are were the numbers that Commissioner Gwin stated accurate?”

Mr. Chronis said, “Yes.”

Chairman Sciortino said, “Okay, fine. We have a Motion and a Second. No further comments are noted, so Clerk call the roll.”

VOTE

Commissioner Betsy Gwin	Aye
Commissioner Tim Norton	Aye
Commissioner Thomas Winters	Aye
Commissioner Carolyn McGinn	Aye
Chairman Ben Sciortino	Aye

Chairman Sciortino said, “Thank you. Any other business to come before this meeting at this

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time? I don't see any, so I will close the regular August 14th meeting of the governing body of Fire District #1.”

C. OTHER

D. ADJOURNMENT TO ITEM D OF THE REGULAR MEETING OF THE BOARD OF COUNTY COMMISSIONERS

There being no other business to come before the Board, the Meeting was adjourned at 12:01 p.m.

**BOARD OF COUNTY COMMISSIONERS OF
SEDGWICK COUNTY, KANSAS**

BEN SCIORTINO, Chairman
Fifth District

BETSY GWIN, Chair Pro Tem
First District

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TIM R. NORTON, Commissioner
Second District

THOMAS G. WINTERS, Commissioner
Third District

CAROLYN MC GINN, Commissioner
Fourth District

ATTEST:

Don Brace, County Clerk

APPROVED:

_____, 2002