



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

REGULAR BOARD MEETING

Virtual Meeting Only

Thursday, August 13, 2020 / Immediately Following the Pension Board Meeting

AGENDA

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/88923726578?pwd=VzUwOFdLUWxIVUU1VHllQmowd2xqUT09>

Passcode: 828009

Or iPhone one-tap :

US: +13462487799,,88923726578# or +16699006833,,88923726578#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 669 900 6833 or +1 253 215 8782 or +1 312 626 6799 or +1 646 876 9923 or +1
301 715 8592

Webinar ID: 889 2372 6578

International numbers available: <https://us02web.zoom.us/j/88923726578>

I. CALL TO ORDER at 19:08

- a. Pledge of Allegiance

II. ROLL CALL

Directors Pearson, Rosen, Hansen, Gillingham, Stevenson, Chief Kazian, Captain Dykstra, Captain Williams, Chief Friedrichsen, Life Safety Specialist Morgan Matthew, Accountant Amanda Castle, Owner's Rep Dan Spykstra and several members of the public were present either in person or via video conference.

III. APPROVAL OF AGENDA

Director Gillingham submits a motion to approve the Agenda, Director Stevenson seconds. All "aye". Approved.

IV. REGULAR BOARD MEETING

- a. Public Forum:
 - i. Public Comments: none
- b. Consent Agenda – Discussion/Possible Actions:



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

-
- i. July 9, 2020 Regular Meeting Minutes
 - ii. Ratification of July 2020 Checks

Director Gillingham submits a motion to approve the Consent Agenda, Director Stevenson seconds. All “aye”. Approved.

c. Financial Report and Updates

i. Discussion/Possible Action: Q2 Financial Report

1. Amanda Castle:

- Report ending June 30, 2020.
- Total fund balance has decreased. Decrease in total asset/revenue difference caused by the use of property tax revenue to pay District expenditures. Cash balance should increase by the end of 2020. District has collected 80% of awarded property tax revenue.
- Revenue: \$12.7 million, slightly under budget, due to decrease in specific ownership tax

2. Chief Kazian: Has the District received tax revenue from Extraction Oil and Gas? Amanda Castle: No but Weld County anticipates collection between October and December since the company filed Chapter 11 bankruptcy.

3. Director Stevenson: What is the company and how much District revenue is at risk from their bankruptcy? Amanda Castle: Unpaid taxes is \$1.6 million (June 2020 payment). Prior February 2020 payment of \$1.6 million has been received by the District. Current total tax revenue from Extraction Oil and Gas is greater than 50% of the District's total oil and gas revenue. Future impacts will be closely watched to anticipate revenue changes and how to plan District expenditures accordingly. Discussion of historic District oil and gas revenue.

4. Amanda Castle:

- Total expenditures: \$3.3 million out of an \$8.7 million operational budget. Total expenditures trending low and as anticipated. Personnel items trending over in some case when specific staff are paying out vacations. These expenditures will not greatly impact the overall trend in current expenditures.
- Transfer: \$2 million from General to Capital fund by 1/2021.
- Capital Project expenditures: slightly over \$2 million for fleet purchases, facilities and equipment maintenance.



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

- Debt Service Fund:
 - \$20,000 interest/principle payment submitted on June 2020
 - previously budgeted over payment of principle (\$100,000) will likely stay intact and able to be realized based on current tax revenue.

Director Pearson submits a motion to approve the Quarter Two financials as reported, Director Gillingham seconds. All "aye". Approved.

ii. Budget Presentation: FY2021 Budget

1. Chief Kazian: discussion of draft fiscal year 2021 and proposed budget
For detailed information referenced the attached presentation "Fiscal Year 2021 Budget Presentation".
 - Final draft due to the Fire Board on October 15, 2020.
 - Discussion of budget format, AOR budget requests, \$2 million transfer to Capital Fund and tax revenue collection.
 - Highlights and challenges: submitted SAFER grant to assist with future staffing, DOLA grant for Station 4, timing of final county assessment values (mid-October), efforts to De-Gallagher and Station 4 project status.
 - SAFER grant will assist in funding three new fire fighter positions for Station 4 and Ladder Truck staffing. Grant award notification in September or October 2020. District is looking into funding options for three additional fire fighters beyond SAFER grant.
 - Presentation of estimated FY2021 revenues/expenditures and short and long-term capital, equipment, training and staffing goals (e.g. Dive Rescue team).
 - COLA increase: FY2021 0% with place holder of 1.5% as part of the ten-year budget projection. Chief Kazian proposes to revisit the award of COLA in 2021 once more concrete financial data has been collected.
 - Admin growth costs: projected 3-4% but realized closer to 2%.
 - Training budget: short and long-term goals including fire academy(s), outside instructors and specialized operations (e.g. Dive Rescue).
 - Public Education: efforts to provide better clarity between



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

revenue and expenditures.

- Increases to District for employer contributions to Pension fund.
 - 10 Year forecasting tool: projecting growth and revenue conservatively to ride out future economic oscillations.
 - Major driving forces: changes to oil/gas revenue and Gallagher consideration. Discussion of how this will impact District's efforts to build a sustainable, long-term budget. This includes minimizing District's reliance on oil/gas (unsecured) revenue.
 - FY 2019-2023 O&M budget discussion for planned, non-capital expenditures.
 - Discussion of the District's De-Gallagher efforts: paying off debt earlier, expanding operations to Station 5 (2026-2027), impacts to budget and additional staffing.
 - Discussion of the options finance Station 4 project.
2. Board Discussion:
- Director Hansen: How critical does the District believe assembling a dive rescue team? Chief Kazian: discussion of cost/staffing (\$35,000), current proposal review process by staff and operations and the potential risk based on widespread water bodies (49 total) within the District.
 - Director Stevenson: Is current mutual aid for Dive Rescue working for all involved parties? Chief Kazian: May 2020 incident showed that timing is critical which could change an incident from a rescue to a recovery. Chief Blackwill echoed Chief's comments. Formal action from the Board not required.
 - Director Pearson: Can the District provide a presentation to the Board about the Dive Rescue proposal and how it can dovetail with our mutual aid partners? Chief Kazian: Yes, a presentation can be presented during the September 2020 Board meeting.
3. Chief Kazian: Discussion of the 10-year Projection Model to pay for near-term and long-term expenditure proposals. Emphasis on the District's dependence on unsecured (oil/gas) revenue and need to De-Gallagher. Amanda Castle echoes Chief Kazian's discussion.

iii. Information/Update: Extraction Oil & Gas Update

1. Previously covered in discussion of the Q2 Financial Report.
2. Further discussion: none



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

d. District Update

i. Reports

1. WSFR Monthly Response Report

- Chief Kazian: Increase in calls YTD
- Chief Blackwill: discussion of station and zone response data to determine the hypothetical area covered by Station 4 based on current call volume and incident locations (south Water Valley and Rain Dance subdivision areas). The Station will likely run around 50 single apparatus calls a month. Monthly call volume would increase with multiple resource and mutual aid calls. Adding Station 4 will decrease response times at Stations 1 and 3.

2. WSFR Division Reports

- Chief Kazian: Life Safety Division efforts including increasing Division and Engine Company inspections, public education classes (Safe Sitter) and community safety programs like the rural reflective sign, residential Knox boxes and smoke alarm replacement program.

ii. Personnel: Chief Kazian and Lucy Zamarripa

1. Reserve Testing-discussion of five candidates and their current training. Pinning will occur on Saturday 8/15/2020.
2. Career Testing-testing deadline extended to September 30. District has received 50 applicants and 130 have NTN testing reports from applicants planning to apply. Looking to hire three fire fighters in time for the 2021-1 Fire Academy.
3. Lieutenant Promotions - Michael Haynie and Travis Grenz. Pinning Ceremony: August 27, 2020 at 1900.
4. CPSE Fire Officer Designation - Lt. Jordan Spight: Second WSFR member and one of 533 in the world with this designation.

iii. WSFR Activities and Events: Chief Kazian

1. Severance Days: the parade was the first time all three antiques engines have been in a parade together. Fireworks display was successful.
2. Harvest Fest: parade is canceled but planning is underway to pursue other events under COVID conditions.

iv. Facilities & Apparatus

1. Sprinkler System – Station 1

- Chief Friedrichsen: dry system online. Projected project cost for



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

changes to fire sprinkler and fire alarm system was under \$20,000. Final bill will be presented to Board at a future meeting. Original project budget was \$90,000.

2. Water Tender

- Chief Kazian: Delivery February 2021

3. Ladder Truck

- Chief Kazian: Delivery December 2020

v. Other District Related Matters

1. Covid-19 Update: Chief Kazian

- Discussion of current District efforts to minimize spread and comply with State of Colorado mandates.
- Discussion and presentation of Weld County's new COVID-19 data dashboard (beta) program.

e. Staff Items

i. Station 4

1. Discussion/Update: Project Status-Dan Spykstra

- Discussion and illustration of current site plan for 16,000 square foot design.
- Discussion floorplan/layout/3D model including walkout basement, four floor training tower with roof access, decontamination room and four apparatus bays.

2. Director Rosen: How long are the bays? Dan Spykstra: 75 feet.

3. Director Gillingham: Is the storage of a boat in an outbuilding still required? If yes, do we have the space to expand/accomplish this?

Chief Kazian: the need for any outbuilding(s) is not required with the four-bay design.

4. Dan Spykstra and Chief Kazian: Discussion of features to boost mental health-fire pit/patio, garage doors to open rooms to outdoors, built in training areas (technical rescue, confined space, high angle rescue and an operational standpipe system) and windows to capitalize on views.

5. Director Rosen: How does parking and building access work? Dan Spykstra: presentation of foot traffic access between the parking lot and bays.

6. Chief Jaques: discussion of planned training infrastructure and features in the building (e.g. training windows/doors on planned mezzanine, emphasis on strong built-in anchoring system and durable building materials/finishes).



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

7. Chief Kazian and Dan Spykstra:
 - Discussion of building materials and maintenance costs.
 - Additional modifications may be included depending on construction cost trends including the future addition of solar PV systems and materials upgrades.
 - Windsor final concept/site plan review the second week of September.
 - DOLA grant review will occur at the end of 2020.
 8. Director Rosen: Are there opportunities to fund the solar panel system through grants? Dan Spykstra/Chief Kazian: Yes, the District is looking into funding opportunities to help with system costs (e.g. PVREA).
 9. Director Hansen: talk about the decision to design Station with 4 bays versus 3 or 5.
 - Chief Kazian: discussion of the process determining the four-bay model to meet current and future needs of the District including apparatus and special operations equipment storage.
 - Dan Spykstra: a three-bay design would likely require an outbuilding for additional storage.
 - Director Pearson: discussion of experience with undersized stations where additional apparatus storage requires backing in. Drive through bays are much safer.
 10. Chief Kazian: discussion of the overall efforts of the design team to build this station right rather than “making do” to make the station more user friendly.
 11. Rosen: Supportive of bay design and length. Is any action needed from the Board?
 - Chief Kazian: barring significant changes proposed by operations staff, the design team plans to present this plan during the September board meeting. If there are any significant concerns by the Board, telling the design team ASAP would be best.
 - Dan Spykstra: proposes that the project move forward so that the design team can start adding details and drafting construction drawings.
 12. Dan Spykstra: Budgeted cost \$8 million even with additional plan changes (an additional bay and enlargement of the training tower).
 13. Board discussion: Directors Pearson, Stevenson and Gillingham supportive.
-



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

- ii. Discussion/Update: DOLA Grant Application
- a. Discussion/Possible Action: Resolution 2020-06 DOLA Grant Authorization

Director Pearson submits a motion that the Board accept the Resolution 2020-06 for the DOLA Grant authorization, Director Gillingham seconds. All “aye”. Approved.

- iii. Discussion/Possible Action: Consideration of De-Gallagher Question on November 2020 Ballot
1. General Discussion De-Gallagher: Chief Kazian
 - Changes to residential assessment rates will decrease the budget by \$700,000 and negate the revenues from the 2019 Mill Rate increase. If the District can De-Gallagher, residential assessment taxes will stay the same NOT increase.
 2. Weld and Larimer County De-Gallagher Election IGAs: Chief Kazian
 - Independent election feasibility research. The District is leaning towards this option based on the projected complexity of the November 2020 election ballot and its similar cost to a coordinated election (around \$60,000).
 - Board must determine if the District shall pursue an independent or coordinated election.
 - Director Rosen: Can our ballots be mailed out on a different day from the national election ballots? Chief Kazian: October 9, 2020 is the first day any ballots can be mailed. The District would mail the ballots as close to October 9, 2020.
 - Rosen: discussion of how ballot questions are listed on national ballot and supportive of independent election.

Director Gillingham submits a motion to give Chief Kris Kazian permission to move forward with an independent election process and costs associated with it, Director Stevenson seconds. All “aye”. Approved.

Director Pearson directs the District to notify the counties that it will move forward with an independent election.



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

-
- iv. Discussion/Possible Action: Authorization to Engage with James Vincent Group (JVG) for Third Party Financial Services
1. Chief Kazian: Discussion of the JVG to take over the financial responsibilities that Pinnacol Consulting had in 2019-2020.
 - Chief has worked with JVG when he worked for Sedona Fire.
 - Cost is similar to Pinnacol Consulting with the addition of an audit preparation process.
 - Clients include small business and more than 10 fire districts in Arizona.
 2. Gabe Buldra (JVG representative): discussion of previous work with other fire districts with their financial operations and feasibility studies for various operations (e.g. EMS financial coordination and social security reimbursement).
 3. Director Hansen: Does JVG have any fire district clients outside of AZ?
 - Gabe Buldra: No, but they have numerous corporate clients across the country.
 - Chief Kazian: the general financial requirements state to state are similar with only a few nuanced differences that won't be a problem for JVG to handle.

Director Rosen submits a motion to Fire Chief Kazian to engage with James Vincent Group for contract finance director services subject to legal review of the contract, Director Gillingham seconds. All "aye". Approved.

- v. Board Member Items
1. Discussion: Status - Impact Fee Study: Chief Kazian
 - A formal presentation will be given to the Board in September.
 2. Board Member Items or Comments:
 - Special Board Meeting on August 26, 2020 at 1900 to discuss De-Gallagher election language.
 - Board Comments: none.

V. ADJOURNMENT 21:07

Director Pearson submits a motion to adjourn the August 2020 Regular Board Meeting. All "aye". Approved.



FISCAL YEAR 2021

Budget Presentation
August 13, 2020



Fiscal Year 2021



FORECASTING HAS BEEN
A CHALLENGE THIS YEAR



PRESENTING
SUSTAINABLE OPTIONS



CRITICAL TIMING ISSUES
FOR MANY DECISIONS

Budget Process



Individual personnel who have Area of Responsibility supply budget requests with justification(s)



Staff puts the budget requests together in a budget document for review by Command Staff



Command Staff works with those who submitted budgets if there are questions or requests not aligned with organizational need or budget funding



Bring draft budget before the Board for further review and consideration. Must have submitted draft budget by October 15th

Fiscal Year 2020

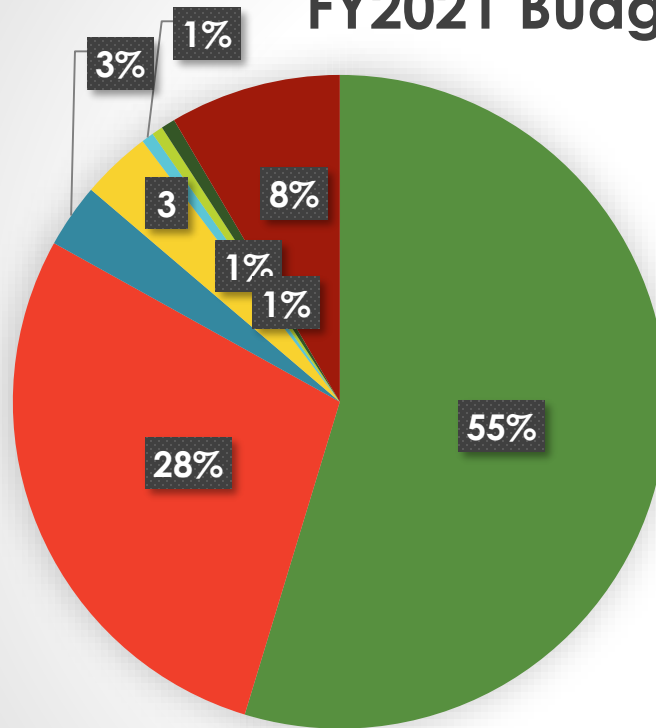
- WSFR developed a new budget format
 - Going forward, we will be better positioned to present trends and year over year comparisons
- WSFR tapped the brakes on spending mid-year given the challenges of COVID and the need to consider future budget impacts
- WSFR expects to fund the capital budget with \$2M from FY20 revenue
- WSFR has seen delays in tax revenues from both counties but expect to be close to fully collected by the end of the year

FY2021- Highlights and Challenges

- We have written a SAFER grant for 3 firefighters to augment needed staffing – waiting for notification
 - The staffing is needed for the ladder truck and station 4
 - Intend to enroll them in the 21-1 academy
 - Ultimately, 3 additional firefighters needed to handle vacancies,
 - Not in the budget or future budgets.
 - Ideally, we will write another grant for these positions in the future
- We will be submitting a Tier II DOLA Energy Assistance grant for \$1M to assist in the construction of station 4
- We are not getting official assessment numbers by the counties until mid-October
- We are considering a ballot question to “De-Gallagher” which would stabilize residential assessment rate and thus stabilize revenues for the fire district
- We are moving ahead with station 4 project
 - Financing option provides the best sustainable solution to move forward with confidence

FY2021 Overview- Revenue

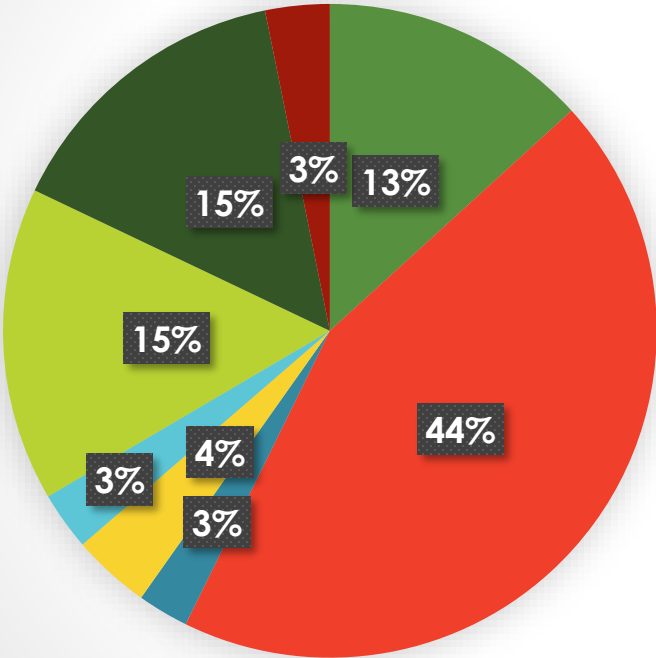
FY2021 Budget- Estimated



- Property Tax (No Oil and Gas)
- Oil and Gas (unsecure)
- Special Ownership
- Plan Review Fees
- Investment Income
- Other Income
- Wildland Income
- Other Grants

FY2021 Overview- Expenses

FY2021 Budget- Estimated



- Administration
- Operations
- Training
- Life Safety
- TABOR Reserve
- Capital Transfer
- Unrestricted Transfer
- Contingency

FY2021- Budget Overview

- The budget was included in your packet
- Highlights include:
 - Consideration of adding Dive Rescue capabilities – initially looking for 6 people to be trained
 - Continued replacement plan for turnout gear
 - Staggered new portable radio compliance purchases if grant is unsuccessful
 - New social media compliance software
 - Workers Compensation premium – Experience MOD lowered this year
 - Managing the training needs of the organization while still working to promote a progressive training culture
 - Better alignment of the costs for public education and the actual revenue that is realized by WSFR pub ed classes

FY 2021 Budget Overview

- WSFR staff has not budgeted any major apparatus purchases for 2021 at this time. Technically the next vehicle would be an engine and a water tender slated for 2023. It is likely we will work to refine this operational need and make a purchase in late 2021 or early 2022 for one of the units since there is a 1-year build time
 - The capital plan has the necessary funding for that purchase as needed
- There are 3 firefighters in the budget with consideration of a successful SAFER Grant. If unsuccessful, we will have to evaluate our ability to hire 3 people in 21-1 as this may need further evaluation for long term sustainability
- We have a TBD position in the budget as staff works to evaluate what positions
- The current model shows a 0% COLA in 2021 and 1.5% in 2022 and every year after as a placeholder
 - I am not certain what will be recommend in the final 2021 budget proposal
- Reduced growth for administrative cost increases to 2% year over year
- Consideration for balancing training needs and budget impacts going forward
- Increases to Employer costs for Pension and Disability realized

10 Year Forecasting Tool

- WSFR developed a 10-year projection tool which has proven to be beneficial in projecting future cost allocations and revenues
- It is very challenging to accurately predict what things will look like over the next 10 years
 - Best to provide conservative estimates and evaluate your accuracy year over year
 - Great example is the pending financial issues from Oil and Gas and COVID - neither were projected last year when we worked on the projections
- The ability to quantify projected year over year gains or losses on revenues and expenses
 - Will become more important as the tool experiences a few years of validation
- Because the tool is so speculative, it can be a blessing and a curse for staff and the Board

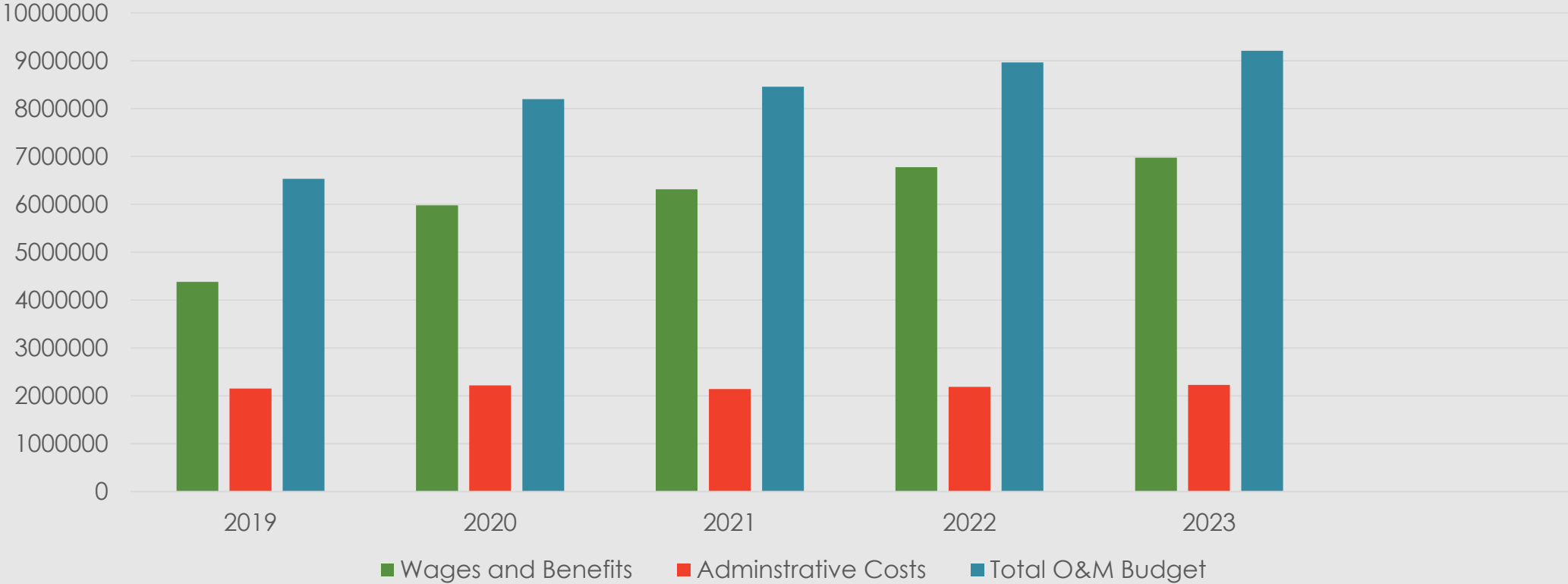
Major Driving Forces For 2021

- Oil and Gas
 - WSFR has been provided estimated numbers of -30% reduction in Assessed value for Oil and Gas
 - This is an estimated \$1.5M reduction in oil and gas revenue in 2021
 - For 2022, the assessor has advised to consider a -60% realization which could be another \$2M reduction in oil and gas revenue
- Gallagher Considerations
 - The November election will likely have a ballot measure for WSFR to “De-Gallagher”. This is a confusing ballot issue that may be challenging for voters to understand
 - It is truly not a tax increase but a stabilization measure
 - If unsuccessful, WSFR will likely realize a 18-19% reduction in revenue from residential
 - FY21 \$6,461,694 from all sources except Oil and Gas
 - According to our model-
 - Gallagher election successful - 2022 \$6,747,855
 - Gallagher election unsuccessful – 2022 \$6,003,093

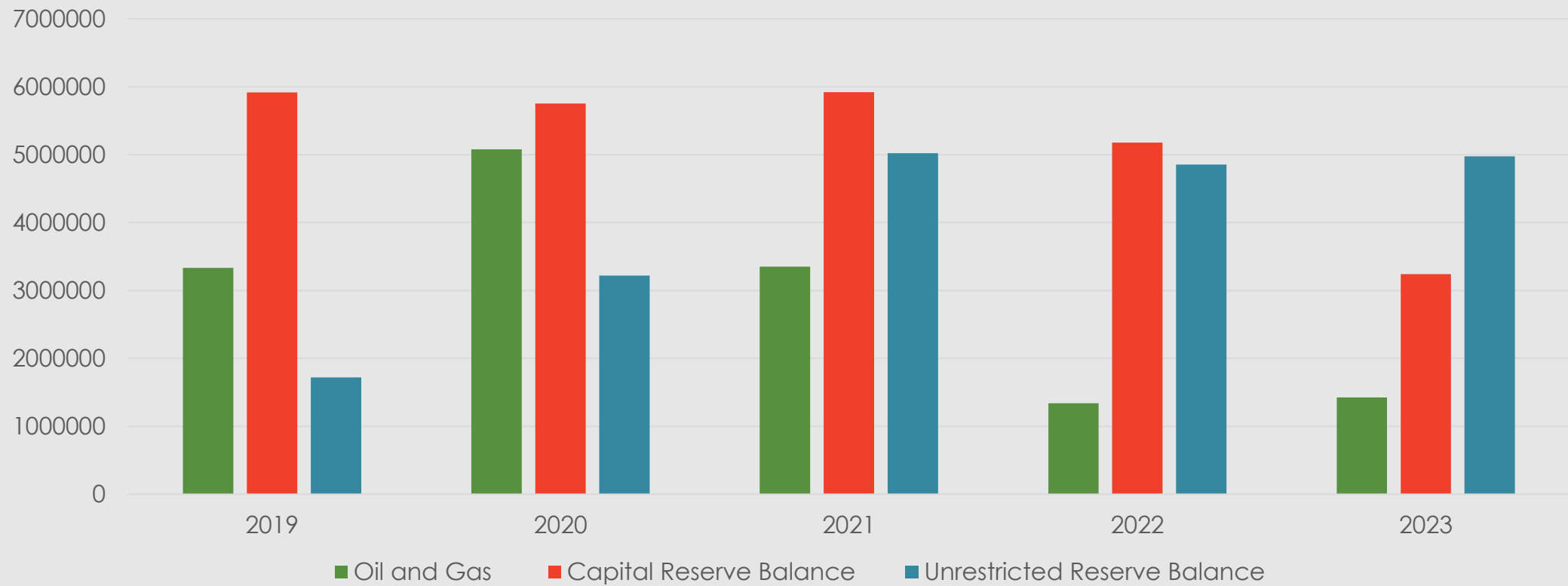
Sustainability In Challenging Times

- WSFR has been working to reduce our reliance on oil and gas money since 2019
- According to projections, we will be sustainable given what the oil and gas industry is indicating for what 2022 and beyond should look like
- WSFR staff does not want to make any decisions that will not be sustainable in the long term
- Financing for station 4 is the only viable option for WSFR to proceed going forward with this initiative
- WSFR model is using conservative market values - certainly, a long recession with declining market values is not forecasted and would present an additional burden on our sustainability at current Mill Rate(s)
- Capital funding and unrestricted reserve balances are critical to the mission and have been established in the plan to fund our current and future needs while providing financial support for minor corrections in the formulas in the forecast model

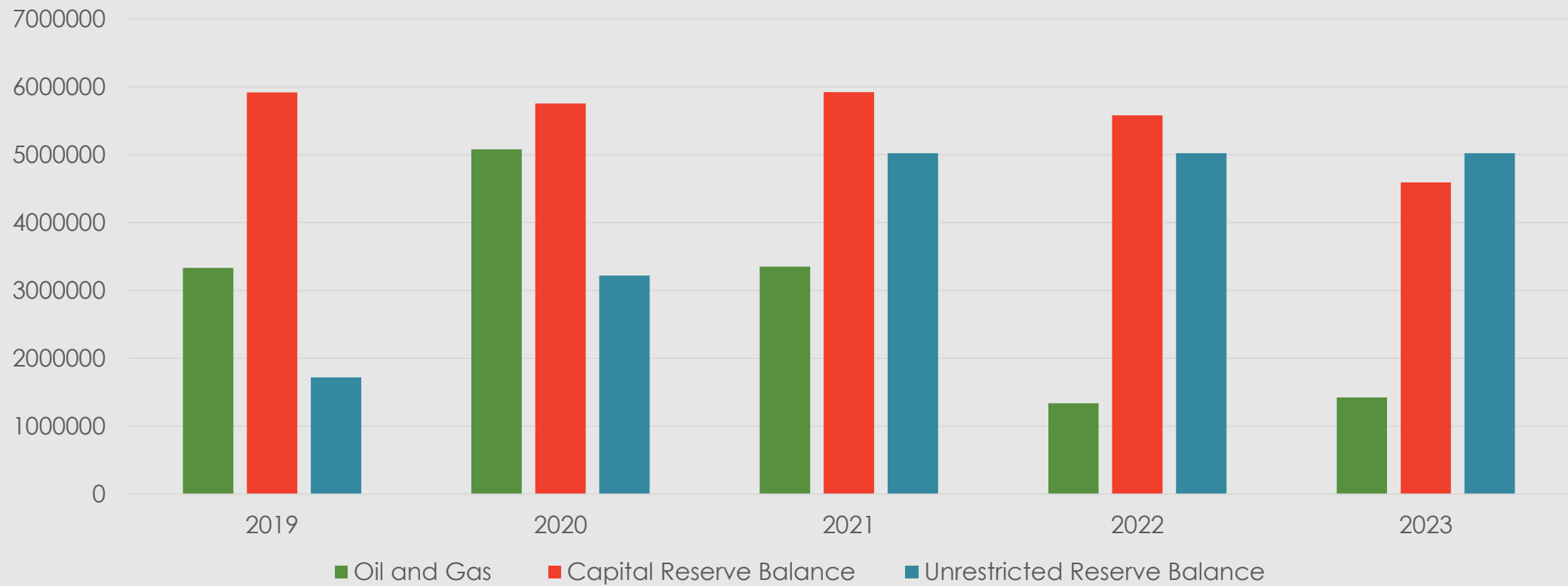
FY2019 – FY2023 O&M Budget- Actual and Forecasted



FY 2019 – FY 2023 Oil and Gas Budget Impacts Actual and Forecasted- w/Gallagher Dropping



FY 2019 – FY 2023 Oil and Gas Budget Impacts Actual and Forecasted- w/Gallagher Remaining



What Does De-Gallaghering Mean?

- A successful De-Gallagher election truly stabilizes the revenue for WSFR- a variable that would become more static for forecasting
 - Puts us in a position to likely not have to talk about another mill rate increase for a long while
- A successful De-Gallagher election allows WSFR the ability to continue to save towards a concept and future need for Station 5 in the future
- A successful De-Gallagher election would allow WSFR to consider paying off the Station 4 debt early if we exceed financial forecast projections

What Does This Mean- Looking Forward

- Station 4 funded by low interest rate finance option is our only responsible option
 - Potential for value added savings by realizing lower construction costs now
 - Even if DOLA is not awarded, WSFR must continue with our funding. Could finance more or pay \$2M from WSFR Capital
- WSFR can maintain our current trajectory in whatever scenarios play out; however, long term we will need to be conscious of the downstream impacts if unsuccessful in stabilization efforts or our projections are less (or last longer) than we predicted.
 - Funding of Capital and Unrestricted Reserve becomes challenged by 2029



QUESTIONS

