

**YORK AREA UNITED FIRE & RESCUE COMMISSION
JT. PRESENTATION – BUDGET 2015 - SPECIAL MEETING**

**SEPTEMBER 16, 2014
APPROVED**

The York Area United Fire and Rescue Commission held a Jt. Budget Presentation Meeting on Tuesday, September 16, 2014 at 6 p.m. at the YAUFR Headquarters, 50 Commons Drive, York, PA.

ATTENDANCE: George Dvoryak Austin Hunt, Vice Chairman
Kathleen Phan Cara Beth Zortman
Julie Landis-Trott John Fullmer
Mark Swomley Eric Lehmayer
Robert McCoy, YAUFR Chief George Swartz, SGTwp. Police Chief
Sandy Ratcliffe, YAUFR Tom Warman
Dan Hoff, YAUFR Matt Shorb
John Woods, YAUFR

MEMBERS NOT

IN ATTENDANCE: Bill Schenck, Chairman
Greg Maust, Spring Garden Township Manager

ALSO IN

ATTENDANCE: Jean Abreght, Stenographer

1. CALL TO ORDER

A. Opening Ceremony

1. Pledge of Allegiance

HUNT Vice Chairman Austin Hunt called the meeting to order at 6 p.m. He led the Pledge of Allegiance.

2. INTRODUCTION AND PURPOSE BY CHAIRMAN SCHENCK

HUNT Vice Chairman Hunt announced that Chairman Bill Schenck was traveling and would be unable to attend the meeting this date. He reported that the purpose of the meeting was to present the state of the fire services and the proposed budget to the townships for review.

MCCOY Chief McCoy noted that, while there remains work to be done in the new Meeting Room, it will be an outstanding Emergency Operation Center. He announced that the Ribbon Cutting Dedication of the building was scheduled for Saturday, September 20, 2014 at 10 a.m. The ceremony will take about 15 to 20 minutes, and the remainder of the day will be open to the community to tour the building.

3. 2015 BUDGET PRESENTATION

A. Chief McCoy and Sandy Ratcliffe

MCCOY Chief McCoy presented the Draft Budget for 2015. He noted the objective which was to present the 2015 Proposed Budget to the participating municipalities based on the current requirements of the Charter Agreement. An amendment was added to the Charter Agreement last year, which put the split at 60/40 between the two townships. In August, last month, the YAUFR Board approved the draft budget as required by September 1st to forward to the municipalities following which Chief McCoy will participate in each municipal budget process.

2015 Highlights – Chief McCoy reported that 2015 will begin the eighth year as a regional combination fire department and will be the fifth year that YAUFR will return a Fund Balance to the townships. YAUFR will continue working with Manchester Township this year and next to further expand the merger of the two departments with the addition of Payroll Service and Operational Fund Transfer. They will continue with volunteer expansion possibilities with neighboring departments. He met with two members of the North York Borough Council, and Eagle Fire Company, both of which are interested in exploring a next step in services. YAUFR will receive a new pumper in January of 2015, to be discussed further during the Capital Plan.

Proposed 2015 Budget Summary - Total Expenses for 2015 Proposed is \$4,928,400; Other Revenue Reimbursements to be received is \$533,536 and Intergovernmental Revenue from the townships will be \$4,394,864.

Expense Comparison – One of the biggest items in the budget on the Expense and Revenue side is the Unfunded Pension Liability for Springettsbury Township. That is factored into the amount in the Total Expenses and the Reimbursements. However, it is not factored into the Revenue that comes from the townships because it is not Spring Garden's responsibility to pay a percentage toward that. Springettsbury's Unfunded Pension Liability increased from \$98,000 to \$115,000 due to a Defined Benefit Plan of older retirees committed in 2004.

LANDIS Ms. Landis questioned from where the money would be received that is highlighted under Other Revenue Reimbursements.

MCCOY Chief McCoy responded it would come from interest income, pension MMO, and health insurance reimbursements. He noted it would be everything on the revenue side other than the intergovernmental line and the unfunded liability.

YAUFR Expense Comparison – There was a 7.4 percent increase in Pension and Benefits this year and about a 3.8 or 4 percent decrease in Operational Costs; with rounding it is a 5 percent increase overall.

Salaries and Benefits: \$4,131,189.00, a 13 percent increase from 2010 to 2015. That coincides with the Labor Contracts and varies with employee longevities, etc.

Operating Expenses: Decreased to \$797,211 compared to \$880,000 in 2010. The trend indicates the operating costs continue to decrease while personnel costs increase.

Expenses: \$4,928,400 minus Springettsbury Township's Unfunded Pension Liability of \$115,549 equals a Total Expense for 2015 at \$4,812,851.

Highlighted Changes-Expenses - Wages and Benefits - 7 percent; Salaries for Fire Protection up \$184,414. Overtime has been reduced by \$27,000. Career employees' Worker's Compensation decreased. Volunteer Worker's Comp continued to increase. Insurance and Benefits, a \$70,000 increase. Health Insurance is up 78 percent. Pensions increased at \$44,736; Salaries and Benefits for 2015 for firefighters, \$1,971,000 versus 2014 at \$1,787,400; encompasses two years prior to contract.

Operating Expense - \$797,211.00, a 3.8 percent decrease; Professional Services decreased to \$11,500; Repair and Maintenance up by \$5,000 for the new facility (most under warranty).

Volunteer's Workers Comp – Increase of \$5,000; however, 2013 increased from \$17,000 to \$50,000; currently it is \$55,000. Statistics show health care is up 78 percent; Workers Comp overall for the department showed a 200 percent increase; State Fuel up over 8 percent. Pay raises 13 percent to coincide with contractual obligations.

PHAN Ms. Phan questioned whether other insurance companies that provide the type of Workers Comp that is needed had been contacted for a cost analysis.

MCCOY Chief McCoy responded that they are in the process of doing so. Previously the department was covered in Intergovernmental Cooperation through Benecon/SMT. All the volunteers were dropped, but career employees could not be dropped. SWIF was able to cover the employees. There are still a lot of unknown factors as to what the liability will be with Cancer Presumption. When Spring Garden and Springettsbury were put together, it was cheaper by \$9,000 for volunteer Workers Comp. With the potential for combining YAUFR,

Manchester, Mt. Wolf Borough, Manchester Borough and perhaps North York under one policy that may bring the premium down for all departments.

Expense Allocation – Salaries and benefits are at 84 percent; Operating Expenses are decreasing at 16 percent.

Revenue Sources - 90 percent of the Revenue comes from the townships; Miscellaneous Revenue is 3 percent; Pension MMO Contribution 5 percent; Springettsbury Township's Unfunded Liability is 2 percent.

Intergovernmental Revenues – Since 2010 there has been a net reduction of 5 percent of revenues which does not include the Fund Balance Return. For 2014 Springettsbury was at \$2,501,751; Spring Garden at \$1,667,789. Funding Formula changed between 2012 (5 percent) and 2013 (3 percent).

YAUFR Fund Balance – Unassigned Fund Balance for 2015 is based on the 2013 Audit at \$618,000 and calculates a 3, 4, and 5 percent range. Based on past practices, they will do a 4 percent calculation for 2015. YAUFR will return a total of \$421,421 to the townships. Since 2010 Springettsbury has received a return of \$787,005 and Spring Garden \$555,409 for a total of \$1,342, 414.

Township Contributions for 2015 - Springettsbury is \$2,636,918 without the Unfunded Pension Liability, which is \$115,549. Spring Garden is \$1,757,946. Fund Balance returns are applied during the first quarter. It will be taken off the first quarter bill, which indicates Springettsbury paying \$2,393,414 and Spring Garden paying \$1,580,029 for a total of \$3,973,443. For comparison in 2014, Springettsbury paid \$2,501,751 and Spring Garden \$1,667,789.

YAUFR Contribution History – A history of contributions showing increases and decreases were reviewed from -0.2 to -9 percent fluctuations. The \$2,128,968 is Springettsbury's cost of fire pre-YAUFR.

Capital Plan – There will be no need to replace the ladder truck due to some maintenance and adjustments. Based on the 20-year time frame for ladder trucks, there should be no need to purchase one until 2021.

LANDIS Ms. Landis asked who did the work, and how much money was put into the maintenance and adjustments.

MCCOY Chief McCoy responded that the work had been done by several different vendors. He did not have an accounting of that to date but will by the end of the year. For a comparison in 2007 Springettsbury spent \$111,000 on three fire trucks, and YAUFR's total operating budget for department apparatus is now \$55,000.

Capital Reserve Fund Balance – Purchases that were previously approved have been made with the AMKUS tool (Jaws of Life) for the fire truck at Victory and the hose complement for 2014. The Reserve Fund Balance is \$47,160. The Capital Plan for 2015 is \$89,300 which is the new pumper that was approved previously. There are no additions and the full contract price is \$403,034. There is \$35,000 allotted for replacement of a 2005 SUV with 90,000 miles on it. They will continue to use the SUV as long as it is functioning well. Another \$10,000 is allotted for hose replacement. Total Capital Plan Expenses for 2015 will be \$448,034. The \$47,160 can be used for the SUV and the hose. Chief McCoy did not project any apparatus issues for the next few years.

LANDIS Ms. Landis asked several questions with regard to the Manchester pumper. She questioned whether it would be housed in Manchester and how it would benefit Spring Garden and Springettsbury.

MCCOY Chief McCoy responded that it would be a reserve piece as long as it can be covered under YAUFRR insurance. Traditionally fire departments loan pumpers when needed. In addition the Springettsbury ambulances have had the need to borrow a Manchester ambulance on occasion. This is mainly to keep the fleet in service as much as possible.

LANDIS Ms. Landis asked how the process would work if there would be a fire and that pumper is needed.

MCCOY Chief McCoy responded that there are a number of different processes. If a reserve pumper is needed, the personnel are going to know to go to the station where the reserve is housed. Personnel are trained to step into an unfamiliar apparatus.

PHAN Ms. Phan asked if the fleet would be insured under one policy.

MCCOY Chief McCoy responded that insurance matters are under review. The first priority is, while working on the merger, they want to get both agents to agree, and there is discussion toward creating an agreement between departments. Following that, the next step would be to bring everything in under one policy.

PHAN Ms. Phan noted that the liability covers the fleet, which is a common thing.

MCCOY Chief McCoy commented that he had been working on that for some time, including that which covers the ambulances.

B. Comments from Joint Board

- HUNT** Mr. Hunt stated that one of the points he wanted to stress during the presentation is when a comparison is made of the regional budget to the individual municipal budgets, pre-merger, the key area is essentially that the Chief has no control over 85 percent of the expenses negotiated through the labor contracts. However, what the Chief has done is substantial reductions in overtime by having a larger pool of firefighters and the ability to move them around, as well as a very educated, proactive maintenance schedule. that has dramatically reduced the operating expenses. If one reviews the fact that there was only a 3 percent increase in overall costs since 2008, that is amazing with the standing, compounding increase in wages and seniority. Mr. Hunt noted that he never stressed that regionalization is a cost savings but rather an operational improvement with tangible cost savings when compared to individual municipal fire departments. The logic extends as the region gets bigger and there are more firefighters and equipment and assets under the regional umbrella. The reduction in cost increases will be evident and sustainable.
- PHAN** Ms. Phan questioned how the Fund Balance would be handled as more individuals would be brought in to the mix.
- MCCOY** Chief McCoy responded that was one of the items that Pat Ball is working on during the Strategic Planning sessions. He is working on the Manchester budget and he is reviewing how that would incorporate into the YAUFR budget and break that percentage out of their piece of the pie. It will be a negotiated item. The good thing about Manchester is there are so many personnel possibilities that would free up more employees for use and would reduce overtime even further. Some of the efficiencies had already provided some savings, and it has been recognized by their board and their manager.
- DVORYAK** Mr. Dvoryak complimented Chief McCoy that ever since he had been hired he had done a phenomenal job of handling the operations. That reflects in the numbers through the years. He brought two items for clarification. He noted the 7% increase and asked if that was strictly for pay increases.
- MCCOY** Chief McCoy responded that he was correct that it was strictly pay increases over two years since 2014 showed no raises due to negotiations.
- DVORYAK** Mr. Dvoryak asked if it related to a newer contract that was signed.
- HUNT** Mr. Hunt noted that there are two prongs to pay increases and that everyone receives a 2-1/2 percent and then there are seniority tiers for a longer tenured employee.
- DVORYAK** Mr. Dvoryak asked when the contract was signed.

- MCCOY** Chief McCoy responded that the contract was just signed at the August YAUFR Meeting. It covers 2014, '15, and '16. A review of the 2014 Salary Line shows the same as it was for 2013 Actual because they did not project any pay increases. The increase from 2013 to 2015 is the 7 percent increase. The contract respectively was 2 ¾, 3 percent, and 3 percent.
- DVORYAK** Mr. Dvoryak noted that 7 percent is not a true one year increase.
- MCCOY** Chief McCoy responded that the increase covers two years.
- FULLMER** Mr. Fullmer added that by having a signed contract now, the numbers for the existing personnel are known. There are some personnel who are older and could retire. They could be replaced with new personnel at a lower cost.
- MCCOY** Chief McCoy stated that one thing on the salary line is a new part of the 2010 negotiation. In order to merge the schedules and bring some pay parity, the Springettsbury employees received increases, and a lot of the Spring Garden employees got lump sums. That was to be fair and then the salary scales transitioned over that four-year contract to where in 2013 everybody was on the same page as far as payments. Negotiations provided that and some incentive to the employees, and a new wage scale. The benefit of the new wage scale will become more clear as people leave and new people are hired. Pay raises may have cost \$79,000 this year, but next year it is less.
- DVORYAK** Mr. Dvoryak questioned the Intergovernmental Revenues. He noted that it seemed as though Spring Garden was receiving a greater benefit with \$2 million in 2010 and \$1.7 million in 2014. He did not see the same picture for Springettsbury. He asked, if either township pulled out of the agreement, whether Spring Garden could provide fire service for \$1.7 million and whether Springettsbury could do the same for less than \$2.5 million.
- MCCOY** Chief McCoy responded that Mr. Fullmer did a projection when they reviewed the Funding Formula. Based on his calculations for 2014 Spring Garden would be about \$2 to \$2.1 million and Springettsbury would be anywhere from \$2.9 to \$3.1 million. Chief McCoy pointed out that YAUFR provided an opportunity for Springettsbury to correct its pension issue with the Defined Benefit Pension Plan.
- DVORYAK** Mr. Dvoryak questioned whether staffing had been shifted from Spring Garden and Springettsbury or whether it is much the same as it was.
- MCCOY** Chief McCoy responded that the answer is no. There are different people assigned to different stations, but assignment and minimum staffing are two different things. Every day begins with eight per day and two people at every fire

station. That's the minimum staffing that is required under the Labor Contract. If there are extras, they are either at this house or at the Victory station.

HUNT Mr. Hunt noted that there are more incidents in geographic Springettsbury that are serviced by firefighters coming from Spring Garden stations.

MCCOY Chief McCoy agreed and commented that Springettsbury is a busy township that doubles in population with the business sector. It is a busy firehouse. ISO had recommended that Spring Garden and Springettsbury have six fire stations.

LANDIS Ms. Landis questioned the staffing and what the ratio is with respect to Spring Garden and Springettsbury. She wanted to know whether the numbers had not really changed much.

MCCOY Chief McCoy responded that there is the same complement as before, they may be classified differently; 30 firefighters, four chiefs and the Administrative Assistant makes 35.

LANDIS Ms. Landis stated for clarification that the new contract was signed in August of this year.

MCCOY Chief McCoy responded that it is not necessarily the contract document. He will meet with the union on Thursday, September 18th to review the language for accuracy. An MOU was signed and it is technically approved.

HUNT Mr. Hunt noted that it is retroactive.

MCCOY Chief McCoy added that would be for the raises; however, there are some things that don't take effect until 2015.

LANDIS Ms. Landis asked whether there was an incentive offered for early retirement.

MCCOY Chief McCoy responded that an offer had been made in 2010 during the original negotiations, and it was re-offered to the three most tenured employees of Spring Garden. They are in a 401 plan. No one, other than the three Springettsbury employees receive post-retirement healthcare, which was based on the old Springettsbury contracts. Spring Garden had an old clause in their contract that was a throwback to the old Teamsters Health and Welfare Fund. When they retired they received \$202 a month. They agreed to that sun setting at the end of 2013. There are three employees from Spring Garden who receive that \$202 check and will until they reach age 65. They offered the three employees over the eligible retirement age \$10,000 a year for three years and \$300 a month to assist with healthcare payments, and a 20 percent sick leave cash out instead of 10 percent.

- LANDIS** Ms. Landis asked where the money would be factored in for the \$30,000; the \$10,000 three-year bonus.
- MCCOY** Chief McCoy responded it is coming out of the budget and will be factored in to the fact that three new employees will be hired at a new wage scale.
- LANDIS** Ms. Landis asked whether there was anything else that was in the contract that needed to be highlighted with respect to early retirement.
- MCCOY** Chief McCoy responded that the only other clause was that the offer had to be accepted by the end of this year, but he would be willing to listen to alternatives.
- LANDIS** Ms. Landis commented that if it was put into a contract it could not have an infinite date.
- HOVIS** Solicitor Hovis indicated that the current contract indicates that by the end of this year they need to accept the proposal and that is what is in writing.
- LANDIS** Ms. Landis proposed that if she were a potential retiree and came in in February of the following year, would she be able to take it.
- HOVIS** Solicitor Hovis noted that the current contract says it's written in stone. There could potentially be the need to open up the contract if it was in YAUFR's best interest and something for consideration. As of this date, the contract says by the end of the year.
- MCCOY** Chief McCoy added that it is an MOU side agreement, not part of the actual contract. If the MOU expires and the union would like to negotiate a potential deal for those three employees after January 1st, Chief McCoy would be willing to listen.
- LANDIS** Ms. Landis noted that obviously there was no expiration date for that.
- MCCOY** Chief McCoy stated that there comes a point where they have to look at what is beneficial.

C. Comments from Citizens

There were no citizen comments.

4. ACTION ON PROPOSED BUDGET

MR. FULLMER MOVED TO FORWARD THE 2015 PROPOSED DRAFT BUDGET TO THE MUNICIPAL MANAGERS FOR REVIEW AND PRESENTATION TO THEIR BOARDS. MS. ZORTMAN WAS SECOND. MOTION UNANIMOUSLY CARRIED.

5. ADJOURNMENT

HUNT Vice Chairman Hunt adjourned the Special Joint Budget Presentation Meeting at 7:10 p.m.

Respectfully submitted,

Signature on file at YAUFR Headquarters

John Fullmer
Secretary

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