

**Minutes of the Regular Meeting of the Board of Directors of the
Sunshine Fire Protection District
June 8, 2021**

Call to Order

The meeting was held in person at Station 1.

The meeting was called to order at 7:40 PM and quorum was established. See Agenda below.

Attendance

Board Members Present: Alan Kirton, Dan Fischer, Dick Smith

Board Members Absent: Jean Gatza, Cathy Shoenfeld

Others Present: Chief Michael Schmitt

Approval of Minutes

The minutes from May were reviewed with no changes suggested.

Motion: To approve May Minutes was seconded and carried.

Treasurer's Report

- Treasurer's report was reviewed.
- There was discussion regarding expenses for the fuel break, equipment purchases particularly around shelters, engine repair, tire replacement, pump leak, payments for administrative items, etc.
- There is a need to better define the accounts as to where expenses need to be placed. We may also need to create more accounts to better differentiate the expense categories.

MOTION: To approve May Treasurer's Report was seconded and carried unanimously.

Fire Chief's Report – Review of Attached Report

- We continue to train new firefighters on driving, with several hundred hours since last summer alone. The goal and requirement is to have everyone's driver task book completed by the end of July (with a couple exceptions that deserve considerations). The next step will be to certify every firefighter on our pumps. We recognized a discrepancy in skill levels among firefighters and with the many new firefighters had to create a pathway for them to gain that knowledge without years going by, as is often the case.
- 4502 is not running on all cylinders at the moment and may need to be taken out of service. We should know more in the coming days.
- New Deputy Fire Marshals update: A number of SPR's are in progress and provide a good level of training for the new Deputy Fire Marshals.

Other Business

- CR 83 Community Fire Cistern update:
 - Excavation for cistern will start on Thurs. June 10th.
 - Tank is due to be delivered in the morning of June 17th.
 - Tank installation will probably carry through the week of June 21st.

- A reimbursement request has been submitted to the state for the fuel break at 3701 SCD. The 2018 Forest Restoration and Wildfire Risk Mitigation Grant reimbursement will be \$22,944.
- The 2021 Forest Restoration and Wildfire Risk Mitigation (FRWRM) Grant for a project to provide fuels reduction along Sunshine Canyon Drive from 3369 to 3701 and along a mining road at approximately 5570 Sunshine Canyon Dr. has been submitted. Both of these areas were outlined in the 2021 CWPP Planning Meeting. There is a total of 29.9 acres and the estimated price is \$2700/acre. The total project cost is \$83,925. FRWRM provides a matching grant so the cost to SFPD will be \$41,963 if the grant is awarded. The pre-award date is 7/17/2021 and final award date is 8/16/2021. Once awarded we will have four years to complete the project.
- A CSD Pool Safety Grant was submitted for last year's purchase of voice pagers. Invoiced amount was \$4957.50 and the grant amount will be \$2478.75. The grant was approved and has been sent to their accounting department for processing. There is \$361 left in SFPD's safety grant fund. Typical yearly CSD Pool contribution is \$950.
- SFPD has approved a change order with Rosenbauer for the cabinet configuration of the new engine. The change will result in an additional cost of \$10,012.00 for the engine.
- We need to settle on the amount of financing we want for the new engine. A 5 year capital plan has been attached to look at two different scenarios. One scenario is to pay \$348,448 at the time the engine is delivered (includes chassis progress payment of \$121,373) and then finance the remaining \$150,000 over 3 years. The second scenario is to pay-off the full amount of \$498,448 at delivery.
 - In the first scenario the minimum capital reserve balance, in 2022, is \$218,770. The capital reserve balance at the end of 2025 is \$380,584.
 - In the second scenario the minimum capital reserve balance, in 2021, is \$93,907. The capital reserve balance at the end of 2025 is \$388,584.
 - The net is that the paying the entire balance at delivery results in \$8000 savings for the district but has additional risks because there are capital expenditures that are not accounted for in outfitting the new engine. We already know of almost \$18k of expenditures for hoses and communications equipment and the total amount could easily be double that amount or more. Depending on how the financials look after the first year we could also pay off the loan early to limit the amount of the financing costs.
 - The recommendation is that we finance \$150k of the engine cost and evaluate whether to pay off the loan early at the end of the second year.

There was considerable discussion regarding this item. Dan Fischer will do some research to determine if there are origination fees associated with the financing and also the prevailing interest rates. One suggestion was to look at some additional financing amounts like \$100k instead of \$150k in order to better balance financing costs vs financial risk for the district.

Adjourned at 8:49 PM

Attest:



Jean Gatzka, Board Secretary

Board Meeting June 8th, 2021, 7:30 PM

Meeting will be held at Station 1

Agenda

Review/Approve Minutes

Review/Approve Treasurer's Report

Review Chief's Report

Other Business

1. CR 83 Community Fire Cistern update:
 - Excavation for cistern will start on Thurs. June 10th.
 - Tank is due to be delivered in the morning of June 17th.
 - Tank installation will probably carry through the week of June 21st.
2. Reimbursement request has been submitted to the state for the fuel break at 3701 SCD. The 2018 Forest Restoration and Wildfire Risk Mitigation Grant reimbursement will be \$22,944.
3. The 2021 Forest Restoration and Wildfire Risk Mitigation (FRWRM) Grant for a project to provide fuels reduction along Sunshine Canyon Drive from 3369 to 3701 and along a mining road at approximately 5570 Sunshine Canyon Dr. has been submitted. Both of these areas were outlined in the 2021 CWPP Planning Meeting. There is a total of 29.9 acres and the estimated price is \$2700/acre. The total project cost is \$83,925. FRWRM provides a matching grant so the cost to SFPD will be \$41,963 if the grant is awarded. The pre-award date is 7/17/2021 and final award date is 8/16/2021. Once awarded we will have four years to complete the project.
4. A CSD Pool Safety Grant was submitted for last year's purchase of voice pagers. Invoiced amount was \$4957.50 and the grant amount will be \$2478.75. The grant was approved and has been sent to their accounting department for processing. There is \$361 left in SFPD's safety grant fund. Typical yearly CSD Pool contribution is \$950.
5. SFPD has approved a change order with Rosenbauer for the cabinet configuration of the new engine. The change will result in an additional cost of \$10,012.00 for the engine.
6. We need to settle on the amount of financing we want for the new engine. A 5 year capital plan has been attached to look at two different scenarios. One scenario is to pay \$348,448 at the time the engine is delivered (includes chassis progress payment of \$121,373) and then finance the remaining \$150,000 over 3 years. The second scenario is to pay-off the full amount of \$498,448 at delivery.
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 - The recommendation is that we finance \$150k of the engine cost and evaluate whether to pay off the loan early at the end of the second year.



Sunshine Fire Protection District
311 County Rd 83
Boulder, CO 80302
www.sunshine-fpd.org

Chief Report, Board Meeting 06/08/2021

1. We continue to train new firefighters on driving, with several hundred hours since last summer alone. The goal and requirement is to have everyone's driver taskbook completed by the end of July (with a couple exceptions that deserve considerations). The next step will be to certify every firefighter on our pumps. We recognized a discrepancy in skill levels among firefighters and with the many new firefighters had to create a pathway for them to gain that knowledge without years going by, as is often the case.
2. 4502 is not running on all cylinders at the moment and may need to be taken out of service. We should know more in the coming days.
3. New Deputy Fire Marshals update: A number of SPR's are in progress and provide a good level of training for the new Deputy Fire Marshals.

Calls

<u>Incident</u>	<u>Units</u>	<u>Problem</u>	<u>Response Date</u>
<u>BCFD210517-005612</u>		FICONR-Controlled Burn	5/17/2021 16:26
<u>BCFD210520-005701</u>	4602, 4632, 4662, 6532, FM2, SS1	FISMOR-Smoke Report	5/20/2021 10:23
<u>BCFD210520-005717</u>	4566, 4662, A15, AMRB, FM4, SS1	EMSR-Medical Call	5/20/2021 16:52
<u>BCFD210522-005783</u>		FICONR-Controlled Burn	5/22/2021 12:13
<u>BCFD210527-005963</u>	4632, 4662, BCFDO1, FM2, SS3	FISMOR-Smoke Report	5/27/2021 7:42

<u>BCFD210528-006002</u>	2301, 4364, 4566, 4662, BCFDO3, BM1, BR2, FM2, SS3	FISMOR-Smoke Report	5/28/2021 6:47
<u>BCFD210528-006003</u>	4566, 4602, 4662, A7, AMRC, FM3, SS3	EMSR-Medical Call	5/28/2021 8:58
<u>BCFD210528-006017</u>	4532, 4632, 4662, 5404, A10, A7, GH2, GH3	zStroke (AE/EE)	5/28/2021 14:07
<u>BCFD210531-006129</u>	4532, 5404, 5463, A4, AMRB, GH1	zBreathing Problem (AE/EE)	5/31/2021 9:05
<u>BCFD210602-006173</u>	4532, 4566, 4662, A1, FM2, SS1	zSick (AE/EE)	6/2/2021 6:54
<u>BCFD210603-006221</u>	2301, 4532, 4566, 4602, 4652, 4661, A3, AMRB, BR2, SS3	EMSR-Medical Call	6/3/2021 10:49
<u>BCFD210605-006305</u>		FICONR-Controlled Burn	6/5/2021 9:11
<u>BCFD210605-006337</u>		FICONR-Controlled Burn	6/5/2021 20:04
<u>BCFD210606-006387</u>	4561, 4661, FM3, SS2	FIODOR-Odor Inv Outside	6/6/2021 23:02
<u>BCFD210608-006436</u>	4601, 4661, A25, AMRB, FM1, SS3	zSick (AE/EE)	6/8/2021 2:31

Determination on How Much to Put Down vs. Lease for Rosenbauer Engine

Year End 2020 Numbers

I made a number of adjustments in working through the 2020 YE financials in order to plug into the capital equipment model.

- The model carries the concept of having an emergency fund (retained earnings) that varies year to year based on the next year's non-discretionary spending. In 2020 the non-discretionary spending was \$63,299 which has been rounded to \$63,300 to put into the model. This amount is significantly higher than 2018 and 2019 which were \$33,576 and \$39,328 respectively. In some respects that's good since it will be a conservative number to use. The value in retained earnings at the end of 2020 was \$107,978.40. The difference, \$44,678.40, will be journaled from retained earnings to the capital reserve fund.
- At the end of 2020 we were still waiting on a reimbursement from the Cameron Peak Fire deployment. As a result the difference between our reimbursement income, Contract Fire Protection Svc, and our deployment expenses consisting of Contract Services and Payroll Expenses was -\$29,594. The reimbursement we are waiting for is \$45k. This negatively impacted our net income and therefore the 2020 contribution to the capital reserve fund. This would have had an artificial and inaccurate impact on the model so the decision was made to uplift the contribution by the \$29,594 to reflect a neutral financial impact for the 2020 deployment.
- The net of the above points means that the capital reserve fund balance has been increased from what was reported in the Dec. Treasurer's Report.

2021 Beginning Capital Reserve Balance = $\$472,384.98 + \$29,594 + \$44,678.40 = \$546,657.38$

Total Cash on hand = $\$546,657.38 + \$63,300 = \$609,957$

Leasing Options (see attached pages for yearly details through 2025)

Scenario 1

Engine cost is \$503,283. Making a chassis progress payment reduces the cost to \$498,448. The chassis prepayment is \$121,373. At delivery, pay off an additional \$227,075 for total prepayment of \$348,448 which results in a remaining balance of \$150,000 which will be financed. Based on Internet research, there are financial institutions that will lease at 3.5% rate. Assuming a 3 year lease then the yearly payments are \$53,540.

Minimum capital reserve balance (2022) is \$218,770

Capital reserve balance at end of 2025 is \$380,182.

Scenario 2

Engine cost with chassis pre-payment discount is \$498,448. Make chassis progress payment of \$121,373 and then payoff balance of \$377,075 delivery.

Minimum capital reserve balance (2021) is \$93,907

Capital reserve balance at end of 2025 is \$388,584.

Conclusion

Scenario 1 leaves us with a minimum capital reserve balance of \$218,770 which gives us sufficient funds to ensure that we can equip new engine and handle emergency repairs. Scenario 2 would result in a slightly higher capital reserve balance in 2025 (\$8,402) but does so at the expense of increasing the district's financial risk in the intervening years. The recommendation is to do Scenario 1.

Scenario 1

Total engine cost w/progress payment discount - \$498,448

Chassis progress payment - \$121,373

Down payment - \$227,075

Lease amount - \$150,000. Lease for 3 years, 3.5% interest rate resulting in lease payment of \$53,540.13

Year	Starting Cap Reserve Balance	Capital Purchases Expenses	Capital Lease Expenses	Interest Earned	Year End Contrib.	Base Retained Earnings	Retained Earnings incl. Lease Expenses	Ending Cap Reserve Balance	Total Cash Reserve	Notes
2020	\$441,580	\$18,000		\$6,247	\$72,151	\$63,300	\$63,300	\$546,657	\$609,957	Order Rosenbauer Type 1 to replace 4502 (no assoc. cost in 2020). Purchased used Type 6 (4535). The year end contribution was adjusted upward by 29,544 to account for the fact that we did not receive a significant reimbursement for the Camerson Fire in 2020. The actual amount of reimbursement will be \$45k. The \$29k represents the break even point on the deployment expenses vs reimbursements for 2020. The other adjustment that was made was to account for retained earnings of \$63300 vs end of 2020 retained earnings of \$107,978.40. The difference \$44,678.40 was tranferred to Ending Captial Reserve Balance.
2021	\$546,657	\$377,910		\$1,867	\$75,759	\$64,566	\$64,566	\$245,107	\$309,673	Purchase 9 sets of turnout gear. Pay progress payment for Rosenbauer Type 1 in July and take delivery in Sept. Pay and additional \$227,075 at delivery to pay down lease amount to \$150,000. Pay lease over 3 year time period.
2022	\$245,107		\$53,540	\$2,488	\$79,547	\$65,857	\$119,397	\$218,770	\$338,167	
2023	\$218,770		\$53,540	\$2,288	\$83,524	\$67,174	\$120,715	\$249,724	\$370,439	
2024	\$249,724		\$53,540	\$2,546	\$87,700	\$68,518	\$122,058	\$285,087	\$407,145	
2025	\$285,087	\$51,587		\$2,427	\$92,085	\$69,888	\$69,888	\$380,182	\$450,070	Purchase 13 sets of turnout gear

Minimum capital reserve balance is \$218,770 in 2022

Capital reserve balance at end of 2025 is \$380,182

Scenario 2

Total engine cost w/progress payment discount - \$498,448

Chassis progress payment - \$121,373

Payment at delivery - \$375,910

Lease amount - \$0

Year	Starting Cap Reserve Balance	Capital Purchases Expenses	Capital Lease Expenses	Interest Earned	Year End Contrib.	Base Retained Earnings	Retained Earnings incl. Lease Expenses	Ending Cap Reserve Balance	Total Cash Reserve	Notes
2020	\$441,580	\$18,000		\$6,247	\$72,151	\$63,300	\$63,300	\$546,657	\$609,957	Order Rosenbauer Type 1 to replace 4502 (no assoc. cost in 2020). Purchased used Type 6 (4535). The year end contribution was adjusted upward by 29,544 to account for the fact that we did not receive a significant reimbursement for the Camerson Fire in 2020. The actual amount of reimbursement will be \$45k. The \$29k represents the break even point on the deployment expenses vs reimbursements for 2020. The other adjustment that was made was to account for retained earnings of \$63300 vs end of 2020 retained earnings of \$107,978.40. The difference \$44678.40 was tranferred to Ending Captial Reserve Balance.
2021	\$546,657	\$527,910		\$667	\$75,759	\$64,566	\$64,566	\$93,907	\$158,473	Purchase 9 sets of turnout gear. Pay progress payment for Rosenbauer Type 1 in July and take delivery in Sept. Pay balance owed of \$377,075 at delivery.
2022	\$93,907			\$1,278	\$79,547	\$65,857	\$65,857	\$173,440	\$239,298	
2023	\$173,440			\$1,925	\$83,524	\$67,174	\$67,174	\$257,572	\$324,747	
2024	\$257,572			\$2,609	\$87,700	\$68,518	\$68,518	\$346,538	\$415,056	
2025	\$346,538	\$51,587		\$2,919	\$92,085	\$69,888	\$69,888	\$388,584	\$458,473	Purchase 13 sets of turnout gear

Minimum capital reserve balance is \$93,907 in 2021

Capital reserve balance at end of 2025 is \$388,584

Assumptions

Service Life Assumptions Component	Service Life (yrs)	Notes	Change Notes
Type 1/Type 3 Engine, Tender	25		
Type 6 Engine	20		
SCBA Cylinder and Masks and RIT Pack	15	Based on mandated service life of the carbon fiber cylinders	
Turnout Gear	10	Mandated service life, two releases of the specification	
Roofs	30		
Well Pump	20		
Financial Assumptions	Rate	Notes	Change Notes
Yearly increase in Fire Dept. Net Income which equates to the change in the yearly contribution to the Capital Reserve Fund	5.00%	Average yearly increase in fire department net income. Now that Gallagher has been repealed the tax revenue is based solely on increase in property valuations. The net income increase is a reflection of the difference in increase of the tax revenue vs expenses.	2/1/2020 - Updated definition to reflect how it is actually being used in the financial calculations.
Capital Reserve earned interest rate	1.00%	Assume we earn interest on 80% of the end of year balance before contribution	2/1/2020 - Changed from 2.5% to 2.0% to reflect drop in interest rates
Fire Apparatus Inflation Rate	4.50%		
Fire Apparatus Leasing Rate	3.50%		
SCBA Inflation Rate	4.50%		
Turnout Gear Inflation Rate	4.50%		
Retained Earnings Requirement Inflation	2.00%	In 2018 we talked about the concept of retained earnings (emergency fund) which is equal to one year's worth of non-discretionary expenses. These expenses should also include some portion of the leasing costs. This will need board discussion but the initial thought is that we retain non-discretionary expenses and 100% of the current years leasing cost. There is an assumed inflation rate for the non-discretionary expenses.	
Facility Repair Inflation Rate	3.00%	The roof and well pumps are listed at capital items. The inflation rate would be more closely tied to construction inflation rate	

