

Public Hearing of the
Board of TFD Fire Commissioners
DRAFT -- Meeting Minutes – April 20, 2016
Thompsonville Fire Station, 35 N. Main Street

1. Call to Order: by Chairperson Reidy at 7:00 pm.

2. Roll Call: present was Chairperson Reidy, Comm. Stone, Comm. Magistri, Comm. Brouillette, and Comm. Gaskell.

3. Commissioner Presentation: Proposed 2016-2017 FY Budget:

Comm. Reidy said our auditors are going to speak before we discuss the budget. Edward Stambovsky introduced himself and Sean Grady from Viola, Chrabascz Reynolds. We were asked to come here only to discuss your budget. We have suggested that the mil rate stay the same because the deficit would just continue to grow larger and larger. If the mil rate was reduced this year it would have to be increased more to make up for that deficit. We have to start making this district stronger financially. I understand the burden falls upon the residents. There are costs associated with providing the services this fire department offers. I am not advocating an increase in the mil rate. I just recommend not decreasing it. Comm. Stone asked Mr. Stambovsky to elaborate on why this is his recommendation. Can you explain our financial position? Mr. Stambovsky said again we aren't here tonight to discuss the audit. A big hole would be created if the mil rate was reduced. You would have to use your cash reserves. There will be a problem if something unexpected happens and there isn't any cash available. Our recommendation was to leave the mil rate the same and try and cut expenses as best as you possibly can to create a surplus. Every dollar of surplus helps reduce the deficit and make this place more financially fluid. Mike Helechu asked to elaborate on the deficit. Sean Grady said your liabilities such as heart & hypertension, the building mortgage, compensated absences and the pension exceed your assets. Mr. Stambovsky said we have performed the audit for all 5 districts and each situation is different. Steve Cogtella asked how they are different. Mr. Grady said I believe none of the other districts have heart & hypertension claims. Jeff Cross asked so the other fire districts have fully funded liabilities. Do they have assets that cover the liabilities resulting in a net positive balance sheet? Mr. Grady said yes. Mr. Cross asked how soon we are going to try to make up this deficit. Comm. Stone said that is not for our auditors to answer. Mr. Stambovsky said as long as you stay in the black on an annual basis the deficit will continue shrink. Mr. Cross asked were the previous auditors aware of our financial position. Comm. Reidy said he can't speak for the auditor. Mr. Stambovsky said they were hesitant about performing the audit for this district. After meeting with the Chief and the Commission we really wanted to help turn the situation around and agreed to do it. Comm. Reidy said our auditors have put in a lot of hours. Thank you for all the work you have done and for attending.

At this time Mr. Stambovsky and Mr. Grady left the meeting.

4. Tax Payer and Commissioner Discussion: Proposed 2016-2017 FY Budget:

Comm. Magistri explained the proposed 2016-2017 FY budget.

Mike Helechu said so the bottom line of this budget is \$33,000 less than last year's. There is cash we can use to help reduce this deficit. What is the amount of this cash? Comm. Magistri said last year we had a surplus of \$520,000. We did not entirely spend the amount of money we got for this year. As of right now we have a cash reserve of approximately \$1.2 million. This includes the money we had a year ago. This upcoming budget includes a section called transfers in. Last year we paid expenses strictly out of revenue. We didn't want to do that this year. We are using a portion of the cash reserves to keep the mil rate the same.

Comm. Stone said last year we also had this building to deal with. We probably would have been short but we did some last restructuring during the budget process. We had to adjust the mortgage payments agreement.

Comm. Magistri said the money that we budgeted for verses the projection of what we are going to spend is giving us a surplus of about \$680,000. That unused money will go in to our cash reserves. The \$480,000 of transfers in comes from that \$680,000. The remaining amount will sit in our cash reserves to help our financial position.

Comm. Stone said we were going to prepare to cover payroll since we don't receive our check at the start of the fiscal year. We said we were going to plan to carry funds over from one year to another. Part of the monies that are transferred are literally the funds that we set aside for those purposes.

Jeff Cross said I've heard 2 numbers bounced around here: \$1.2 million and \$680,000. What is the actual number between last year's budget and what we are going to spend for it? Comm. Magistri replied it's projected to be \$680,000. Mr. Cross asked are we rolling \$480,000 of that money to the current year budget so we don't have to collect that money in taxes. Comm. Magistri said that is correct. Mr. Cross said it appears that we have over budgeted on payroll and extra duty pay by \$350,000. Are we going to spend that in the upcoming quarter? Mike Helechu said earlier Comm. Magistri said our payroll expenses went up by 1 percent. Comm. Magistri said I meant the whole payroll category and not the line item. Mr. Cross said after calculating some figures I can't come up with your payroll numbers. Comm. Magistri and Mr. Cross discussed the payroll budget calculations.

Jeff Cross said there are funds and reserves that aren't being reflected. We are funding reserves to increase our financial position. We are never going to increase it until our assets exceed our liabilities. Comm. Reidy asked how a future commission protects

that money if we put it into reserves. Mr. Cross said I am worried about the upcoming fiscal year. Right now we are increasing reserves and it's buried in the budget.

Mr. Cross asked why our workmen's comp insurance increased. Comm. Magistri said it is due to the number of claims. Mr. Cross said we should implement a safety program to decrease the amount of claims. Are the claims due to the nature of their profession as a firefighter? Comm. Stone said we can't discuss that because of HIPPA. Acting Chief Provencher said he researched other companies and the cost would have been higher. Mike Helechu asked can you reduce the likelihood of future claims. Acting Chief Provencher said yes that is our goal. Marge Perry asked is it the number of claims or the dollar amount. Comm. Stone said it's both.

Marge Perry asked has any decision been made regarding the motor vehicle taxes. Comm. Magistri said I haven't heard anything. Comm. Gaskell said the town will probably keep all the money due to cuts from the State. Comm. Stone said there are funds set aside for the Thompsonville Fire District that we don't believe we are going to receive because the State is underfunded right now.

Pat Compositor asked how our workmen's comp compares to the rest of the town and state. Comm. Stone said we are significantly higher. Ms. Compositor asked why. Comm. Stone replied we can't talk about it. Our current claims are not the problem. Comm. Gaskell said we are still paying for the mistakes in past. There is light at the end of the tunnel but it is going to take time.

Marge Perry said I am surprised we were able to make the full pension contribution this year and start to build our reserves. We still have potential H&H claims. Comm. Stone said the H&H insurance is designed to offset the impact of any sudden H&H payments immediately. Everything in this budget is a compromise to what we want to do. Comm. Reidy said we would have to raise the mil rate to 14 mils to make up the total deficit.

Steve Cogtella said we have a labor contract negotiation coming up and possible H&H claims. Are you realistically looking at a cushion being able to sustain itself? I don't really think so and without the mil rate going up the following year. Comm. Stone said we can't speak about the next contract because it hasn't started yet.

Jeff Cross asked has the Board contacted an attorney regarding bankruptcy and how that would affect our liabilities. Comm. Stone said the process is called Chapter 9. We discussed that option with Sean Grady. The current Board wanted to wait until the next Board is seated. It doesn't make sense to have 2 members making a decision and then leave. We would have to talk to an attorney about the liabilities.

Mike Helechu asked Acting Chief Provencher if the budget meets his needs from an operational stand point. Acting Chief Provencher said it does. Cuts were made to some line items. It looks good from a training perspective.

Steve Cogtella asked about the training center. Acting Chief Provencher said land for the project has been donated. The chief's association has applied for several grants to help complete the process. A burn building is being developed.

Mike Helechu asked about charter expenses. Comm. Stone said that was in last year's budget.

Paul Clifford asked is this the only fire department that deals with heart & hypertension. Comm. Stone said it is not the only one that qualifies. It's the only one that has active claims. Mr. Clifford asked is that a State program for firefighters. Comm. Magistri said it is public mandate.

Marge Perry asked how long it has been since the other departments have had full time employees. Acting Chief Provencher said since the 1990s for a good majority of them. Now they have full time employees with supplemented firefighters.

Marge Perry asked what does a person's rating have to be before that person can't be an active firefighter. Comm. Reidy said there is no such number. Acting Chief Provencher said a person can work as long as they receive written clearance by their doctor and are deemed fit for duty.

Mike Helechu asked can a person collect H&H while on duty. Marge Perry said yes. Steve Cogtella asked is there an offset in that person's pay. Acting Chief Provencher said no. Comm. Stone said a person receives a stipend to cover a permanent partial disability loss. Acting Chief Provencher said they receive a disability rating for the damage done to their heart. Comm. Stone said health insurance is also provided for the entire time that rating is in place. Mr. Cogtella said a person doesn't collect their full pay for workers' compensation. Comm. Stone said last year the Board adjusted the Workers' Compensation policy. An employee directly receives a check from Workers' Comp and the district will compensate for any difference in pay. Mr. Cogtella asked what the policy was beforehand. Comm. Stone said we would pay them their full pay and they would give us their worker's comp check.

Marge Perry said the number of H&H cases has been going down statewide. Comm. Stone said I don't agree with that. If the Board gets advice from our attorneys that there is even a potential to possibly not make those payouts then we are fighting those cases.

Steve Cogtella said I am not clear on the heart & hypertension situation. So if somebody has heart & hypertension that person could work as well? Comm. Stone said if an employee lost their hand we would have to compensate them for the loss of that hand. We would have to make payments over time for the value of that hand. That employee will also have additional insurance needs. Mr. Cogtella said I am thinking in terms of high blood pressure. So a person could work as a firefighter if he has high blood pressure? Comm. Stone said yes. Mr. Cogtella asked how a person with hypertension can come back to work if it is considered a disability. I don't understand how a person can collect a stipend and still get their full amount of pay. Acting Chief

Provencher said that person is collecting for the damage done to their heart. Pat Compositor asked if you have damage to your heart how can you be a fireman. Acting Chief Provencher said a doctor can clear a person for work even with a heart related issue. Comm. Reidy said it is much broader than just high blood pressure. We are paying for the damage that was done to the heart. Ms. Compositor said how you can be able to fight fires if there is damage. Pat Crowley said the State sets the rules not our Commissioners.

Steve Cogtella asked does the district have its own physician. Comm. Stone said we are not allowed to do that. Mr. Cogtella asked why. Comm. Stone said it is the Workers' Compensation Board. Comm. Reidy said we could use an independent medical examiner.

Paul Clifford said we been discussing high blood pressure. How come it isn't related because your heart has to work harder because of the high blood pressure? Steve Cogtella said I don't consider it a disability if you take medication and get your blood pressure under control. Comm. Stone said the damage is subjective.

Mike Helechu said I understand the circumstances about last year's budget. It is going to be a negative thing for the residents of this district not having a reduction in the mill rate. What are you going to say to the public about this? Comm. Stone said that is what this meeting is for. There is no mil rate. The mil rate will be set by the next Board. Mr. Helechu said there could be a potential backlash. Comm. Reidy said the mil rate would have gone down if we had the motor vehicles. Our auditors were very firm about not lowering the mil rate. Comm. Magistri said if we lowered it we would be the hero this year but next year it would go up even more. Acting Chief Provencher said his goal working with the auditors was to close the gap between assets and liabilities by 50 percent over the next 5 years. It is going to take a lot of work but it's a realistic goal.

Pat Crowley said the district was protected by increasing the mil rate last year. Any time you don't have a tax increase the budget is going down. I think the Board did the right thing by putting some money in reserves.

Steve Cogtella said the only thing I disagree with is it cannot keep going up every year. Something's got to be level somewhere. Comm. Reidy said but look at what that did to the Town. Pat Crowley said everything is going to continue to go up. We have to look at other ways to offset this. Maybe we can look into solar panels. Comm. Reidy said we can't put solar panels on the roof because the metal trusses are not strong enough to hold them up.

Steve Cogtella said Worker's Comp can come evaluate the station and suggest ways to improve things. Comm. Reidy said the firefighters do go through training for safety. Mr. Cogtella asked is there an amount of time a person can be out of work before they are let go in our labor contract. Comm. Stone said not in our current contract.

Jeff Cross said everyone in this room went through 2013 and the lie that was sold to us by a commission by reducing the mil rate. That has led us to where we are today. At least this Board has the gumption to not do that. Comm. Gaskell said we could reduce the pension funding but then we would be going backwards again.

5. Discussion and Action of Proposed Budget:

Discussed during the previous agenda item.

6. Adjourn:

MOTION to adjourn made by Comm. Reidy, seconded by Comm. Gaskell. All in favor by ayes at 8:24 pm.