

South Metro Fire Rescue Fire Protection District
Regular Board of Directors' Meeting Minutes - **AMENDED**
February 1, 2021

Present:	Jim Albee, Chair	Bob Baker, Fire Chief
	Renee Anderson, Vice Chair	Mike Dell'Orfano, Assistant Chief
	William Shriver, Treasurer	Vince Turner, Assistant Chief (via Teams)
	Hank Eng, Secretary	Dillon Miskimins, Chief Financial Officer
	Sue Roche	Tobias Kirschke, Assistant Chief
	Cindy Hathaway	Kevin Milan, Assistant Chief
	Alison Rausch	Jon Adams, Assistant Chief
		Isela Nejbauer, Human Resources Chief Officer
		Kristin Eckmann, Chief Communications Officer
		Breann Aragon, Controller
		Bob Cole, Legal Counsel (via Teams)

Others Present: Tim Hough & Brian Reidy from Korn Ferry; Joe Rice from Lockheed Martin Corporation; and, SMFR Staff Members

MEETING CALL TO ORDER

Chair Albee called the Regular Meeting of the South Metro Fire Rescue Fire Protection District to order at 6:00 p.m. and welcomed everyone to the meeting.

PLEDGE OF ALLEGIANCE

Chair Albee led the Pledge of Allegiance to the United States of America.

ROLL CALL

All members of the Board were present.

PUBLIC COMMENT

N/A

PRESENTATION(S)

Paul Smith – Arapahoe County E911 Award – Chief Milan stated that members of SMFR are aware of Paul's contributions and his vital role in the creation of the premier dispatch center in the nation with the creation of MetCom in 2006. With the reorganization at SMFR, Paul is now embarking on continuing his exceptional service to the agency leading the Technical Services Bureau. Chief Milan added that at their January, 2021 meeting, the Arapahoe County E-911 Authority Board recognized Paul for the exceptional contributions he made to improve the collective Public Answering Points (PSAPS) in the County.

Chief Milan introduced AC E-911 Executive Director Bruce Romero, who took a moment to thank Paul for his invaluable contributions to Arapahoe County and expressed appreciation for everything that he has done for the ACE-911 Authority and wished him well as he transitions to his new role within SMFR.

Chair Albee noted that the agenda was adjusted to allow Korn Ferry, the company contracted to conduct the staff salary analysis, to provide an update on their project and the time for further discussion will be allowed later in the meeting.

Chief Dell'Orfano introduced Tim Hough and Brian Reidy from Korn Ferry. Mr. Hough stated that they wanted to share an update on their work over the past couple of weeks. Mr. Reidy provided a project update, reviewing the items that have been completed:

- Job Structure
 - Job structure for all 83 unique job titles applying the Korn Ferry Hay Method of Job Evaluation
 - Know-How, Problem Solving, Accountability
 - Inputs included job descriptions, org charts, interviews with organizational leaders
 - Results were validated and approved by the SMFR project team
 - SMFR has adopted this method as a means of maintaining appropriate work measurement/alignment
 - Scalable
 - Repeatable
 - Allows for consistent comparison of job accountabilities
 - Measures the work, not the person
 - Links directly to market compensation data
 - Foundation for other HR initiatives, if desired
 - SMFR team members received training in the Hay Method & Korn Ferry consultants remain available for support
- Pay Practices/Philosophy
 - Presented marketing compensation analysis using multiple datasets and modeled multiple scenarios for setting pay policy
 - PEC (Mountain States)
 - Korn Ferry collected national data
 - SMFR decided to use Korn Ferry national data (adjusted for local cost of labor as appropriate) for market comparison
 - Dataset is more robust and offers greater reliability/less fluctuations year over year than PEC
 - Data captures/reflects more of the full talent pool for SMFR
 - Data links directly to the job leveling
 - PEC can be used to supplement the Korn Ferry data for specific jobs and as further validation of the salary structure annually
 - Target Compensation practice at P75 of the market
 - Aligns with “Employer of Choice” philosophy
 - Approximates PEC P90

Mr. Reidy concluded that the next step is a formal report presentation and discussion on what to do with the project moving forward, with everything wrapping up within the next week or two.

The Board thanked Mr. Hough and Mr. Reidy for the presentation.

CONSENT AGENDA

January 4, 2021 South Metro Fire Rescue Fire Protection District Regular Board Meeting Minutes
SMFR Resolution No. 2020-06 Continuation of Declaration of Local Disaster Emergency

A motion was made by Hank Eng and seconded by Alison Rausch to approve the consent agenda as presented. All were in favor and the motion carried.

ACTION ITEMS

Public Hearing: Order by Board of Directors of the South Metro Fire Rescue Fire Protection District for Inclusion of Real Property (Holter Landscape and Construction, LLC)

Chair Albee opened the public hearing at 6:22 p.m.

Chief Dell’Orfano informed that this parcel is near Highway 85 that was not originally within the Littleton Fire Protection District boundaries and therefore not currently within SMFR’s district as a part of unification. The Holter Landscape and Construction, LLC property is located at 8173 Carder Court and is currently vacant (with miscellaneous storage) but in the process of applying to Douglas County for outdoor storage of RV’s and landscape equipment. The property owner has

submitted and a Petition for Inclusion and has agreed to pay for the costs associated with inclusion. The anticipated revenue based on a 2020 assessed value of \$141,480, is approximately \$1,309. This facility has received emergency services for several years and there are no concerns with SMFR's ability to continue serving and staff recommends approval of the order.

At Director Eng's request, Chief Dell'Orfano informed that there are many storage facilities along the 85 corridor, which are very similar to a mini-storage and not protected by a particular fire protection system, luckily this one is in a commercial area and is outside, reducing hazards. Chief Tasker confirmed that this storage facility is in a pretty good location and we should be able to **respond** quickly if there is an incident.

At Director Anderson's request, Chief Adams informed that although this location is gated and locked, most of these facilities have Knox Box padlocks or MetCom has their access codes.

There was no public comment and Chair Albee closed the hearing at 6:33 p.m.

A motion was made by Sue Roche and seconded by Hank Eng to approve the **Order** by Board of Directors of the South Metro Fire Rescue Fire Protection District for Inclusion of Real Property (Holter Landscape and Construction, LLC) as presented. All were in favor and the motion carried.

Public Hearing: Order by Board of Directors of the South Metro Fire Rescue Fire Protection District for Inclusion of Real Property (Lockheed Martin Corporation)

Chair Albee opened the public hearing at 6:33 p.m.

Chief Dell'Orfano informed that as a part of the unification of Littleton Fire Rescue (LFR) and South Metro Fire Rescue (SMFR), a service agreement was created on October 16, 2018 that transferred fire protection services for Lockheed Martin to SMFR. The agreement established SMFR as the service provider for a 3-year period with the ultimate intention of full inclusion. A petition for inclusion was also included as a sign of commitment to the inclusion process, with the intent of processing that petition and completing the inclusion process prior to May 1, 2021 in order to be fully effective by 1/12/2022. This public hearing begins that process.

Lockheed Martin is a 5,600-acre, high-security facility with wildland fire interface, recreation facilities, and about 325 structures including offices, research and development, rocket and satellite assembly/testing, utilities and hazardous materials storage and use. Additional research facilities are planned over the next few years. SMFR responded to 217 incidents at the facility from 2018 through 2020 and satisfied the contractual travel time of 7:00 on average. Potential revenues based on 2020 assessed values are about \$580,000. Staff recommends approval of the order.

Joe Rice, Director of Government Affairs for the Lockheed Martin Corporation, provided a perspective on behalf of Lockheed, expressing support of the Corporation's endorsement of the inclusion and thanked everyone for the work they have done over the past several years to make this possible. Mr. Rice also thanked Chief Dell'Orfano for such a great presentation and provided a brief history of Lockheed from 1956 to the present.

There was no public comment and Chair Albee closed the hearing at 6:46 p.m.

A motion was made by Hank Eng and seconded by Renee Anderson to approve the Order by Board of Directors of the South Metro Fire Rescue Fire Protection District for Inclusion of Real Property (Lockheed Martin Corporation) as presented. All were in favor and the motion carried.

Public Hearing: Order by Board of Directors of the South Metro Fire Rescue Fire Protection District for Exclusion of Real Property (Swenson Family Trust)

Chair Albee opened the public hearing at 6:47 p.m.

Chief Dell'Orfano informed that this parcel is one of 13 homes in the City of Aurora that may be requesting to exclude from the District. The general area, east of E470 and south of Smoky Hill Road, used to be in the Parker Fire Protection District boundaries and much of it has since been annexed into the City of Aurora. SMFR has been excluding parcels from our District over the past several years, as we discover parcels that were missed during annexation. The Swenson Family Trust property is located at 7863 S. Elk Street and includes a single-family home. The property owner has submitted a Petition for Exclusion and the associated costs are being waived in accordance with policy. The anticipated revenue loss, based on a 2020 assessed value of \$40,577, is approximately \$375. This property is capable of being served by the Aurora Fire Department, although SMFR would continue assisting through auto aid agreements. Staff recommends approval of the order.

There was no public comment and Chair Albee closed the hearing at 6:51 p.m.

A motion was made by William Shriver and seconded by Hank Eng to approve the Order by Board of Directors of the South Metro Fire Rescue Fire Protection District for Exclusion of Real Property (Swenson Family Trust) as presented. All were in favor and the motion carried.

December 2020 Financial Statements – Chief Financial Officer Miskimins reviewed the financial statements, highlighting:

- Fund balance decreased by approximately \$10.6 million compared to prior month, bringing fund balance to a total of \$57 million.
- Through December, the District has collected \$120.5 million in property and specific ownership tax revenue, which reflects 99.32% collection vs. 99.67% at this time last year for property taxes, and 91.87% vs. 104.56% for specific ownership taxes. Adding that there was \$487,000 in abatements for Arapahoe County in 2020. A total of \$599,491 of property taxes have been diverted to TIF in 2020. Specific ownership tax revenue is trending under year-to-date budget by \$788,028.
- As of December 31st, the District has expended \$133.7 million in the General Fund related to operations, which is \$1.6 million under the YTD budget, not including Capital Projects transfers.
- Through December, the District has expended \$7.6 million or 63.08% of our total budgeted expenditures in the Capital Fund.
- Ambulance transport revenue is under the YTD budget by \$1.5 million due to the following factors:
 - a. Number of year-to-date transports have decreased 4.15% from 19,216 in December 2019 to 18,419 in December 2020.
 - b. A change in payor mix:
 - i. Medicaid transports increased by 3.6% from 2019
 - ii. Private insurance and self-pay transports decreased by 9.3%
 - iii. Medicaid reimburses at the lowest rate of \$196/transport on average, while private insurance and self-pay payors reimburse the highest of \$1,170/transport and \$1,135/transport on average, respectively
 - c. Statistics related to the updated fee schedule:
 - i. Average gross revenue per call has increased from a year-to-date average of \$1,049/transport in June 2020 to \$1,178/transport in December 2020.
 - ii. Average net revenue per call has increased from a year-to-date average of \$471/call in June 2020 to \$523/call in December 2020.
- Salaries expense ended the year \$4.1M over budget due to the following factors:
 - a. Annual budgeted salary increases were less than actual annual increases.
 - b. Buyout expense was \$1.3M over budget.
 - c. Step increases were inadvertently omitted from the 2020 budget.
- In December, the District collected \$275,156 from the sale of assets, which included \$54K from the sale of EMS equipment, \$190K from the return of SMFR leased vehicles, and \$31K from the sale of SMFR owned vehicles and apparatus.
- As of January 25th, \$1,211,193 has been expended on COVID-19 related resources.
- In December, the District received two additional stimulus grant payments from the CARES act grant application totaling \$319,773.

At Chair Albee's request, CFO Miskimins reported that the transport numbers for the second half of 2020 were less than expected and he will bring back to the Board demographic trends for Medicaid and Medicare anticipated over the next 5 – 10 years.

At Director Anderson's request, CFO Miskimins stated that although Medicare does not normally change their pricing, they do occasionally do a cost study, which SMFR was invited to participate in but has now been delayed, so it is anticipated there would not be any changes for at least the next five years.

At Director Shriver's request, CFO Miskimins stated that he believes the reason the 2020 budget was back on track by the end of the year was because the department heads were asked to conduct a "right sizing" of their budgets, which meant not spending all of their budget unless needed and keeping the 2021 budgeting in line with the traditional 2% increase.

A motion was made by William Shriver and seconded by Hank Eng to accept the December 2020 Financial Statements as presented. All were in favor and the motion carried.

SMFR Resolution No. 2021-02 Approve Resolution Designating Location to Post Meeting Notice – Chief Dell'Orfano apologized for the oversight that this was not included in last month's packet with the other resolutions and reminded that intergovernmental authorities are required to designate annually at the Board's first meeting each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting. Staff recommends continuation of the designated posting location as South Metro Fire Rescue Fire Protection District website and headquarters.

A motion was made by Sue Roche and seconded by Hank Eng to approve SMFR Resolution No. 2021-02 Approve Resolution Designating Location to Post Meeting Notice as presented. All were in favor and the motion carried.

Station 20 – Public Service Company of Colorado Easement – Chief Turner informed that the Public Service Company of Colorado requires a non-exclusive easement across SMFR Station 20 lot for the purposes of constructing, operating, maintaining, repairing or replacing the electrical utility service line that feeds the station. Bob Cole's office has reviewed and approved the document. Chief Turner added that he will have another Station 20 item for the board to approve next month to correct the undersized gas line.

A motion was made by Sue Roche and seconded by William Shriver to approve the Station 20 – Public Service Company of Colorado Easement as presented. All were in favor and the motion carried.

Authorization to Purchase Four (4) Budgeted Fire Apparatus – Fleet Manager Frank reminded that the 2022 Fleet Capital Replacement Schedule includes three Type I Engines and a 30,000 Gallon Water Tender. Due to an 11-month production timeline, SMFR needs to purchase the apparatus now in order to have them in service in 2022. Per the SMFR purchasing policy, the Fleet Services Bureau is requesting Board approval to purchase the budgeted apparatus. The amount originally budgeted (\$2,977,000) included \$809,000 for each Type I Engine and \$550,000 for the Tender. The contracted price with Pierce Manufacturing for each Type I Engine is \$789,000, and \$452,000 for the Tender. These amounts will be included in the 2022 capital projects budget. A 3% price increase is avoided by ordering now. We will also realize an aggregate pre-payment discount of \$77,665 on these vehicles.

Our cost of \$2,741,000 is \$236K below the budget. We will, however, incur some additional costs once we receive the apparatus, such as upfitting and purchase of related equipment. These purchases will replace front line apparatus and move four pieces of front-line apparatus to reserve status immediately. The replaced Tender and the three legacy reserve Type I Engines will be liquidated. The proceeds of these liquidations will be returned to the General Fund.

We are utilizing a sole source for the manufacturing per SMFR policy. This sole sourcing ensures our maintenance, training, and operations are efficient & effective. Fleet Services competitively bids primary apparatus types of Engines, Aerials, and Medic Units on a three-year cycle. In alignment with this cycle, we are issuing a request for proposal for Medic Units in 2021, Engines in 2022, and Aerials in 2023. Staff recommends approval of this purchase request.

At Director Eng's request, FM Frank stated that the Engines are slated for Stations 44, 47 and possibly 22.

At Director Shriver's request, FM Frank informed that the upfitting is done in house to maintain standardization of all new apparatus. Chief Milan added that when the apparatus is moved to reserve it is sent fully stocked.

At Director Anderson's request, FM Frank reported that a Type III Brush Truck has been delivered and an Engine ordered for Station 20, which has been delayed due to COVID-19; however, hope to have it in place by the time the station opens. If it is not delivered, a reserve unit is ready for use until the engine arrives.

At Chair Albee's request, CFO Miskimins reported that the budget item is the "all in" price and FM Frank added that also includes a cushion of 3-5% for unforeseen expenses. Chief Milan clarified that the \$236K is actually the budgeted amount for upfitting and unforeseen expenses.

A motion was made by Sue Roche and seconded by Renee Anderson to Authorize the Purchase of Four (4) Budgeted Fire Apparatus, not to exceed \$2,977,000. All were in favor and the motion carried.

A break was taken at 7:23 p.m.

The meeting reconvened at 7:33 p.m.

DISCUSSION ITEMS

Staff Salary Study – Chair Albee stated this is a continuation of the presentation earlier this evening. Chair Albee provided some background on how we got where we are, where we think we are and where we really need to be and when we need to be there. Adding that about one year ago, the staff salary methodology raised concern with the previous board and they crafted an RFP that reflected their concerns. Chair Albee stated that there is no question that the methodology could be improved upon and although neither methodology is right or wrong, Korn Ferry is a broadly used methodology that has advantages over the current process. The current board just needs to take the time to determine which methodology to use, reminding that there is a placeholder in the budget for Staff salary increases.

The Board Salary and Benefits Committee members provided additional information regarding the process and evaluation of Korn Ferry's data and methodology.

After extensive discussion, Korn Ferry's data validates that Staff has been doing a very good job of conducting the salary surveys and all agreed to direct Staff to go forward with the Korn Ferry methodology.

Renee Anderson moved that the board formally acknowledge that the results of Korn Ferry's study have shown that the current methods used to determine staff base wages are valid and that their recommended changes enhance our ability to provide a robust, predictable, and stable methodology that continues to align with our goal of being an employer of choice. The board directs staff to utilize the job-leveling process recommended by Korn Ferry, the Korn Ferry public sector market dataset, and use the 75th percentile as the maximum target for staff base wages within that dataset. The cost to begin implementing this methodology shall not exceed \$500,000 above the 2021 budgeted staff base wages. The motion was seconded by Sue Roche. **Six were in favor and one opposed.** The motion carried.

On behalf of the Board, Chair Albee thanked everyone for taking the time to have this important discussion.

Board Committee Updates and Charters – Chair Albee tabled this item for discussion at a future meeting.

Correspondence items in the Board's packet are summarized below as well as other information items that were communicated:

- Chief Baker informed that closing on the sale of the Estancia property is tomorrow afternoon.
- Chief Dell'Orfano informed that the Board will be receiving an email invitation to complete their annual HIPPA, Infectious Disease, and Sexual Harassment Awareness and Prevention trainings.
- Chief Dell'Orfano noted that there was discussion about holding the February Special Board Meeting at the TJTC; however, it is not quite ready to accommodate a meeting, so Staff will reach out to the Board to find out their availability for a future tour.

- Legal Counsel Cole reported that the District has not been officially served yet on the McKnight case, so no timeline yet.
- Director Anderson thanked Chief Turner for the big district map on the wall.
- A thank you note was received from a future firefighter to PIOs Hurst and Christian for the PIO vlogs & Fleet Fridays.
- A thank you letter was received for Engineer Dave Freyta, who assisted with the recovery of a snowboard that had fallen out of the car rack.
- A thank you note and pictures were received for Station 23 thanking them for a 3rd birthday parade.

EXECUTIVE SESSION (UPON MOTION)

N/A

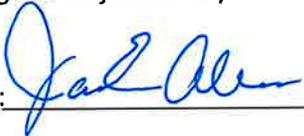
NEXT MEETING

The next Special South Metro Fire Rescue District Board of Directors' meeting will take place on February 22, 2021 at 6:00 p.m. at 9195 East Mineral Avenue, Centennial, CO.

The next Regular South Metro Fire Rescue District Board of Directors' meeting will take place on March 1, 2021 at 6:00 p.m. at 9195 East Mineral Avenue, Centennial, CO.

ADJOURNMENT

The meeting was adjourned by Chair Albee at 10:33 pm

Attested by:  _____

Date: 3/1/2021