

EAST CLINTON FIRE DISTRICT

June 6, 2019

FINAL

Special Meeting 7:00 PM

COMMISSIONERS IN ATTENDANCE:

Stephen Forschler, Chairman
Byron Calame
Michael DiGiacomio
Robert Trzcinski
Arthur Weiland (arrived 7:40)

COMMISSIONERS ABSENT:

None

ALSO IN ATTENDANCE:

Robert Simon, Treasurer (left at 9:15 p.m.)

1. Town of Washington (TOW) Contract – The proposed amount for the TOW contract for 2020 was \$37,812 agreed to by motion at the May meeting. This amount represents the amount the East Clinton taxpayers are paying to cover the TOW parcels, approximately \$24,500, and the 35% that is paid to the company. At the May meeting, Commissioner Weiland was charged with preparing a letter to send to the TOW board which has not been sent yet although Commissioner Weiland has a draft of a letter. There followed a discussion as to the proper way to proceed. At the top of the list is to annex the residences the ECFD is covering with ambulance and fire protection as a special district. If that is done, those residents can vote in fire district elections and can be board members. Dana Smith from the county 911 center agrees this is the proper way to go. It will benefit the residents from a coverage perspective and the board attorney was authorized at the May meeting to look into the annexation process. It was brought up that it is a real possibility that the TOW won't budge on this and will just go to mutual aid. The big question is, is this board prepared for the contract to lapse for a year or two to get to annexation? Mutual aid is not a real option in light of ISO ratings and the residents of that corner of the TOW would be deprived of an ambulance a mile away, including the Upton Lake School – is this board prepared to put the people of the coverage area in peril. The other question is, is this board prepared to keep taking money from East Clinton taxpayers to cover this area? The residents in this area have a lower ISO rating than residents in East Clinton because of the existing contract which could provide leverage in negotiations. There were a couple of suggestions made as to how to proceed. One is to schedule a discussion with the TOW board and one or two ECFD board members. Another is to include a statement in the letter that is sent to the TOW stating due to the necessity to make the residents in the coverage area aware of the situation, we should have a planned response and we believe we have an obligation to inform those residents shortly of the evolving situation. If the TOW does not respond to the letter within a month, this board should go the residents. The real issue is to abandon the residents of that coverage district would be of questionable ethics; that is

more of an issue than the money as far as letting the contract lapse for a couple of years to hammer this out. Fire protection would be available through mutual aid but, again, the residents would be deprived of an ambulance that is a mile away. Both boards would be dealing with the ethical issue of putting people at risk. If there is no contract, the TOW is obligated to have their ambulance service their residents but the response time would be greater than with an ambulance a mile away. There is an existing contract between NDP and the Village of Millbrook to cover the TOW but it excludes this area. The additional cost to have NDP cover this area will probably be more than what the TOW would have to pay this district for that coverage. On the advice of the board attorney and Dana Smith, the residents need to be informed or this district could be held liable. A suggestion was to notify the school who may then approach the TOW board or even as a starting point, annexing the school first. There was additional discussion about getting a letter out to the residents stating the ECFD is worried about a possible lack of coverage and suggesting changing the district boundaries. The board discussed rescinding the motion for the amount of \$37,815 and authorizing someone to put together a letter that we can discuss at the June meeting with an amount of \$24,860 and explaining it is a fair amount for coverage taking tax rates into account and suggesting a couple of ECFD board members meet with the TOW board to discuss the ECFD district absorbing these residences. We will float the \$24,860 number as a starting point and express the concerns that have been laid out here as follows: The real number is \$24,860 with the caveat that it is not by contract or we need to subtract the 35%, the \$1,200 rate persisted for far too long, mutual aid is not an option as the ISO ratings of the residents of that area will be greatly affected, an annexation will benefit the residents in that area in terms of coverage and participation to vote and serve on the board, and ambulance response. There was discussion on the cost if NDP would have to cover the area in the TOW that ECFD covers now which would rise exorbitantly. Also, the TOW 's contract for fire service with the Village of Millbrook does not cover the area ECFD covers now and the TOW does not have mutual aid for ECFD for fire service. At the meeting with Dana Smith at the Town Hall, to have 24/7 paid coverage for an ambulance and an EMT with a paramedic would cost about \$480,000 a year and the person would be sitting around 95% of the time because this is a rural area.

A motion was made by Commissioner Weiland and seconded by Commissioner Trzcinski to rescind the motion made at the May 15, 2019 meeting stating the contract for the upcoming 2020 calendar year with the TOW would be in the amount of \$37,812 for the East Clinton Fire District to cover the Town of Washington Fire Protection District for fire and EMS.

Commissioner DiGiacomio	Aye	Commissioner Trzcinski	Aye
Commissioner Calame	Aye	Chairman Forschler	Aye
Commissioner Weiland	Aye		

Motion carried 5-0.

Commissioner Weiland will draft a letter for review at the June 12th meeting including the points we have touched upon, suggesting a meeting between the TOW board and the chairman and one other commissioner from ECFD and letting them know \$24,600 is a real number. The letter will include the excel spreadsheet with the parcel numbers, names and addresses of the TOW residents in the ECFD coverage district. All commissioners need to send their main points to Commissioner Weiland in a timely fashion and the letter needs to be forwarded to Mr. MacLeod for his review.

2. Driveway – Commissioner Weiland said in order to proceed, we need to get an engineer in to look at the bridges and project the work as it might be done. We would like to walk down there with folks from the company and go over the land the cemetery owns (north side of creek). If the engineer says yes, you can build a road here then the County makes their judgment based on the scope of work presented to them. The board agreed to authorize Commissioner Weiland to look for an engineer to get an estimate for the professional service. If the engineer says it looks good, the property will need to be surveyed and we will need permission from the state to get an easement for the cemetery. The engineer will look at the dirt road beds and make sure it will support the needs.

3. Reserve funds – Chairman Forschler said we have done no work on legitimizing the funds. If we have an attempt to have a referendum at the election, we need to start plotting a course. There was a consensus at a previous meeting to shoot for the fall, not the winter. There was discussion about sending out a flier and what that would entail. The public needs to know the importance of the funds. The communication needs to be appealing and broken up on the page with highlighted blurbs. Commissioner Weiland drafted up a flier which he put all on one page leaving room for the LOSAP referendum and Commissioner Calame provided comments on that flier. Commissioner Weiland will resend the flier and Commissioner Calame’s comments to the commissioners. Chairman Forschler said there is a line item in the budget for publicity funds in the amount of \$5,000 and asked if the board should get in a consultant who knows how to develop these communications. The board discussed possible names. Commissioner Trzcinski will get in touch with Theresa and Commissioner Weiland will get in touch with Claudia Cooley. Mr. Simon will forward to Chairman Forschler the contact information for the woman in Dover so he can contact her. The current thinking is to do a package and get people out once in December. There are also email lists to tap into to reach out to residents. The board will need to come together regarding responses to specific concerns so everyone is on the same page. Commissioner Calame suggested that prior to the June 12th meeting, all commissioners should submit a note stating the five things that are the most important reasons for making the reserve funds legitimate. The board will use that to lay the foundation that the person will build on.

4. Budget surplus – Chairman Forschler said a decision has to be made regarding the budget surplus and whether the board holds some in reserve for expenses or takes out a tax anticipation note. Historically we have carried money in the general fund forward to cover January 1 to whenever we receive the tax check so that we have funds to operate. The choices are carrying money in the general fund, transferring the whole accumulated surplus into a reserve fund or a variety of reserve funds or other uses in anticipation of taking a tax anticipation note to carry us for the first three months of 2020. Mr. Simon said in 2017, \$125,673 was spend between January 1st and March 31 and the tax check came March 22; in 2018, \$82,759 was spent and the tax check came February 27th (tax payers paid early that year), and in 2019, \$119,921 was spent and the tax check arrived March 19. There was discussion about the pros and cons of taking out a tax anticipation note (TAN). The interest would be 2 to 2.5%. You have to take out the TAN until April. Based on an estimated \$100,000 TAN at 2.5% interest for three months, the cost to the district would be \$625 plus a transaction cost of \$750. We will be paying \$1,375 to borrow money we have in our account. The auditors object to having these funds unencumbered. There are two choices: commit the entirety of the amount of the surplus to three potential uses: more fully funded in LOSAP, put towards equipment reserve fund, capital reserve fund, and equipment repair fund, hold it to fund the first three months but that is frowned on. Why should we borrow the money if all we get is a slap on the wrist knowing we need \$125,000 to float to cover the first three months. The growth of the surplus has grown from \$100,000 to \$197,000 in two years which is due, in part, because we are not expending nearly as much for the attorney as we did in the past. Commissioner DiGiacomio thought there must be a way to carry over the funds without getting a slap on the wrist but it was stated the public needs to approve a reserve fund. Commissioner Trzcinski said the reserve funds are not for that purpose. We are underfunded in LOSAP and the equipment purchase fund and still have to hit the taxpayers up for \$90,000. We need to conceptually decide if we are going to commit the whole surplus and commit to a TAN or continue doing business as we are. Commissioner Calame thought it behooves the board to walk the line - to have the money to cover three months, \$120,000, to use two months out of the year and then have it laying around the rest of the year is not good. Our counsel recommends the TAN. Going back 15 years, 1/20th of the value of each piece of equipment should've been put away in the equipment purchase fund and in 5 to 7 years, LOSAP will be a problem. We need to address that. That quantity of money will allow us to do something significant. There was further discussion as to which way to proceed. A motion was made by Commissioner Weiland to continue as we have been with the surplus. There was no second so the motion failed.

A discussion followed on LOSAP. The ten year amortization ended last year. Chairman Forschler said before we decide if money will go to the LOSAP fund, we need to make basic decisions about where we are headed with the LOSAP fund. We have heard proposals that will reduce the cost of the LOSAP fund. He said he is not willing to throw

money at it until we know where we are headed. To abolish LOSAP would be unconscionable but he agrees it definitely needs changes and needs to be tightened up and focus more on our mission and our department and less on fundraising and social events. According to Commissioner Calame, 21 people made their 50 points in 2018. If you just count fire calls, rescue calls, drills and training related to operations of the district fighting fires, 7 of those 21 people would not have qualified. The New Hackensack district awards points for calls, drills, training, work details relating to district needs, and quick calls – no meetings, no fundraisers, etc. That provides incentives for people to participate in events related to the district or it reduces their points. Chairman Forschler said he would support awarding points for call responses, training, drills, work details specific to the needs of the district and Monday night quick call and not awarding points for meetings, fundraisers, parades or any other social events. Chairman Forschler said what needs to be realized here is the impact on people's personal lives – the time spent, the situations encountered, the time of day, the stresses, and combine that with dedication in terms of training and the time commitment. Volunteers are hard to come by. Hours are spent on training. The impact on morale needs to be considered. The de-risk plan is an incentive to encourage people to add onto their points. People don't want or need the money now and don't want a one-time pay out. Right now, the ECFD has a solid core of volunteers. Commissioner DiGiacomio said this plan was done in the past and was not done illegally, this is what the members were told, they expect it, and that is what should continue. If you want to change the plan for the future, sure, but there are other ways to save money here. Commissioner Calame said everyone would get every cent they earned. For instance, Steve would get all the money he is expected to earn on the actuarial table. Commissioner Forschler said it would depend on how I get the money – the taxes I would have to pay on a lump sum would vastly reduce the benefit. Commissioner DiGiacomio said the long term future is what they are expecting. If everyone in the department was fine with it, then great. If not, it's not right. Commissioner Calame said we would have another pension plan started immediately. It would have an ending and not be open forever. Commissioner Weiland said we have a company that is 63% out of district due to the population structure of our community and they are being awarded for volunteering as opposed to doing other things – we are awarding these people for their participation. Commissioner Calame said we are not talking about terminating plan, just controlling the ten year cost. This is not to take away from what people have earned. There are people who are not vested and we wouldn't have to pay them to settle out a plan but he is advocating paying out everyone. It is a change in what people expect. Expectations are not always based on a right, a fundamental. If everyone is paid off with what they have coming, that is a big step. Chairman Forschler said while he is not advocating the old plan, he feels this option is too drastic. Commissioner Weiland asked if we terminate the current structure and that investment is no longer at risk and going forward we are still making payments, at what award level are we going? This is a year by year activity. Commissioner Calame said this ties in with

the surplus – we have an opportunity to be able to pay them their money. If the surplus goes away, it’s our chance to most efficiently restructure. The cost will be greater to make these changes with a deficit and not be able to pay people off. LOSAP needs to be decided before we decide on what to do with the surplus. There was discussion about going from 40 to 25 years. Chairman Forschler said he would advocate 25 years. Commissioner Calame said with the 25 year work total instead of 40, there is no length of service; he does not think 25 is good. There was discussion on leaving the program as it is but changing it moving forward with a tier one and tier two plan for new people. Commissioner Weiland said if we get more people serving the district, the cost will go up but it’s a win. They are getting awarded. Chairman Forschler said we have made huge strides in the last two years in terms of morale and the quality of service that we supply. Chief Estes has done a lot of good things and I would hate to see us hit a wall. Commissioner Calame said the average is around \$2,608 a year of people earning points. If we are able to have a plan to range from \$2,400 or \$2,600 or whatever infinite possibility, why not get Tony Hill to describe this to us so we can see what it would be like adding different variables. Chairman Forschler asked how this will benefit the community if even 4 core members decided to leave based on these changes.

A motion was made by Chairman Forschler and seconded by Commissioner DiGiacomio to adjourn the meeting at 9:03 p.m.

Commissioner DiGiacomio	Aye	Commissioner Trzcinski	Nay
Commissioner Calame	Nay	Chairman Forschler	Aye
Commissioner Weiland	Nay		

Motion fails 2-3.

Chairman Forschler left the meeting at 9:05 p.m.

Discussion followed. If this district goes to a paid district and the community has to hire people, the cost will be astronomical. We also need to do something with the firehouse. Keep the LOSAP as it is and make the changes for the new people coming in. The primary reason for LOSAP was for interior and exterior firefighters and different for EMTs. LOSAP was not for the ancillary things. What level of generosity will we have for this. What about the reduction in what earns points? Even with new people, LOSAP will assume they will earn 50 points until they are 55. That adds to the cost. It was reiterated that a plan was promised to current members and it’s not right to change it. Commissioner Calame said if the flow is not reduced that much, from \$2,600 to \$2,400 a year, if we created a new plan that it produced \$2,400, the reduction to volunteers doesn’t seem to be that great. We are providing \$2,600 to their actuarial end as opposed to \$2,400 for 10 years. The \$2,600 reflects how people have built up their yearly points. You have people getting more than \$2,600 at this point. \$2,600 is an average. Commissioner DiGiacomio said \$200 has different meaning to different

people. If it is costing us less, they are getting less. Commissioner Calame said the cap is 40 years that you can keep earning. 40 years is \$800 a month x 12. The risk and overhang of taxpayers is also eased. Commissioner Weiland said if we stop using the market to secure future funds, then the district will have less risk. We would know year by year the actual dollar amount we need to put it in. We could put that dollar amount in the safest interest bearing vehicle and we'd be good because we would have put the money that has been promised to them away for them and would not be depending on someone else we are paying to make a growth. That is the reduced risk of closing the current plan. We can establish a new plan that pays near or the same as the current benefits without using the market if we pay everyone out. A lot of people that come here come for the LOSAP. Commissioner Trzcinski said there is still the problem that we have a huge LOSAP in 5 to 7 years but will still need a paid cadre. If this department is so fragile that if four people quit, it is disastrous, we may have to have paid people sooner or later. This municipality cannot go away. It would have to hire people if we have no volunteers. Commissioner Calame suggested no motions be made at this point because he has too much respect for Chairman Forschler to vote on anything without him.

Commissioner Calame said we need a one page description from Tony Hill describing how this risk reduction would work and Steve's proposal and its effects to understand the pros and cons of both proposals and how they will land in the risk reduction plan.

A motion was made by Commissioner Calame and seconded by Commissioner Weiland to adjourn the meeting at 9:30 p.m.

Commissioner DiGiacomio	Aye	Commissioner Trzcinski	Aye
Commissioner Calame	Aye	Chairman Forschler	Absent
Commissioner Weiland	Aye		

Motion carried 4-0.

The next regular meeting of the Board of Commissioners will be held on Wednesday, June 12, 2019.

Respectfully submitted,

Karen Buechele, Secretary
East Clinton Fire District