

APPLE VALLEY FIRE PROTECTION DISTRICT

22400 Headquarters Drive ☐ Apple Valley California 92307
(760) 247-7618 ☐ FAX (760) 247-3895

MINUTES OF SPECIAL BOARD MEETING BOARD OF DIRECTORS

June 16, 2016

- 1.0 CALL TO ORDER: President Leary at 6:05 PM
- 2.0 PLEDGE OF ALLEGIANCE: Vice President Jeffs
- 3.0 ROLL CALL:
Present: Director Savage, Director Karen, Director Tinsley, Vice President Jeffs, President Leary
Absent: None
- 4.0 SPECIAL ANNOUNCEMENTS/PRESENTATIONS:
 - .01 Prior to proceeding with the agenda items, President Leary addressed the assembly explaining that he wanted to have an open discussion and exchange with everyone present.

President Leary went on to invite all parties to address comments or questions during the meeting as topics came up. He also noted that he would open up the meeting for comments at the conclusion.
- 5.0 PUBLIC COMMENT: None
- 6.0 DIRECTORS' RESPONSE TO PUBLIC COMMENT: None
- 7.0 PRESENTATION AND DISCUSSION ITEMS:
 - .01 Consultant Update: Fire Chief Hultquist gave a briefing with a few PowerPoint slides (Attachment A) to update the Board on the Lew Edwards Group (LEG) Consultants. He noted that a conference call had taken place between the Fire District and LEG regarding the upcoming tax measure. Among items discussed were Station closures, current political climate and the option to conduct a tracking survey. He added that there had also been discussion between District Staff, LEG and the District's attorney at BB&K regarding Assembly Bill 809 and how it will affect ballot language. The Fire Chief presented further information to the Board regarding the LEG tracking survey in order to assist with the decision to go forward with the survey or decline that option. Discussion between Board Members and Staff followed the Fire Chief's presentation.
 - .02 20-Year Financial Forecast/Staffing Options: Finance Officer Brown presented a PowerPoint presentation (Attachment B) explaining the approach taken to establish the 20-Year forecast. Among the items presented were assumptions, forecast with existing operations and increased service levels, special tax funding and potential staffing scenarios. Finance Officer Brown answered several questions following the presentation regarding property tax assumptions and the conservative approach to budget and forecasting. Ms. Brown added that the 2016/2017 budget is a good budget to base forecasted numbers on and noted that District Staff is very conservative with spending. Additionally she emphasized that the budget and forecast will be reassessed on an annual basis.
- 8.0 ACTION ITEMS:
 - .01 Selection of Special Tax Measure Option to Replace Measure V: Fire Chief Hultquist presented the Board with several staffing options (Attachment C) to supplement the financial cost information presented by Finance Officer Brown. He emphasized the increase in calls, number

of medical aid calls and sustainability of services for 20-years. A lengthy exchange regarding staffing and the associated cost followed the Fire Chief's presentation.

M/S Karen/Savage approving staffing option of three person crew consisting of one Captain, one Engineer and one Firefighter/Paramedic and an additional two person crew consisting of one Captain and one Firefighter/Paramedic with the associated cost for this staffing option for the Special Tax Measure equaling \$126.90 annually with the same 2% CPI as the Jarvis tax group recommends and that is used for all property tax.

- .02 Amendment to Lew Edwards Group (LEG) Contract: Concurrent to the discussion regarding staffing, the Board and Staff discussed the option to conduct a tracking survey through the Lew Edwards Group. Topics reviewed included having the survey provide talking points and ballot language direction for the Special Tax Measure.

M/S Leary/Jeffs approving amendment to Lew Edwards Group contract to include a tracking survey not to exceed \$24,000, to be completed by July 15, 2016 and results presented to the Board of Directors at the July 19, 2016 Board meeting.

9.0 STAFF COMMENTS: None.

10.0 DIRECTORS' COMMENTS:

.01 Director Savage:

- a) Thanked Fire Chief Hultquist and Finance Officer Brown for their presentations and input.
- b) Thanked Jessica for her 20-Year forecast emphasizing everyone's due diligence and planning ahead.

.02 Vice President Jeffs:

- a) Thanked everyone for their hard work.


.03 President Leary:

- a) Thanked everyone for all information gathered and noted he feels we have arrived at a good decision.
- b) Thanked Bob and Jay for attending meetings and representing the Board.
- c) Thanked Doug Qualls and Cliff Earp for all their work on the Special Tax Measure

11.0 FUTURE AGENDA ITEMS: None

12.0 ADJOURNMENT: The meeting was adjourned at 7:35 PM M/S/P Tinsley/Jeffs.

ATTEST:


KIMBERLY D. LOPEZ
Recording Secretary


DANIEL J. LEARY
President

UPDATE ON CONSULTANT

- June 3rd Conference Call – Hultquist, Tinsley, Garrison, Qualls
 - Provided District Update – Social Media, Press Release, Presentations, Station Closure Signs, change in strategy \$\$ amount
 - Consultants Update – Changes in legislation (AB 809). Changes in the Global environment
 - Thousands of new voters / High Turnout – Could Help Us
 - Controversial Campaign that could include a lot of rhetoric
 - Could hurt us
 - Consultant Transition back in
 - Assist with Ballot Question / Preparing for Election / Public Education Campaign – Conference call with BBK

CONSULTANT RECOMMENDATION OF TRACKING SURVEY

- The poll will help us provide relevant information to the public should the District decide to place a potential measure on the ballot.
- There has been significant changes in legislation since the initial poll and its prudent we look at how these changes could potentially affect the viability of the measure.
- Upon recent evaluation regarding rates and what is at stake, we want to ensure the District Properly evaluates it's options and is able to speak to our residents effectively and with clarity to help them understand the potential issue.
- The political climate has changed since the baseline, this will allow us to look at how State measures as well as a Trump/Clinton presidential race could impact the community's perception of the potential measure.

TRACKING SURVEY

- Cost \$23,350
 - Budget Adjustment for one time funding out of fund balance
- Try to Start June 20th, survey before 4th of July weekend
- If to early then survey right after 4th of July with results back before the July 19th Board meeting



Assumptions – Revenue

REVENUE CATEGORY	ANNUAL GROWTH
Property Taxes	2%
Use of Property and Money	2%
Charges for Services and Other Revenue	Various



Assumptions – Expenditures

EXPENSE CATEGORY	ANNUAL GROWTH
Staffing Expense	Various
Operating Costs	2.5%
Administrative Costs	2.5%
Debt Service	No Change
Appropriations for Contingencies	No Change



20-Year Forecast Existing Operations - Revenue

	TOTAL FORECASTED (20 YEARS)
Property Taxes	134,566,049
Special Taxes (Current Measure)	0
Use of Property and Money	5,873,673
Charges for Services and Other Revenue	23,371,068
Total Revenues	163,810,790



20-Year Forecast Existing Operations - Expenditures

EXPENDITURES	TOTAL FORECASTED (20 YEARS)
Staffing Expense	157,636,569
Operating Costs	35,850,518
Administrative Costs	14,090,155
Debt Service	90,000
Appropriations for Contingencies	200,000
Total Expenditures	207,867,242
Revenues Over/(Under) Expenditures	(44,056,452)
Other Financing Sources (Uses)	
Transfers Out	(1,000,000)
Total Requirements	208,867,242



20-Year Forecast Existing Operations

	TOTAL FORECASTED (20 YEARS)
TOTAL REVENUES	163,810,790
TOTAL EXPENDITURES	207,867,242
REVENUES OVER/(UNDER) EXPENDITURES	(44,056,452)
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)
NET CHANGE IN FUND BALANCE	(45,056,452)



20-Year Forecast Increased Service Levels

Increased Service Level		20 Year
Option	Staffing Scenario	Forecasted Costs
FT Engine Company	Three Man Crew - CAPTAIN/ENG/FF PM	37,180,504
Option One	Two Man Crew - CAPTAIN/FF PM	26,226,615
Option Two	Two Man Crew - CAPTAIN/LT FF	20,268,612
Option Three	Two Man Crew - FF PM/LT FF	17,453,013
Option Four	Two Man Crew - LT FF PM/LT FF	12,296,581
Option Five	Two Man Crew - FF PM/FF	22,697,189



Special Tax Funding Options

Special Tax Revenue W/OUT CPI			
Monthly Assessment Increase	Total 20 Year Forecasted Revenue	Revenue Needed to Support Existing Operations	Revenue Available to Increase Services
\$1.99	65,981,745	45,056,452	20,925,293
\$2.50	70,752,365	45,056,452	25,695,913
\$2.99	75,335,885	45,056,452	30,279,433
\$3.50	80,106,505	45,056,452	35,050,053
\$3.99	84,690,045	45,056,452	39,633,593
\$4.50	89,460,665	45,056,452	44,404,213
\$4.99	94,044,205	45,056,452	48,987,753
\$5.50	98,814,825	45,056,452	53,758,373
\$5.99	103,398,365	45,056,452	58,341,913
\$6.50	108,168,985	45,056,452	63,112,533



Special Tax Funding Options

Special Tax Revenue W/ 2% CPI			
Monthly Assessment Increase	Total 20 Year Forecasted Revenue	Revenue Needed to Support Existing Operations	Revenue Available to Increase Services
\$1.99	79,729,376	45,056,452	34,672,923
\$2.50	85,525,051	45,056,452	40,468,599
\$2.99	91,093,450	45,056,452	46,036,998
\$3.50	96,889,126	45,056,452	51,832,673
\$3.99	102,457,524	45,056,452	57,401,072
\$4.50	108,253,200	45,056,452	63,196,748
\$4.99	113,821,598	45,056,452	68,765,146
\$5.50	119,617,274	45,056,452	74,560,822
\$5.99	125,185,672	45,056,452	80,129,220
\$6.50	130,981,348	45,056,452	85,924,896



Potential Staffing Scenarios

COMBINATION A	
Option	20 Year Forecasted Costs/Revenue
Expenses	
Increased Service Level	
Full-Time Three Man Crew	37,180,504
Option Four	12,296,581
Total Increased Service Level Costs	49,477,085
Existing Operations	45,056,452
Total Required Revenue	94,533,537
Revenue	
Special Tax Revenue	
\$5.50/Month Increase, No CPI	98,814,825
Increase/(Decrease) In Fund Balance	4,281,288
OR	
\$3.50/Month Increase, W/ 2% CPI	96,889,126
Increase/(Decrease) In Fund Balance	2,355,589



Potential Staffing Scenarios

COMBINATION B	
Option	20 Year Forecasted Costs/Revenue
Expenses	
Increased Service Level	
Option One	26,226,615
Option Three	17,453,013
Total Increased Service Level Costs	43,679,628
Existing Operations	45,056,452
Total Required Revenue	88,736,080
Revenue	
Special Tax Revenue	
\$4.50/Month Increase, No CPI	89,460,665
Increase/(Decrease) In Fund Balance	724,585
OR	
\$2.99/Month Increase, W/ 2% CPI	91,093,450
Increase/(Decrease) In Fund Balance	2,357,369



Potential Staffing Scenarios

COMBINATION C	
Option	20 Year Forecasted Costs/Revenue
Expenses	
Increased Service Level	
Option One	26,226,615
Option Two	20,268,612
Total Increased Service Level Costs	46,495,227
Existing Operations	45,056,452
Total Required Revenue	91,551,679
Revenue	
Special Tax Revenue	
\$4.99/Month Increase, No CPI	94,044,205
Increase/(Decrease) In Fund Balance	2,492,526
OR	
\$3.50/Month Increase, W/ 2% CPI	96,889,126
Increase/(Decrease) In Fund Balance	5,337,447



Potential Staffing Scenarios

COMBINATION D	
Option	20 Year Forecasted Costs/Revenue
Expenses	
Increased Service Level	
Option One	26,226,615
Option Five	22,697,189
Total Increased Service Level Costs	48,923,804
Existing Operations	45,056,452
Total Required Revenue	93,980,256
Revenue	
Special Tax Revenue	
\$4.99/Month Increase, No CPI	94,044,205
Increase/(Decrease) In Fund Balance*	63,949
OR	
\$3.50/Month Increase, W/ 2% CPI	96,889,126
Increase/(Decrease) In Fund Balance	2,908,870

APPLE VALLEY FIRE PROTECTION DISTRICT

22400 HEADQUARTERS DRIVE APPLE VALLEY, CA 92307

"COMMITMENT TO SERVICE EXCELLENCE"



District 20-Year Forecast June 16, 2016

Staffing Options – 20 Year

- 3 Personnel at 336 staffing an engine company
 - 2 Personnel at 337 staffing a medic brush patrol
 - Use of LT's is a challenge due to high turnover
 - LT Experience level is a significant concern without supervision
 - Poss. Issue with inexperienced FF's on their own
 - Puts 14 firefighters on duty each day to meet national standards
 - Will decrease response times
 - Will enable us to handle multiple simultaneous emergencies
 - 10 Years, up to 40% increase call load
 - Population growth, especially Sun City
1. Staff Station 336 – Captain, Engineer, FF PM
 Staff Station 337 – Captain, FF PM
\$6.50 / Month increase, \$145.0 Annual no CPI
\$4.50 / Month increase, \$121.0 Annual 2% CPI
 2. Staff Station 336 – Captain, Engineer, FF PM
 Staff Station 337 – FF PM, LT FF
\$5.50 / Month increase - \$133.0 Annual no CPI
\$3.99 / Month increase - \$114.88 Annual 2% CPI
 3. Staff Station 336 – Captain, Engineer, FF PM
 Staff Station 337 – LT FF PM, LT FF
\$4.99 / Month increase, \$126.86 Annual no CPI
\$3.50 / Month increase, \$109.00 Annual 2% CPI
- County FP-5 FY 16/17 = \$148.24**
3% Annual Rate Increase
Rate after 20 years.....\$254.25