

**Board of Directors
Minutes**

Regular Meeting

June 24, 2008

Pursuant to the proper public notice, a regular meeting of the Board of Directors of Klamath County Fire District No. 1 was held at The Center for Occupational Health, 2621 Crosby Ave., Klamath Falls, OR 97603

Members Present: Gloria Storey, President
Alan Scott, Vice President
Stewart Tittle, Secretary-Treasurer
Rod Green, Director
Mike Harrigan, Director

Members Absent:

1. Call Meeting to Order

President Storey called the meeting to order at 7:00PM

2. Pledge of Allegiance

President Storey led the Board and attendees in the Pledge of Allegiance.

3. Approval of Agenda

A motion to approve the agenda was made by Director Green, seconded by Vice President Scott, carried unanimously.

4. Public Hearings

a. Proposed Budget for Fiscal Year for 2008-2009

Finance Officer Phil Hull presented the Board with two replacement pages for their Board packets. The first replacement pages are for pages 15 & 16 (handwritten) of the Board packet. The second replacement page was for page 48 in the Board packet.

Phil then highlighted the changes on these replacement pages. He reviewed page 15, which was the debt service fund. Phil checked with the Department of Revenue and he changed the Bond Interest Payments from \$68,950, which represented an approximate \$35,000 change from the approved budget, which is over 10% of the debt service fund. Phil indicated that it would take a meeting of the budget committee to make this change. He reported that the District will have a supplemental budget to address this issue. Phil also pointed out another change on page 15. He recommended making the transfer of the Total Resources, \$130,000, and then through the supplemental budget appropriating the remaining \$35,000. The Board did not have any questions on these changes. Phil then moved on to replacement page 16. He reported that President Storey had pointed out that the Adopted Column was \$1 off. Phil indicated that this was caused by the formula in the spreadsheet rounding off. Phil adjusted these totals to match. Regarding replacement page 48, Phil pointed out that the Resolution was updated due to the changes on made pages 15 & 16.

Phil asked if the Board had any questions or comments regarding the budget. President Storey reported that she had already spoken to Phil about where the interest is shown on the budget for loans the District has to pay back. Phil indicated that this amount is split among the departments percentage wise. She said the other item was where Dr. Ritter's fees were shown and Phil answered that for her. That was all the questions she had. There was no further discussion.

5. Public Comment

President Storey asked if there was any public comment. Shane Malone, President Local 890 commented "After reviewing the recommended budget by the Budget Committee, we found a few glaring issues. The Budget shows \$60,000 for Unappropriated Ending Fund Balance for the ending of the 2008-2009 budget. We feel this amount is extremely weak when viewed with loans to the Ambulance Enterprise Fund, this number will quickly go into the red. Also troubling is the factors no budgeted dollars for these loans which leads to the question as to the accuracy of the budget. The Ambulance Enterprise Fund currently owes \$755,000 to the Suppression side, where as repeatedly stated not one tax dollar goes to the Ambulance Enterprise Fund. With no ability to repay, this statement is less than accurate. The current financial statement shows the Ambulance Enterprise Fund is more than \$300,000 in the red and will be an estimated \$350,000 in the red on June 30, 2008. If the District makes another loan to the Ambulance Enterprise Fund, we will even more than \$1,000,000 in debt. This will throw off the Ending Fund Balance for next year making it a -\$290,000. Right now it is showing \$60,000 in the black, with an estimated \$400,000 in the red at the end of 08-09 making the balance \$690,000 in the red of the Ambulance Enterprise Fund 08 \$1,505,000. No banking institution will continue to give loans year after year without payments and collateral, which the fund has neither. 2009-2010 budget year should be a costly year because we should be buying a couple of new ambulances to keep the failing business running. This will add another \$300,000 which does not include an estimated \$500,000 of operating costs for another grandiose lump of \$800,000, for a total debt \$2,305,000. This amount would pay off the bond that was taken out to build the new fire station, plus some needed equipment to do suppression related duties and safety equipment that we are lacking. This seems ridiculous to be contemplating opening a new station with such financial problems. It is even more disturbing this Board continues to approve expenditures it cannot afford and pushes to open a new fire station which will only exacerbate the deficit spending with no regard for the future. We are fast becoming like the Federal government who is clueless as to how they will pay for the services they are providing. As representative of the Klamath Basin Firefighters, we highly recommend the District reanalyze the budget and make expenses match our revenue. Anyone can balance a budget when they plan on taking loans out every year to make it balance. Just four years ago we were saving money. Now it appears we can't spend it fast enough. Thank you."

President Storey asked for any further public comment. Vice President Scott asked if the budget was published in the newspaper so that the public knows what the Board is doing. Phil replied that it was published. There were no further public comments.

6. Financial Reports

a. May 2008 Report

Phil presented the financial report for the month of May. The District is currently 92% through the year. President Storey clarified that the cash balance at the end of May 2008 is \$2,135,134.58. Phil responded that was correct. Phil also presented the Board with a Cash Projections for the next year. The Board indicated that they would like to see this every month. There were no questions regarding the Cash Projections.

Phil continued on with the Fund Summaries. General Fund Revenue is at 100.2% and Expenditures are at 77.8%. Ambulance Fund Revenue is at 65.9% and Expenditures are at 81.9%. The Suppression Division is at 79.5% expended, Prevention is at 73.9%, Administration is at 68.1%, Training is at 71.6%, and Hazardous Materials is at 70.6%. President Storey inquired about the Suppression Salaries and Wages. Wages for the month of May were \$236,057.56 and we currently have an unexpended amount of \$226,891.43 going forward for the month of June. She asked if the District would be spending more in salaries and wages for June than what is budgeted. Phil stated

that this number can fluctuate. Phil indicated that he does not see the District going over the total Personal Services amount for the fiscal year. After the discussion, Vice President Scott made a motion to accept the financial reports for May, seconded by Director Green, carried unanimously.

b. 2007-2008 Fiscal Audit

Phil reported that Rusth, Spires, & Menefee will no longer be conducting municipal audits. The District will need to find a new auditing firm. President Storey spoke with Brian Menefee and he indicated there is a web site of the Auditor's Association that lists all of the auditing companies that provide these services. Attorney Gourley will research if the District needs to put out a Request for Proposal. Phil indicated that the cost of the audit may go up due to travel costs.

7. Action Items

At this time, the Board is now acting as Contract Review Board and will take up the matters of:

a. Approval of the Fire Chief to sign the KCICG Intergovernmental Agreement

Operations Chief Spradley presented a copy of the Klamath County Interoperable Communications Group Intergovernmental Agreement to the Board. This agreement is between all of the agencies that currently use the radio communications system in Klamath County. The cost for each agency required for annual maintenance and operations is based on the amount that agency uses the system. President Storey asked who governs what the individual fees are. Chief Spradley reported that the fees are set by the Board of Directors of the organization. She asked if the Board also authorizes all of the purchases. Chief Spradley confirmed that the Board does authorize them and the District does have a seat on the Board. President Storey asked Attorney Gourley if he had reviewed the agreement and he indicated that he had. Chief Spradley also reported that this same agreement has also gone through County Council.

President Storey had questions regarding some of the verbiage in the contract and who makes up the Board of the group. She asked what would happen if there was a catastrophe and the group needed a million dollars. Chief Spradley indicated that the users would have to compensate for the loss. President Storey asked about the Duration of the Agreement and the statement that the agreement remains in effect until terminated. Chief Wenzel clarified that as long as the agreement is signed by an agency, that agency is active. If the agency opts out of the agreement, they stop paying the dues, but also stop using the equipment.

Vice President Scott asked who else had signed the agreement. Chief Spradley confirmed that everyone on that list is going through the same process with their Boards to get the agreement signed. Keno Fire and the Klamath County Sheriff's Office have already signed agreements. Secretary-Treasurer Tittle voiced his concerns regarding entering into another contract until the District is clear of its financial condition. Vice President Scott concurred with Secretary-Treasurer Tittle. After the discussion, Secretary-Treasurer Tittle made a motion to table this item until next month, seconded by Vice President Scott, carried unanimously.

b. Extension of Contract with Attorney Gourley

Attorney Gourley's current contract expires on June 30, 2008. The Board was presented with a copy of the contract, with the hourly rates left blank. Attorney Gourley asked the Board to consider raising his fees from \$100 to \$120 an hour; this would be an increase from \$2,500 to \$3,000 a month. Director Harrigan made a motion to increase Attorney Gourley's fee to \$3,000 a month, seconded by Director Green, carried unanimously.

At this time, the Board is no longer acting as the Contract Review Board and the next item on the agenda is:

c. Resolution 08-05 – adopting Fiscal Year 2008-2009 budget, appropriating expenditures, imposing and categorizing the tax

Phil reported that he has contacted two companies regarding a loan to cover some expenses through November. He handed the Board a copy of rates from Wedbush Morgan Securities, which is the Special District's FlexLease Program. Also in the handout was a letter from South Valley Bank and Trust. Phil indicated that Wedbush Morgan has the lower prime interest rates, but whatever amount that is borrowed is borrowed for an entire year. Using the current prime, it would be about \$56,000 in interest charges. South Valley has a higher rate but the interest is only on what we borrow and the loan would be paid off in November. President Storey asked if the Board had any questions regarding this item. The Board had none.

Phil then reviewed Resolution 08-05. Secretary-Treasurer Tittle asked if the District expects to receive \$14 million dollars in receipts. Phil replied that on a cash basis the District is looking at \$6.8 million from property taxes and net cash from the Ambulance of \$1.7 million. He indicated that it would be a total of \$8 million - \$9 million. Secretary-Treasurer Tittle then asked what the District's cash expenses are. Phil replied they are around \$10 million. Phil indicated that with contingencies and fund balances technically the District does have a balanced budget.

Vice President Scott asked about when the current property tax rate of \$2.88/\$1,000 was increased. Phil replied that it hasn't been changed since he has been in his position. In 1994/1995 the Board lowered the rate from \$3.18 to the current \$2.88. Vice President Scott asked what the District has to do to raise this rate back up. Attorney Gourley will find out the process for doing this. The Board agreed that any increase would help. Chief Wenzel will work with Attorney Gourley and Phil and report back to the Board.

A motion to read Resolution 08-05 by title only was made by Secretary Treasurer Tittle, seconded by Director Green, carried unanimously. Stacy Brainard read Resolution 08-05 by title only. This is a Resolution to adopt the budget for fiscal year 2008-2009. Vice President Scott asked the Board approves the budget as read, can the District make a change in the \$2.88 assessed value. President Storey replied that if it went to the voters in November, it would not take effect until the following year. Director Harrigan asked what costs were associated with putting anything on the ballot. President Storey said that the District will have to research this option. A motion was made to approve Resolution 08-05 by Secretary-Treasurer Tittle, seconded by Vice President Scott, carried unanimously.

d. Resolution 08-04 – Establishing Ambulance Rates for Fiscal Year 2008-2009

Chief Wenzel clarified that these are the rates that are currently in effect. This would just continue the current rates. Training Chief Keady indicated that in the last six months, the District has increased, and added, several of the rates. At this time, increasing the ambulance rates would not be in the best interest of the District. A motion to read Resolution 08-04 by title only was made by Vice President Scott, seconded by Director Green, carried unanimously. Stacy Brainard read Resolution 08-04 by title only. This is a Resolution to establish ambulance rates for the Fiscal year 2008-2009. A motion was made to approve Resolution 08-04 by Vice President Scott, seconded by Director Green, carried unanimously.

e. Approval from the Board for SAFER grant application

Chief Wenzel asked for a motion for approval of the District to apply for a SAFER Grant. This is a grant from the Federal government for funding for six firefighter positions. A motion was made to

approve the District to apply for a SAFER Grant by Vice President Scott, seconded by Director Green, carried unanimously.

f. Appointment of Chief Wenzel as the Budget Officer

A motion to appoint Chief Wenzel as the Budget Officer was made to by Vice President Scott, seconded by Director Green, carried unanimously.

g. Approval of the May 20 Regular Meeting Minutes

Director Green made a motion to approve the minutes, seconded by Vice President Scott, carried unanimously.

h. Ratification of May 2008 Bills

Vice President Scott as if there has been a drop in month-to-month expenditures. Phil reported that is a concerted effort to cut costs. Overall, expenditures have remained consistent. Vice President Scott is looking for an attitude of not spending money if we don't have to and people being very careful about how they spend money. President Storey asked about the charges on Stacy Brainard's credit card for two people traveling to Santa Anna for the Telestaff conference. Stacy indicated that the flight to Santa Anna was a few dollars more, but they won't have the expense of renting a car for travel. A motion was made for ratification of the May 2008 bills by Vice President Scott, seconded by Secretary-Treasurer Tittle, carried unanimously.

8. Informational Reports

a. Jeff Griffin, Wilson Heirgood – Update on insurance

Jeff Griffin with Wilson Heirgood asked to speak to the Board regarding the District's insurance benefits. He asked for permission to meet with the Insurance Committee with all members in full attendance. In addition, Gordon Groshong presented a packet of a summary of what Wilson Heirgood has done for the District since they started our service in 2000. He reviewed the summary with the Board. Gordon apologized to the Fire District for getting sideways with the Union representatives on the Insurance Committee. He also asked for the opportunity to meet with the committee and repair that relationship.

Administration

a. Update on Lakeshore Fire Station

Chief Spradley updated the Board on the progress of the Lakeshore Fire Station. Since last month's report, the fiber installation is nearing completion, the phone system is scheduled to be installed soon, the washer/extractor is installed and operating, and the bid for the tone-out system is still pending. All supplies for the station are in the process of being ordered and delivered. President Storey indicated that she would like to see the station. Vice President Scott indicated that he would also like to see it. Chief Wenzel set up a tour on Thursday afternoon.

b. Update on the Strategic Planning Process

Stacy Brainard gave a report on the status of the current Strategic Plan and the process for moving forward with the next revision. Vice President Scott volunteered to represent the Board of Directors on the next Strategic Plan Committee.

c. OFDDA/OFCA Conference

Stacy reported that the District received the preliminary flyer on the OFDDA/OFCA conference in November. No further information is available at this time. Stacy asked if anyone might be interested in attending. President Storey indicated that she does not have to pay for registration since she is a past-president. She would like to attend and ride up with someone. Chief Wenzel reported that he plans on going. Stacy will get more information out to the Board when it becomes available.

d. May 2008 Web Site Statistics

The Board reviewed the May 2008 Web Site Statistics.

e. July Chief Officers and Duty Chiefs schedules

The Board reviewed the July Chief Officers and Duty Chief Schedules.

f. Thank you letters

The Board received a copy of all the thank you letters received by the District in the past month. President Storey commented that she got a chance to see the fire on 6th street and to watch our department at work. She commented that she felt they did an excellent job.

g. June Fire Chief's Community Activity Memo

Chief Wenzel presented his monthly community activity to the memo.

h. Other reports of the Fire Chief

Chief Wenzel reported that members of the District participated in a county-wide, two-part drill. This included the newly formed Klamath County Incident Management Team. The first day was a table-top drill and the second day actually took place out in the field. Chief Wenzel also reported that this drill brought forth the fact that the county is inadequately prepared for an emergency operations center. The City Police Department has agreed to let the county use a portion of the armory for the EOC for the county.

A few other issues were identified during these drills. After the drill, Chief Spradley went up to Chiloquin to shadow the incident commander during a wildfire and Chief Keady went down to Happy Camp to shadow operations at that wildfire. This shadowing allows us to be better prepared for our own incident.

Operations

a. Captain's Examination Committee

Chief Spradley reported that the District received 13 applications for the Captain's Exam. All 13 were accepted. The written examination will be held at 09:00 on July 14th. The assessment center will be July 29th and possibly July 30th, based on the amount of people participating.

b. Incident Activity through May 31, 2008

Chief Spradley reported that the District is running about 40 fewer calls then this time last year. Secretary-Treasurer Tittle commented on how dry and extreme the conditions are in our area.

c. June Operations Chief Community Activity Memo

Chief Spradley presented his community activity memo. President Storey asked about the citizen report of possible hydrant tampering. Chief Spradley reported that this was a report from a citizen in Southview that they had some questions/concerns on some hydrants in their area. She also asked about the Portland Street access closure status. Chief Spradley reported that this has been tabled by the City for more research on additional options to be done.

Training/Ambulance

a. June Training Calendar

Chief Keady reviewed the training calendar for the month of June.

b. May Training Statistics

The Board reviewed the actual training statistics for the month of May.

c. June Training Chief Community Activity Memo

Chief Keady presented his monthly community activity memo. He reported that he spent a lot of time this past month on preparation for the county-wide drill. President Storey asked what kind of dispatch issues we are having with Doris. Chief Keady replied that there have been some changes to run cards that need to be reviewed.

d. EMS Billing Reports

Chief Keady presented an informational report to the Board. Vice President Scott asked about out-of-town training and limiting it to only things that are required for certification. Chief Keady has changed the focus of sending a few employees to out-of-town training to actually bringing in the quality instructors to teach everyone.

Prevention

a. June Fire Marshal Community Activity Memo

Chief Kenworthy was in Salem for an appeal hearing to a code decision that he has made up at OIT. Chief Wenzel added that Chief Kenworthy and two of the Deputy Fire Marshals also participated in the Air Show on June 22nd.

9. Adjourn

The Board adjourned to Executive Session at 8:50PM.

Executive Session – Under section 192.660 (2) (h) Consultation with Legal Counsel, and under section 192.660 (2) (d) to conduct deliberations with the persons designated by the governing body to carry on labor negotiations. The Board of Directors will not reconvene to regular session.

The next regularly scheduled meeting of the Klamath County Fire District No. 1 Board of Directors will be at The Center for Occupational Health, 2621 Crosby Ave., on Tuesday, July 15, 2008 at 7:00 PM.

BOARD MEMBERS SIGNATURES

PRESIDENT

VICE-PRESIDENT

SECRETARY / TREASURER

DIRECTOR

DIRECTOR