

**Mountain Vista Fire District Board Meeting
2292 W Magee Rd, Suite 180-190**

Monday, May 2, 2011

WorkStudy Minutes

Agenda

- I. CALL TO ORDER at 5:00 PM by Chairman Archuleta followed by ROLL CALL

Members Present

Peter Archuleta, Chairman
Mike Treece, Treasurer
Donna Heidinger, Clerk (PRESENT BY PHONE)
Jerry Phillips, Director
Earle Ruhnke, Director

Absent

Staff Present

Scott Butler, Administrative Chief
Lorrie Palmquist, Executive Asst

The Pledge of Allegiance was recited by all present.

- II. WorkStudy Session to discuss the FY 2011-12 Budget draft

Administrative Chief Butler directed the Board to their packets which include the budget worksheets. Chairman Archuleta asked each Board member for comment. Director Phillips stated that the budget projections are thorough and he had no questions. Director Ruhnke agreed and had no questions. Treasurer Treece expressed concern that the annexation issue is not represented in a line item on the proposed final budget. Clerk Heidinger noticed that the Board expense line item was zeroed because there will be no Board elections in the next fiscal year.

Chairman Archuleta stated that he had a short meeting with John Karolzak (RM) last Wednesday. They spoke about cost-plus and future annexation issues. Chairman Archuleta suggested that Mr. Karolzak submit a proposal to the District regarding a cost-plus contract and RM's vision for the annexation process. Mr. Karolzak mentioned the possibility of using subscriptions and may put that scenario into his proposal. He stated that it will take up to 50 days to prepare such a proposal.

Treasurer Treece stated that the District needs to know if we are going to a cost-plus contract with RM before a final budget can be prepared. He also commented that the District needs to consider rental income from RM for their space in the new administration building. He commented that the District needs to have a worksheet regarding RM costs vs revenue. Chief Butler commented that RM refused to pay rent for the housing of the rescue unit at the Shannon building. And, once they dedicated the vehicle it is being housed at no cost. He further commented that it may not be reasonable to include rental income from RM unless it is part of a cost-plus agreement. Chairman Archuleta stated that he sensed RM wants a cost-plus contract ASAP and that the issue is in their court while they are preparing a proposal. Chief Butler commented that the District will pretty much be out of sequence with annexation for FY 11-12 because RM is not planning to give us a proposal until June. Chairman Archuleta commented that it may be good because the District needs time for a financial analysis. Chief Butler

stated that the current RM contract is in effect for 3 years. Chairman Archuleta commented that the District can start looking into potential annexation, but we will not be ready to put anything in place by September since the District will not be able to negotiate with RM in a timely enough fashion. Treasurer Treece commented that he is not convinced RM is on board with the annexation issue. He further stated that he believes the District needs to put a little pressure on RM to come up with their proposal faster. Treasurer Treece wants to begin annexation around station 80. Chief Butler commented that the District needs to do an assessment of the proposed annexation area.

Chief Butler commented that establishing a tax rate is dependent on the snapshot of the District's operating budget for FY 11-12. He further commented that the District will still have funds available through capital reserves to do an annexation, but that this draft budget contains identified income and expenses for the next fiscal year. This budget is to set the tax rate for the next fiscal year. Treasurer Treece commented that if we plan to make substantial use of capital funds, then we need to tell people in the budget. Chairman Archuleta asked the Board if they desire to include a line item for annexation in the FY 11-12 budget. Chief Butler responded that the next fiscal year may be more appropriate when we actually have the model in hand. He further commented that if we were to do a subscription revenue model, then the District is looking at funds available through selling subscription contracts. Chairman Archuleta said Mr. Karolzak indicated that RM is interested in a subscription model of some kind because it will keep money coming in during the annexation process. Chief Butler commented that once the District triggers a cost-plus contract then we go to subscription revenue and we may recognize a drop off in participation. He further commented that in the initial discussions of the annexation, the foothills area was broken into 4 sections to try and avoid that problem. Treasurer Treece stressed that the District has to market our best service at the best rate in order to capture the foothills. Chairman Archuleta summarized that the Board is in favor of annexation and needs to determine how to approach the issue and still meet the September deadline without RM input.

Chairman Archuleta opined that the District has 4.2 million in capital funds PLUS the budget, giving the District a 9 million actual budget, so he questioned why raise the tax rate. Treasurer Treece clarified that the audit report states the capital funds on hand for future projects. Chief Butler suggested that the audit report be posted on the Website to disclose the capital reserve funds.

Treasurer Treece suggested that the District should not wait for RM on the issue of annexation. Chief Butler commented that other districts do annexations without RM. Treasurer Treece suggested that the District do their own mapping and go ahead with annexation and not be at the mercy of RM. Chairman Archuleta commented that NW Fire District disclosed their capital improvements budget and MVFD should too. Chief Butler commented that the District needs to keep a pool of 1.5 million available to pay operations while we are waiting for first quarter tax revenue. He further stated that the District would have to do 2 annexations before we commit to building a station or adding personnel, and that without knowing the size of the annexations and the revenue associated with it, we cannot budget for it. Chairman Archuleta inquired about how long an annexation would take. Chief Butler responded 12 to 18 months dependent on the different socioeconomic infrastructure complete with residences, businesses, homeowners associations, etc.

Chairman Archuleta wants a line item identified on the FY 11-12 budget regarding an expansion study/annexation study. He suggested that the line item be a reclassification from the budgeted contingency. Chairman Archuleta pointed the Board toward addressing setting a tax rate and addressing whether to add a fulltime staff position. Treasurer Treece commented that the net assessed value has dropped and because no other District is coming close to our tax rate, we need to keep our 1.25 tax rate. Chairman Archuleta suggested that the Board allocate funds as a line item for an annexation "study" because he would rather see the District take time to study and be prepared for

annexing the foothills area. Clerk Heidinger commented that she does not want the District to drag its feet on the marketing issue. Chairman Archuleta stated again that the Board needs to come back to the issue of setting the tax rate. Clerk Heidinger inquired if other Districts are raising their rates. Chief Butler responded that almost all Districts may raise their rates. Chief Butler reminded the Board that this is a workstudy session and the Board cannot vote on anything, but can give staff direction to bring a proposal back to the regular Board meeting on May 16 . Chairman Archuleta asked staff to reclassify the contingency as \$200,000 for annexation study and \$50,000 for marketing. Treasurer Treeece commented that he prefers to identify at least an estimate of what the District plans to use funds for rather than showing a large contingency. Chairman Archuleta asked for a total of 4 new budget drafts: (1) at 1.2549 tax rate with the proposed fulltime position (2) at 1.2549 tax rate without the fulltime position (3) at the 1.299 tax rate with the fulltime position and (4) at the 1.299 tax rate without the fulltime position -- all budget drafts to include the reclassification of \$250,000 from contingency into \$200,000 for annexation and \$50,000 for marketing services. Clerk Heidinger inquired about a breakdown for the Furniture & Fixtures capital outlay. Chairman Archuleta asked that the May 16 agenda include an executive session to address the personnel issues.

III. ADJOURNMENT

Clerk Heidinger moved to adjourn the workstudy session.
Chairman Archuleta seconded.
Meeting adjourned at 6:50 PM.

Approved By: _____

Date: _____