

Sedgwick County

525 North Main Street 3rd Floor
Wichita, KS 67203



*Sedgwick County...
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Meeting Minutes

Wednesday, May 11, 2016

9:00 AM

BOCC Meeting Room

GOVERNING BODY OF FIRE DISTRICT #1

Pursuant to Resolution #007-2016, adopted by the Board of County Commissioners on January 20, 2016, members of the public are allowed to address the County Commission for a period of time limited to not more than five minutes or such time limits as may become necessary.

Anyone who requires an auxiliary aid or service for effective communication, or a modification of policies or procedures to participate in a program, service, or activity of Sedgwick County, should contact Crissy Magee, Sedgwick County ADA Coordinator, 510 N. Main, Suite 306, Wichita, Kansas 67203. Phone: 316-660-7056, TDD: Kansas Relay at 711 or 800-766-3777

Email: Crissy.Magee@sedgwick.gov, as soon as possible but no later than 48 hours before the scheduled event. Please include the name, location, date and time of the service or program, contact information and the type of aid, service, or policy modification needed.

ORDER OF BUSINESS

CALL MEETING TO ORDER

The Regular Meeting of the Board of the County Commissioners of Sedgwick County, Kansas, was called to order at 11:44 a.m. on May 11, 2016 in the County Commission Meeting Room in the Courthouse in Wichita, Kansas, by Chairman James M. Howell, with the following present: Chair Pro-Tem Commissioner Richard Ranzau; Commissioner David Unruh; Commissioner Tim Norton; Commissioner Karl Peterjohn; Mr. Michael Scholes, County Manager; Mr. Eric Yost, County Counselor; Mr. Michael North, Assistant County Counselor; Mr. Chris Chronis, Chief Finance Officer; Ms. Kate Flavin, Interm Public Information Officer; Ms. Laura Billups, Deputy County Clerk and Ms. Erika Hills, Deputy County Clerk.

Guests:

Mr. Steve BuKaty, Chtd, Overland Park, KS

ROLL CALL

The Clerk reported, after calling roll, that all Commissioners were present.

The Regular Meeting of Fire District Number 1 recessed from 11:44 a.m. to 12:00 p.m.

Chairman Howell said, "Madam Clerk, next item please."

PUBLIC AGENDA

CONSIDERATION OF MINUTES

- A** [16-260](#) REGULAR FIRE MEETING MINUTES OF APRIL 13, 2016.
All Commissioners were present.
- B** [16-284](#) SPECIAL FIRE MEETING MINUTES OF APRIL 18, 2016.
All Commissioners were present.
- C** [16-285](#) SPECIAL FIRE MEETING MINUTES OF APRIL 20, 2016.
All Commissioners were present.

MOTION

Commissioner Ranzau moved to make a motion to approve the Regular Fire Meeting Minutes of April 13, 2016, April 18, 2016 and April 20, 2016.

Commissioner Unruh seconded the motion.

There was no further discussion and a vote was called.

VOTE

Commissioner Unruh Aye

Commissioner Norton Aye
Commissioner Peterjohn Aye
Commissioner Ranzau Aye
Chairman Howell Aye

Chairman Howell said, "Madam Clerk, next item please."

NEW BUSINESS

- D [16-292](#) HEARING TO PRESENT AND CONSIDER POSITIONS OF FIRE DISTRICT NO. 1 AND I.A.F.F. UNION LOCAL NO. 2612 REGARDING CONTRACT NEGOTIATIONS FOR MEMORANDUM OF AGREEMENT, JANUARY 1, 2016 TO DECEMBER 31, 2017. Presented by: Michael L. North, Assistant County Counselor.

RECOMMENDED ACTION: Receive and file.

Chairman Howell said, "All right. Commissioners, what we are going to do here, is we are going to have a hearing, and I am going to split it up this way. I talked with I think both sides of this. I think both sides of this said this was fine. I am going to open the public hearing, then the Union Attorney will have 30 minutes to present any information he wants to present to the County Commission. Then we'll have, that will be followed by 45 minutes with the County Attorney will also have the same opportunity. Then we'll have 15 minutes of questions and answers for the County Attorney, followed by 15 minutes of rebuttal opportunity for the Union Attorney, and then 15 minutes of questions and answers for the Union Attorney. That is a two-hour plan.

"Again, anybody here wants to use less time, that's totally fine. But we will try to stick to those time limits and not go beyond them, if possible. So that's a two-hour plan. It is just a little after noon, we will get started. I would like to open the hearing to, for both sides to present and consider positions of Fire District Number 1 and I.A.F.F. (International Association Fire Fighters) Local 2612 regarding the contract negotiations. With that, I would like to ask you, sir, to please introduce yourself, and you have 30 minutes."

VISUAL PRESENTATION

Mr. Steve BuKaty, Chtc, Overland Park, KS greeted the Commissioners and said, "I am and have been the Attorney for Fire Fighters Local 2612 for the last 20 years, and first of all, I want to thank you for giving us the opportunity to present our position today. I believe you are generally aware of the circumstances. I will give you a brief background of how we ended up here, as you know, these parties have been, parties to collective bargaining agreements literally for decades, and they began negotiations for a new contract in the spring of last year.

"Finally in November of 2015, the parties declared impasse. Pursuant to the procedures, a fact finding hearing was held in this room on January 26 and 27, before Colleen White, who I will tell you about, the hearing lasted two full days. The parties presented several witness's testimony, and dozens and dozens, I believe probably close to 100 exhibits all together. One thing I did want to mention, speaking with Council for the Fire District, I did not realize that you did not have a copy of the Union's Exhibits in the hearing, and what I would like to do at the conclusion today is to leave you our complete set of exhibits so you can have them to review, because

there are some things in there dealing with pay on the various departments in the state, and their contracts, and some other things I think that would be of interest to you before you reach a decision."

"I want to talk to you real briefly about our fact finder, Colleen White. What happens is, the public provides lists of Arbitrators, they strike names, the both sides agreed Arbitrator White would be our fact finder. A highly respected Arbitrator, years of experience in labor relations, before she became a full-time Arbitrator, she was the Director of the Division of Labor Standards. A lot of experience in dealing with wage issues.

"In the fact finding, the only issues were compensation. There were three issues basically. Overall pay increase, whether we would unfreeze the pay steps, as you know, they are a stair step pay system, that had been frozen, and a previous contractor reduced, and also, the longevity system had been frozen.

"One of the exhibits we introduced was a decision from this 1999 fact finding between the same parties. in that case, Arbitrator Ronald Archivetta, long-time professor at WSU [Wichita State University], shared a decision most interestingly, similar to what Arbitrator white found, in that they followed standard procedures, which is basically, let me back up. Sedgwick County Fire District Number 1 in terms of manpower is the fourth largest fire department in the state.

"Both Arbitrator Archivetta and Arbitrator White followed the general practice that in determining compensation these fire fighters should be compared to the fire fighters on comparable departments. We submitted evidence dealing with the top six in terms of size in the state, which are Kansas City, Kansas, Unified Government of Wyandotte, Kansas. Topeka, Wichita, Overland Park, and Northeast Johnson County, and then of course Sedgwick County.

"The Fire District agreed that Overland Park and Wichita were comparable departments, and I don't think they really argued that the others were not. Their testimony was Overland Park should be considered because of its size and proximity, and as the Arbitrator noted in her decision, Kansas City, Kansas and Topeka are actually closer, and are actually more in size to Sedgwick County, or Wichita.

"One of the things that is contained in our exhibits that I really request you spend some time looking at are exhibits seven and eight. The International Association of Fire Fighters has a very good research department, and they did a wage survey, comparing the wages of Sedgwick County Fire Fighters to the Fire Fighters on these other departments. At their starting pay, they are not too bad, but they immediately fall behind other departments.

"There are a couple things, one, their wages over a career are substantially less than most of these departments, and secondly, even though they make less money, they work more hours, because these other departments get substantially more paid leave. One of the exhibits we are, we have, which is a chart at the end of our exhibit eight shows the cost per hour for Fire Fighters. Sedgwick County is at the very bottom, and every one of these other fire departments is substantially ahead.

"After hearing all the evidence, and a couple things I think you are probably aware of, first of all, all of these departments have stair-stepped pay matrixes, where you start out at a certain level, you work so long to get to the top level. In the, that pay matrix has not been increased since 2011. Whereas all these other departments have raise their wages pretty consistently over that period of time. That partly creates the disparity.

"In the last contract, in addition to taking a wage freeze, the union agreed to reduce the spread between steps. For years you moved every year three percent, and then at the end, it was a year and a half the last three steps before you would get a raise. The parties agreed to reduce that to one percent, and that has also substantially reduced the pay of our Fire Fighters in comparison to these other departments. Arbitrator White found based on all the evidence that Sedgwick County Fire Fighters are of the sixth largest departments last in pay, although they are the first in hours worked per year.

"In fact, we did a chart that showed over 25-year career a Wichita Fire Fighter, who will make more money in that career, works 2500 hours less. That's a whole extra year of work. We are not asking to change the hours, we are stuck with what we are, but we do request that we at least start to close the gap or stop the continual spread so that Sedgwick County Fire Fighters are so far behind their counterparts.

"Arbitrator White recommended that first of all, the pay steps be fixed so that we go back to the three percent spread between steps, and that secondly, for both 2016 and 2017, the pay matrix would be increased by two and a half percent, what we call an across the board wage increase. This will still leave us behind all these other departments, but not as far. It actually will increase the gap with Wyandotte County, Kansas City, Kansas which received a five percent pay increase this year

"So, but, and she also recommended in addition to restoring the steps that we fix the longevity. Longevity was also frozen, so we had a bunch of people who did not collect it, and people who are not really collecting the longevity based on the years of service, because they were frozen in whatever year they were. The parties in conforming to the statute returned to negotiations, and Chairman Howell was there, we negotiated in this building the last week of April.

"Proposals were exchanged, and no agreement was reached. By statute, we are here now for you to make a decision. I want to read you the language from the controlling statute, once we get to the point. Governing body or duly authorized committee thereof, should forth with conduct a hearing at which parties should be required to explain positions, thereafter the governing body shall take such action as it deems to be in the public's interest, including the interest of the public employees involved.

"So right now it is up to you. We are asking you to adopt a fact finder's decision but let me point out a couple other things that are significant here. I was reading from a section of the Public Employee Relations Act, which I am sure your Council is familiar with. That section, another section, 7543-30, provides that any memorandum of agreement relating to conditions of employment entered into may be executed for a maximum period of three years, notwithstanding the provisions of the cash basis law, and the budget law. And they recite the statutory sites for those.

"Also the memorandum of agreement, that's been entered into by both sides. The result of all of these statutory sections is, if you unilaterally impose a contract, you can only do it for one year. If the parties agree to something, they can do it for up to three years. So technically, as I mentioned to Mr. North this morning, under the law, the parties have an ongoing duty to negotiate until such time as you reach an agreement. Or impose a contract.

"There are several things you can do. You can impose a one-year contract unilaterally. You can also direct your negotiators to return to the table with more authority to see if they can reach agreement. Now, our position is that the parties

should agree to a contract which incorporates the fact finder's recommendations. And we would ask that if you implement a one-year contract that you at least do what the fact finder recommended for one year, which is to fix the steps and a two and a half percent pay increase.

"However, I want to bring to your attention something that happened today. Today we received a copy of the recommendations which the Fire District has made to you, their recommendation for what action you should take. And after reviewing it with the negotiating committee of the Fire Fighters, we made a counter proposal this morning which is less than what the fact finder recommended. And quite frankly, we think it is pretty close to what the Fire District's recommendation to the board is.

"Their recommendation is to unfreeze the steps for 2016. However, then to freeze them in subsequent years, and I will address why we think that is a bad idea. Then no pay raise in 2016, just fix the steps. Put everybody back on the three percent spread. And then for 2017, they recommend a two percent bonus. For 2018, 2 percent bonus. Again, under the law, the two sides would have to agree to that. I don't think you have the authority to do a three-year contract. You can do a one-year.

"However, our proposal of this morning was, okay, we will accept, and I understand it is a recommendation. Mr. North made it clear, that was not an official proposal. However, we have made an official proposal. Which is less than what the fact finder recommended. We would agree with the Fire District, let's unfreeze these steps, because that's one of the reasons we're falling so far behind. Our steps are frozen, and these other guys on these other departments are moving up through their scale. So there would be no pay raise, no across the board pay raise for 2016, just fix the steps, put people where they belong on the pay matrix.

"For 2017, we can accept the two percent, but not as a bonus. Our offer is make that a wage increase. And the same for 2018. Now, for the Board's purposes, there is no additional cost for those years, whether you pay is it as a bonus or wage increase, it's two percent. The reason we are really insistent that if we are going to reach a three-year deal this has to be a wage increase, otherwise we continue to fall further behind the other departments, who are not paying bonuses, but periodically increasing a pay matrixes.

"Understand under this proposal, we will still be behind all these other departments. We will not catch them. But at least, hopefully we will narrow the gap a little bit. The other thing we agreed to do in our proposal today is to withdraw our proposal to fix the longevity. We would just agree, as a concession, leave the longevity where it is, which if this were accepted, parties would be back at the table sometime in 2018, hopefully they could address longevity at that point.

"But what we are looking for was a compromise. And we felt that the recommendations prepared by the County Counselor's Office formed the basis for a compromise, and something that we felt that our members could live with, and we've adopted, in my opinion we've adopted motion of what they proposed. Only big difference is two things: one, the steps should remain unfrozen, and, secondly, rather than a bonus, make it a wage increase. The numbers should be the same.

"It is my understanding, from what I saw in the press in the last few days that the County is recommending two and a half percent wage increases for most of its county employees for the next four years, as I understand it. Because they determined their wages are below the market, and quite frankly, I applaud the County for doing that. I think it is very important that you try to stay competitive. We're asking that you do the same thing for the Fire District, although arguably, it won't

make us real competitive, but it will help close the gap a little bit. Our wages, it is pretty clear from the fact findings, the Fire Fighters' wages in this district have been below the market for at least the last 17 years.

"The cost of our proposal is something, I think, that we would look at if we were, I will tell you today, we made that proposal, we will live with the proposal we made, which is less than what the fact finder recommended. To me, the important thing about that is, obviously the County has determined the recommendations, I understand, but they have determined they can afford to fix the steps, and the hearing, the evidence was that fixing the steps was roughly \$58,000, because it is not a pay increase, just putting people where they belong on the steps.

"Then for the next two years, both sides are proposing two percent. Just we want it in a wage increase so that it's part of their salary. Going forward, arguably, there could be, you know, an additional cost, but, again, the parties would be back at the table in 2018 before there would be any significant increase in the wages. Because whether it's bonus or wages, you are going to pay four percent over two years. We are asking, and again, so we don't fall further behind, that it be part of the wage structure.

"As I mentioned, all of these other departments have the same type, this is common in Public Safety, both police and fire. That you start at a certain level, then over periodically you move up until you top out. One of the things about the stair-step system, we have testimony about this, and I know Mr. North disputes it, but our expert who has testified all over the country demonstrated that once you fully implement it, and there will be a cost to put people back where they belong.

"But once you implement that, there is not a significant cost over time, because right now your Fire Fighters top out at \$60,000. And every time a Fire Fighter retires, you replace him or her with a Fire Fighter at \$40,000. So even though there is some step movement, you also have a lot of people that top the scale that do not move, because they've topped out. So over time there's not a significant cost in the stair step system. Quite frankly, that's why we see in all these other departments that they have these stair-step systems.

"You know, our position is, first of all, we think the fact that the County has made this recommendation, or the Fire District has made this recommendation, is an indication that the Fire District believes it can afford what it is proposing. We are proposing the same numbers, just let's make it a wage increase instead of a bonus. But, you know, and I understand the [Fire] District's frugal. I understand that you are careful every year how you budget.

"But over the capture shows from 2007 through 2015, and the comprehensive annual financial report, are the only documents that show what the financial performance was, opposed to a budget which is the forecast. Your average surplus at the end of each year, you under-performed budget in terms of revenue being more than you budgeted and expenses being less by over a million dollars a year. Fixing the steps in the first year is \$58,000. That's all we are asking for. In this last proposal we've made. So clearly you can afford that.

"Going forward, I understand that the valuation went down last year, but the average revenue increase for this Fire District from 2007 through 2014 was over three percent. Now we are asking for two percent. The other thing, and I know this is controversial, but we felt pretty strongly about this, is the revenue from the Kansas Star Casino. I know there's a dispute as to whether or not that revenue can be spent on Fire District.

"I have been practicing law for 41 years, I know how to read statutes. There's nothing in the statute that created the Kansas Star Casino, and allocated the revenue to you and Sedgwick County and Mulvane, when I say you, talking about first Sedgwick County, and there is nothing in your county ordinances, or in the statute that limits how Sumner County, Mulvane or Sedgwick County can spend that money.

"It was pointed out to us, and Mr. Howell was present in the last negotiation session we had, that only twenty percent of the taxpayers of Sedgwick County live in the Fire District. Well, gentlemen, if you spent twenty percent of what you receive from the casino on the Fire District going forward, you could afford this pay increase easily, and some of the other things you are talking about, like your, and I think your wanting to have a Regional Fire Training Center, I think is laudable. I hope you reach that someday.

"The IFF (International Fire Fighters) is extremely committed to training. They know how important, and you guys know how dangerous their job is. But you just took that twenty percent, which equates to how many of your taxpayers live in the County, you not only could afford to start helping them catch up to where they belong on the pay scale, you would have money for equipment, money to commit to this training. And my legal opinion is, you are free, the County is free to spend that money any way it wants to. If you want to, you could give it to the girl scouts. I don't know if you would get reelected if you did that, but there isn't anything in the statute that would prohibit that.

"I think it is, and the fact finder found that it was a source of revenue which would help you to pay the wage increases we seek. Although, again, based on the recommendations of the Fire District, pretty obvious that they think you can afford what we have now proposed. Just unfreeze the steps this year, and give us two percent wage increases the next two years.

"You know, I want to say a couple things. I did sit through a good part of the County Commission Meeting this morning. As an attorney who spent years representing Fire Fighters and Policemen, it was very gratifying to hear some of your comments. Chairman Howell said that we have the best Fire Fighters that the public demands excellence in our fire protection. We agree with all of that. He said at one point we have got a wonderful fire department, and that the Commission needs to help them. And that public safety is the most important thing we do in government. We agree with every one of those.

"We think that's as part of that, you've got to address the tremendous pay disparity that your excellent Fire Fighters suffer. And you know, I told the fact finder this, and it is true to this day. Even though these guys know they are underpaid, they have never fallen down on the job. And I assume some of you know, some of your fire stations do not meet the national NFPA (National Fire Protection Association) standards for manpower. We are not even asking for that now, although we would love to see you take some of that casino money and hire more Fire Fighters. That's not the issue today.

"These guys go out there and they will risk their lives at the drop of a hat, even though they know they are underpaid. You are right, they are dedicated public servants. One of you said today that, you know, Fire Fighters are public servants who want to serve the public. I believe that was you, Mr. Norton. They do. These guys are dedicated. And quite frankly, I think they are deserving of the type of modest wage increase we've asked for.

"We ask in conclusion, and our proposal right now is what we put on the table. Which

is less than what the fact finder recommended. But which will at least hopefully stop the constant denigration in our ranges so all the other departments keep going up and up. I think it is commendable you as County Commissioners, at least your county has submitted to you a budget proposal that calls for two and a half percent for all, most your county employees, because they understand that they are behind the market. I mean, that is very obvious for your Fire Fighters.

"So we are asking that as of this moment, that you direct your negotiators to agree to the proposal we made, which in order for it to be a three-year deal, it has to be agreed to by both sides. And if you feel you can't do that, then we ask that if you impose the one had been year contract, you do what the fact finder said. Which quite frankly would be more expensive. That's all I have at this point. I understand we'll have questions later"

Chairman Howell said, "Yes, again at the very end of the hearing, last ting we'll do is have 15 minutes of questions and answers for you."

Mr. BuKaty said, "Thanks, gentlemen."

Chairman Howell said, "We are going to go on to the next step in our hearing here. Mr. North. I think you are up."

VISUAL PRESENTATION

Mr. Michael North, Assistant County Counselor, greeted the Commissioners and said, "As I think we have agreed, and I understand at this point in time I have 45 minutes for my presentation. I respectfully ask the clerk that when I get down to five minutes in time, will you alert me of that, thank you. You have a sign, I can even read it. Thank you very much on that. That's what I am used to when I have appellate arguments before courts, as well.

"I am here to present the District's position concerning the negotiations with the Fire Fighters Union. this point I want to start with a couple of preliminary comments in response to what my good friend Mr. BuKaty said at this point. He pointed out accurately that the Commission has not been favored with copies of the union's exhibits. I think it's fair for me to point out that I have not given you any of the copies that the district provided the fact finder at the hearing as well. We are certainly happy to do that. I think it's fair that you see what our presentation included as well, so I just wanted to make clear that we were not trying to tip the balance by giving you stuff and not providing the other side as well.

"Second one, in terms of what you can do in terms of you imposing a contract, attorneys in my office, my department, attorneys much smarter than me, and if you have known me for a number of years, you realize most of the attorneys in my department are smarter than me, I asked to look at this issue about whether we can impose a contract longer than three years. They came to the conclusion that we could. My conversation with Mr. BuKaty this morning, he insists we can only impose a contract in the length of one year, so in a panic I asked one of my attorneys to take a look at this. He came up with a case he believes, and I believe, City of Lawrence on this, seems to dispute that notion. Should we not come to agreement between the parties there is a unilateral contract imposed, what are your options in regards to time period. I apologize if it feels like we haven't nailed that down, but there seems to be a disagreement what the law says in that regard.

"Where we start. According to the law, my obligation is representative of the Fire District is to present to you what we believe is the proper proposal for resolving this

dispute. And that's basically what I have on the screen before you. An outline of the Fire District's proposal to resolve the impasse that we have with the Fire Fighters Union.

"The district recommends three-year contract. That doesn't seem to be an issue of controversy with the union. There is a good reason for doing that, because we are already six months into the 2016 year, so we are looking at a three-year contract that will extend for the years 2016 to 2018. The effective date of the agreement will be retroactive back to January 1st, 2016.

"What we are recommending, and this is I think the first step of what even the union is offering here today, what they are suggesting to you to resolve this matter is a return to the compensation plan prior to the 2014-2015 contract. What happened before 2014 is according to the contractual agreements between the bargaining unit and the district, is that the union members got automatic three percent step increases in their pay as they were employed for another year with the Fire District, they would automatically move up to another three percent. It was felt at that time apparently by the people who negotiated the contract the financial viability of the Fire District could not impose, could not sustain that.

"So the parties agreed, and this was an agreement, a bargain for agreement, barring bargained for agreement, they would replace that provision for three percent step increase, and would tie the step increase in the bargaining agreement to increases in the valuation of the tax base that was established for 2013. This essentially was, it was based on the increased valuation of the tax base as certified by the County Clerk. He certified it in 2013, it was found that the increase in the tax base was only 1.15 percent. Significantly lower than what we had had in the past.

"As a result of that, certainly the bargaining unit members did not get the raises they had been accustomed to in the past, and probably was an unwelcome realization. What we are asking for is that we go back to the pay levels that would have been in effect had the three percent step increases been in effect during that period of time. We are not talking about going back and back billing and paying them what they otherwise would have got, but if the matrix up to that three percent there.

"However, our proposal doesn't end there. It just is a matter of background on it, the second bullet point that I have on this, is that we replace the current provision that ties the step increases to the increase in valuation of the tax base. This essentially has a three point result. One-third of the membership will get no raise at all under this proposal. That's because they started at a point where they would not be eligible for any step increases. About one-third will get a raise of 1.8 percent, and about a third will get a raise of three point seven percent. It comes to a little under two percent right away, but there will be an increase in the salary structure for the bargaining unit that will carry forward, not only in 2016, but 2017 as well.

"However, the compensation plan will be frozen for contract years 2016 and 2018. It will not be a step increase after we implement this immediately for the 2016 and 2018 three-year period. But we are talking about bonus payments. And this is I think was alluded to by counsel a little bit in terms of what we are talking about in terms of adding more compensation to the deal. That we would give a two percent bonus to all members of the bargain unit in 2017 and 2018, and one percent bonus to those Fire Fighters and lieutenants in 2016 who will not get raises under the modified compensation plan. That essentially step by step is what the district is proposing to resolve the impasse.

"Now, this is up from our prior negotiating position. Months ago when there was a

negotiating team involved in this process, they offered the bargaining unit three options: very quickly, to run through these, option one was one percent steps for each of 2016 and 2017, option two was a two percent bonus for 2016 and 2017, option three, one percent step in 2016, a one percent bonus in 2017, these were all rejected by the bargaining unit. As a result of this, we increased our offer, we did make it better approaching the union for the negotiations that occurred in the last few weeks. Those were rejected as well.

"Now, in terms of what we are attempting to accomplish by all of this and the necessity for adopting what we think is a reasonable position considering the public interest of everyone involved, there is a theme that is going to be running through my presentation. The theme involves the financial condition of the Fire District. The financial condition of the Fire District is bad. Let me illustrate this in three different steps.

"Here's the first step: this is what our actual numbers have been, in the last three years in the operation of the Fire District, 2013, 2014, those come straight out of the budget books which are accessible to anybody in this room, it is an open record. We have now received the numbers for 2015 which I think are also public number. 2013, the Fire District lost \$698,000. When I say lost, I mean the expenditures exceeded the revenue in that amount.

"2014 on paper, we had a \$506,725 in the black, but I am going to get into that a little bit deeper. 2015 the actual numbers are that we were in the red again almost \$35,000. Also appreciate the fact that in 2013 we were under the old pay plan, the one before we adopted the last bargaining contract, which had this one point one five percent step increase in it. We were saving money on compensation for everybody in 2014, 2015, and yet we had these numbers.

"Now, you would say, Mike, what about 2014? You have this \$506,000 figure, doesn't that look pretty good? No. I think there's fool's gold in that number, and when we look down the line, that is 2014 considerations, this explains why these numbers are not as optimistic or as cheery as they would be on first blush.

"First of all, we sold a fire station. That's something that is a source of revenue you are not going to see on a continuous basis. You can't sell a fire station every year, but we had property which we sold at that time, and got unexpected revenue of over \$321,000. We also got an unanticipated double payment for charges of services. Now, what does that mean? There are businesses here in Sedgwick County that are not located in the City of Wichita, but they are tax exempt. They do not pay property taxes. They are still interested in having fire service, and so what they do, they contract with the Fire District to provide fire services in an amount of compensation that would be equal to the property taxes of the otherwise would be paid.

"In 2014, one of these businesses, I forget which one, I think it was Spirit, I am not sure, paid twice, paid for two years. That is why that line item number, that \$680,906 figure is almost \$300,000 more than any year before and the year afterwards. That again, an unexpected source of revenue we won't see over and over again. The other thing is, we held our positions. In 2014, back in 2012, we had held two positions vacant. These were non-bargaining unit positions, but starting 2014, we held six positions open, did not fill them. These were bargaining unit positions, they remain unfilled. But that's another reason why the 2014 numbers looked better. So this is the reality. We are losing money in the Fire District right now under the present structure. Something is going to have to be done over the next few years to try to rectify the situation. How did we get here? What is the explanation for this?

"The next exhibit, basically I have my graphic here of the total expenditures of the Fire District that have gone up over a number of years. I don't think I need to spend a lot of time with this. I don't think I need to go through the numbers individually, but you can certainly look, when we want to go back to 1999 or 2000 what the total expenditures were at that time and compare it to what we had in 2015. We can even go back five or six years to 2009 and 2010 and see how much more we are paying in total expenditures at this point than we were in prior years.

"This is certainly not the bargaining unit's fault. Personnel expenses are the large, the majority of total expenses for the Fire District, but they are not the only thing. You have to buy equipment, you have to buy supplies, you have to buy a lot of other things, but the total expenditures including the personnel expenditures have gone up fairly substantially over a number of years.

"You are going to say, Mike, that's only half the equation. Yeah, you spend a lot, but you are also getting money through tax revenues, so what does this mean in terms of the actual figures? Well, it means this is why we are running the deficits that I've explained to you before, is our tax revenues have flattened out. And that's in the next graphic. This is right out of the budget books. I am going to play with this just a little bit. Right out of our budget books. Again, a public document. Anybody can get these, that for 2014 through 2016, that's in this right-hand side here.

"It shows what the valuation increases have been the past three years. Point two percent in 2014, one point eight percent in 2015, only point nine percent in 2016. The reality is, that our tax revenues are not keeping up with the increase in expenditures. This is not terribly unusual. I don't have a slide to this effect, or an exhibit to this effect, but over the past five years the amount of the tax base increased has averaged one point three four percent in the Fire District.

"That's a number you might want to write down. One point three four percent. Because we use that when we apply this to some economic assumptions on what we think will happen going forward. That didn't happen all the time, historically, if we take the five years before the last five years the average increase in tax base was about three point eight percent, but it has fallen. Everyone in this room knows property values have not increased the past few years, as they had back in prior years. And this is the reason that we are having the financial challenges in the Fire District that we never had before.

"And one thing you always want to keep in mind. The Fire District is almost totally dependent on property taxes, revenues as a source of funds. The County, it is about 50 percent of our revenue source, and the Fire District, it is about 85 percent. It lives, and it dies upon what property taxes will do.

"Now, moving on, what does, there are a couple other challenges too I want to mention, just in passing. It is not only a matter in terms of the valuations of the property, annexations from those cities that have Fire Districts have hurt us as well. Specifically Wichita and Derby. If they annex land that otherwise in the Fire District we no longer get that tax revenue. They don't have to pay twice. They pay taxes to the cities that provide them fire service, but they no longer pay us for any of that fire service. And I'm told by the Finance Department that annexations between 2011 and 2015 have cost us over \$170,000 in 2015 alone. It's carving away a major source of our tax revenue. Essentially our property values have not increased to keep up with the expenditure increases in operating the Fire District and annexations cut into our tax rolls as well.

"What does that mean in terms of the implications of the proposal? I'm telling you we

have trouble with the Fire District. What does that mean in terms of the specific subject we are present being here today?

"Next graphic. This is a comparison that our Finance Department has put together about what the implications are between what the fact finder found in terms of a recommendation, and what our Fire District proposal is that we put forth that I presented in the bullet point earlier in my presentation. Now, I acknowledge the fact, Mr. BuKaty is what he told you, that about an hour and a half ago, two hours ago he gave me another proposal on a sheet of paper that the union would be willing to go to. I have not had the opportunity to have financial run through these numbers to tell me what implication would be.

"This is if we adopted the fact finder's proposal that the bargaining unit had going into negotiations the last couple weeks and the fact finding procedure as fact finding procedure as proposed to the bullet point items that I've outlined earlier. In 2016, if you adopt the proposal, and just for review sake, what was suggested at that time to the fact finder and what you recommended was returning to the 2012 pay plan, that's part of our deal as well. But then having a two and a half percent COLA (Cost of Living Adjustment) for the next two years, and then initiating three steps for the next two years as well.

"If we extrapolate this out between 2016 and 2018, we are going to be operating an additional deficit of \$438,000 for this year alone to make that plan retroactive. That's going to go to \$820,000 in 2017, because, again, all those increases go forward. Then we have the increases on top of that. And we are going to be underwater by \$1,150,000 and change by 2018. These are dismal figures. Even under what I have proposed to you here today, which, again, we think is an improvement over what the original negotiating position was of the Fire District, we are still operating in the red. We are still going to be \$145,000 under for 2016, that's going to go to a little under \$445,000 in the red in 2017, and going to be about \$645,000 in 2018.

"Now, all of this is based on a certain number of assumptions. But I draw them in the figures when I move down to the next entry and draw this out to what we think the effect will be of the various proposals moving forward. All of these have some assumptions. These are projections. These are forecasts. The Finance Department and Budgeting Department has put these together based on a certain number of assumptions and you have the ability to evaluate whether these are legitimate or not.

"If we take what the two proposals are, I have already shown you in the prior exhibit between 2016 and 2018 what the effect is, if we draw this forward to 2019 and 2020, make the assumption that under the union request, we are going to continue with the three percent step system, increase in compensation for 2019 to 2020, we are going to lose an additional million 2, 25 in 2019, and \$1,273,000 in 2020.

"Here's the result. You see the line here, this talks about ending balance. That essentially is the reserves that we have in place for the Fire District. People that are smarter than me that deal with budgets and accounting for governmental entities suggest that you have at least two months of your expenditures in your reserve account. That's to cover things like emergencies. That's to cover things that have unexpected expenditures. I heard some reference earlier in this week that we perhaps were going to have to replace our radio system, our communication system with the Fire District, people were putting a price tag of that somewhere about 700 to \$850,000.

"That's the kind of thing that you hope your reserves are going to cover, just to use that as an example. I don't know about the specifics about it. Here is the deal, the

ending balance goes away by 2019 and 2020. Under the proposal that originally was pushed out by the Fire District and was recommended by the Fire Fighter. Essentially we are out of business by 2019 or 2020. Even under the district's proposal, we are going to continue to lose money over a period of time, but at least by 2020, we will still have some ending balance. We are still in the ball game at this point.

"Now, this is based on certain number of assumptions. The assumption first of all, that there's going to be, and these are all in text here below the graphic. One of the assumptions that we will have a flat mill levy rate, there will be no tax increase, no increase in the mill levy. Second assumption, that the assessed value growth of the Fire District will continue 1.34 percent. In essence, we've taken the five-year period, looked at the numbers, what a 1.34 percent annual increase in the tax base would amount to. We use that figure, because that's been our experience in the last five years. That's the assumption.

"We continue to hold the eight Fire Fighter positions or the Fire Department positions, Fire District positions open. Vacant and unfunded, including the six from the bargaining unit. We assume a seven percent increase in health insurance, because that goes into the personnel cost as well. Not just salary that talking about. Just as an aside for every dollar we spend in salaries, for a bargaining unit member, or for that matter, almost any other employee in Sedgwick County, there's another 30 percent that goes on top of that, FICA (Federal Insurance Contributions Act) workers' comp, pension plan payments, in addition to that, in addition to that we have to talk about health insurance as well. And the last assumption, we will replace vehicles in accordance with the district's replacement plan. We have a plan carried out for a number of years about how we are going to replace our vehicles if we keep that in place and the other expenditures go up as well, this is what the result is. It is not a pretty picture.

"Now, are these numbers valid. We presented these to the fact finder hearing, and the fact finder came to a conclusion that she did not have confidence in our forecast, in our projections, and the reason that she came to that conclusion is, I think, alluded to a little bit by Mr. BuKaty here, that we tend to do better than what we budget for as a county over year to year. We have done that in the Fire District as well. And that is true.

"We budget conservatively, in Sedgwick County, every one of you gentlemen that have been through the budgeting process knows that's historically true. Not only this Commission, but past Commissions as well. We will tend to budget a little high on expenditures and tend to budget a little bit low on revenues. But here's the part that's escaped the fact finder and this is why I think she was wrong in dismissing our dire predictions about what the financial status of the Fire District is, is that there is a difference between a budget and a projection.

"Again, I have a little bit of an advantage here, I am preaching to the choir. You all have dealt with these concepts before. You know the difference when you listen to the budget people, that have presentations, that there is a difference between what we forecast, what we project, which essentially is our midpoint about what we expect, and that what we budget for, because we, again, we will budget conservatively.

"You budget conservatively for a reason. You budget conservatively, just as a matter of common sense, whether you are operating your household or a government or a business, you want to make sure you have enough money in your account that's dedicated for any particular purpose that you are going to be able to cover that need. So you are going to budget more than you actually think you will spend, budget a little bit less than you actually take in.

"There is a more practical reason, and all of you have become acquainted with the statute, [Kansas Statutes Annotated] K.S.A. 79-2929, which says that if you end up being, needing more budget authority during the budget year, if you have not budgeted enough, then you have to go back and recreate the budget process again. That's a statutory requirement. So that's the reason that there is a conceptual difference between budgeting and making projections. But that didn't answer the question. You all still, anybody in this room still has, I think, the right to ask me, Mike, all right, fine, you have people that make these dire projections, these forecasts about what the Fire District is going to look like if the future and how do we know that's going to be accurate? I would answer this in two ways.

"The first one is, I have identified the assumptions that we have in all of these forecasts before. You have the right, anybody does, to look at those variables and say to yourself whether we think these are accurate or not. It is not difficult to apply the numbers once you have the variables in place. Ask yourself, is one point three percent property tax increase projection for the next five years right, correct, reasonable, if that's what we have experienced in the last five years. You can do that with the others as well.

"You don't have to rely on your own instinct in this regard, you can rely upon history. Here's where I get to the next exhibit I have on the board here, because what we have done, we have taken the information from Sedgwick County Public Budgets between 2012 and 2016. Why do I care about that? Because the Division of Finance, like other departments, here in the County, has to go through a key performance indicator, stuff that we get to measure to see how accurate and reasonable they have been and the way they have operated their department. Budget makes projections. As a result of this, we put together this item that shows how close they have been in their projections in the past. I will tell you 2010, where they underestimated, overestimated, yeah, overestimated the revenue of four point seven percent. Probably not too proud of that one. If you look at every other item during this period, both expenditures and revenues, they have been close in their projections.

"One year in revenue we underestimated revenue by 1.1 percent, but every single item, every year here, every single year here, on both of these items they have been within a half a percent of what their projections have been. Our budget office knows what they are talking about. The budgeting process has been amazingly accurate. Again, there is a difference between budget and forecast, and the way we have forecasted in the past has been accurate. That is the reason you can give credibility to the numbers I am presenting here today about why we have a problem in the financial status of the Fire District.

"Just as a matter of record, because I will refer to this later on, we take these percentages from the Division of Finance based on property tax reported funds. The Fire District is one of these. We have all of these other tax-supported funds as well, that we look at. I know I am introducing or talking about a concept that all of you are familiar with, intimately familiar with. We have certain property tax supported funds, legislature gives us this right, and we impose it as self, that has funds, portions of the ad valorem tax, specifically dedicated to governmental purposes. County General Fund obviously is the big one, but we also have dedicated property tax supported funds for Wichita State [University], to operate our COMCARE Department, for EMS, and some other departments as well. All of these have been factored into measuring the accuracy of our Finance Department in the past about how their projections have been made. We've got credibility on these numbers based on how accurate we have been in the past.

"Now, we come to the conclusion, then, we've got a serious financial problem, we've seen the implications, even of both proposals on what the financial situation is going to be in the future. We then get to the next issue. All right, do we have another source of revenue. Here we have heated difference between the bargaining unit and the County, specifically the Legal Department about what latitude we have in dipping into the casino. This is the second reason why I think the fact finder came to a bad conclusion, because when she says that all the, what the bargaining unit is proposing, in way of increases, what she recommends is affordable. It all funnels in to the assumption that we will be able to tap into casino monies.

"We think that's legally impermissible. I respect Mr. BuKaty a lot. We were in law school at the same time. Very distinguished attorney. I believe him when he says he can read a statute. We think we have attorneys in our office can read a statute, too. And we don't think you can take casino monies and dedicate that for Fire District purpose. And we base that in three steps.

"First one, what is a Fire District? A Fire District is technically a different governmental body than the County. We have people probably even in this room that doesn't realize it is actually a different governmental entity. You all are the Governing Body for the Fire District, but it actually exists as a different legal governmental entity than Sedgwick County does as a whole. It has its own taxing authority. It is not only its own governmental body, it has its own taxing authority. That's why it can impose a tax through whatever decisions you all make as a Governing Body to determine how much of the County taxes out and the Fire District go to fire purposes. It has its own taxing authority, and it is its own fund.

"The second thing, KSA79-2934 says it prohibits transfer of funds unless specifically provided my law. No part of any funds should be diverted to any other fund except as provided by law. What does that mean? Told you about all these things that we have out there, including the Fire District. Every one of them has a little bit of a piece of ad valorem taxes that go on them. By statute we cannot take, for example, COMCARE money and put it into Fire District Number 1 money. We cannot take Wichita State [University] money. We cannot take those taxes that have been dedicate of for that purpose and put it into another fund.

"We have a state law that says you cannot do this. We have a County General Fund, and any revenues that go into that cannot be transferred to the Fire District 1 General Fund or it is against the law. And our position is this makes no difference, because when it says no part of any fund, no part of any fund that means if money goes into Sedgwick County, regardless if it is actually tax money or some other revenue source, it cannot be transferred to another fund that is established and recognized by state statute.

"And then we get to the third reason why that's not true. And that is when we talk about the gaming statute, the way that we ended up getting some of the casino money, getting a piece of the casino money, just didn't because it grew on a tree, there was legislative action that specifically says when a casino operates in a particular county that there are other governmental entities that get some money out of that.

"The gaming statute says specifically, that if you have a casino in a city, that city gets one percent of the revenue, and the adjoining county, and the County that that city is in gets one percent as well. If the casino is not within the borders of the city, the County the casino is in gets two percent. Now, the casino we are talking about here, near Mulvane. It's in Sumner County, it's across the state line. However, because the statute was adopted. I'm sorry?"

Mr. Yost said, "It's across county line, not state line."

Mr. North said, "It's across county line, what did I say?"

Mr. Yost said, "State line."

Mr. North said, "Well that's wrong, it's across county line. But because the statue was written in a source expense of that to establish what we call Gaming Districts. And our part of the state the Gaming District exists to Sumner County, and what that statue says is that if you are in the Gaming District, essentially means if the casino is in Sumner County and Sedgwick County still gets one percent of that revenue."

"But, and here's our point, and we think we are solid on this statutorily is that when that statue states county it specifically means the County government, it does not include any other governmental entity. It does not talk about Fire Districts and saying that you can give the money to that particular governmental entity. It does not talk about Townships, it does not talk about Water Districts. It doesn't talk about any other city that may be effected or have some connection with the casino. It talks about county. And we think that specifically talks about that specifically means the County government. Sedgwick County, not any other governmental entity at all."

"Now, maybe retrospect when these statues were being adopted, someone along the line should have made notion or considered the possibility that a Fire District would be effected in all of that, and written that into the statue, that if a Fire District is located in there they get a piece of the action in themselves. But they did not, they specifically said county, and our interpretation and we think it's well supported by the wording of the statue itself, and the intention of the statue itself is that it comes to Sedgwick County and there is no way to move that into another fund without violating state law."

"Now, the second reason that we get to this, the fact finder said well there are services that justify giving that money to the Fire District. Essentially the thesis is, well the County is getting all the money but somehow the Fire District has to go back and service the County, make all these calls to the casino to make sure there is no damage or personal injury or anything else, and somehow that just doesn't seem fair on it."

"The fact finder went astray on her thinking for a couple of different reasons. First of all, why do you cover the casino in the first place? It's not some deal that the County made with the casino or anybody else, it's a deal the Fire District made with the City of Mulvane. It works like this: the City of Mulvane agrees that they will cover the City of Peck for any fires or any structural fires in particular in that city even though it's not in Sedgwick County, Mulvane will do it because their fire department is I assume in closer proximity with Peck than any other of the stations that the Fire District is in."

"I have to confess I have never been to Peck so I'm going to assume that. But I think that's the circumstance. In agreement for Mulvane doing that the Fire District said that we will go ahead and cover the casino. Now, inherent in what the fact finder came to is that there must be this whole array of services that the Fire District is providing to the casino that justifies them getting a large sum of tax money."

"I had our fire department check on this and apparently we've only responded to one alarm actually on the Kansas Star Casino itself, since 2015. Apparently it was a vehicle fire that we put out. In fairness apparently there were a couple of false alarms I think exactly two. Where after we dispatched a unit they were called back"

before they ever got to the casino. But that essentially, other than some inspections where we actually got a fee for it at some point about the alarm system. We really haven't done much in terms of fire service down at the casino. So there is an assumption we are working our tails off, the Fire District is working their tails off covering calls down at the casino. That simply is not true.

"But let me divert for a second. Let me stop being a lawyer for a second, but be an advocate for the Fire District for a second or couple of minutes. Let's assume that magically, assume we end up in a world of unicorns and rainbows and we can actually legally put casino money into the Fire District. Even though legally we think that is not true. But let's assume that we end up in that situation. I think we've got some serious problems with that as a notion about how to do this.

"I think we got philosophical barriers. Counsel pointed out that only 20 percent of the County exists in the Fire District. Those are 20 percent of the people who are not serviced by the City of Wichita, City of Derby Fire Department. And there is a conclusion on that, it only seems right that all of that 20 percent that goes to those people ought to go to the Fire District on its surface there is some flawed reasoning because it assumes that is the only direction you ever make for county services for people who live outside the City of Wichita and the City of Derby.

"But look at it this way. I looked at the numbers, the Fire District's total budget is a little more than four percent of what the counties budget is. Even if somehow you said well alright let's do the right thing and match up the casino money with what the percentage budget is for the district, and the casino is for the total county. That's still only comes to four percent. There is about \$1.8 million a year that we get from the casino. So you take four percent of that and it comes roughly to about \$80,000. Eighty thousand dollars if we use that as a benchmark for what could be reasonable even if it was legal to do this, it doesn't even scratch the surface of what the bargaining units, the personal increase and the circumstance of what we're proposing.

"Second thing is just practical issues. I think behind the assumption that we can just dip into the casino monies and be able to save the Fire District from its financial situation, now I'm going into the future, implies there is this big bowl of money sitting down in the basement of the Courthouse that's being unused. That we just can't quite figure out how we get this \$1.8 million for the casino. Well, I think you know the falsity of that. That money is already committed to other county programs.

"Here is the philosophical issue, the practical issue involved in it, and I'm glad that I don't have to think about it if I ever existed in a world where we can pour that casino money into other purposes, is what are you going to cut? Where do you cut that money? Where do you reapply or apprise that money we now take from the casino and put somewhere else. I think you all are painfully aware of the fact that the Sheriffs Office, I only use this as an example, but their Detention Bureau is down about 25 percent people. And that has been for a number of months. So I think our friends from the [Wichita] Eagle Beacon ran articles last fall that talked about the difficulty we were having filling Detention Deputy positions over in our jail.

"Do we cut their salaries? Do we cut their funding? Do we cut COMCARE, do we cut Corrections? Do we cut Sheriff's Patrol? You know if we are going to talk about public safety as a whole as a goal for what we want to achieve here as a county, and I don't have any quarrel about something that ought to be something pretty close to the top of the list, what do we cut to do what the bargaining unit wants us to do here? I don't think we really can do it, but practically it's a matter I don't think that we can justify it on this basis.

"Counsels talk about comparability with other fire departments. I want to address this just briefly on this, and I want to address this on a couple of different ways. First one. I have a chart here. I want to talk about turn over. Because here is the bottom line from my view point, and I understand that I'm not part of the bargaining unit, and there was an issue concerning fairness about how you might compare with anybody else. But, bottom line is that I'd want to know as somebody sitting on the outside, what does our present compensation system, how does that result in terms of manpower with the district itself.

"Are people fleeing our Fire District to take better paying jobs elsewhere because they can get more money? I asked the fire department and Human Resources to put this together and they've looked at the fire department turnover from 2010 to 2015. The voluntary turnovers we can see from year to year basis, doesn't support the notion there were given people just fleeing these jobs to go somewhere else. Even though retirement figures are not high enough, but even if you want to take retirement figures into place, and I know they went up in 2015, if we have Fire Fighters sticking around long enough for retirement then those jobs are being filled and they are not going somewhere else because they think there is a greater opportunity.

"That's only in the Fire Fighter proportion. The lieutenant portion of the Fire District, we'll look through that and we've had no voluntary turnover from 2010 to 2015. So this doesn't solve the argument. We want to be fair, we want a motivated fire department and everything else, but it's got to be included as one point to this equation is what is happening is are they creating a problem where we are not able to fill vital positions in the fire department because we're so low paid.

"But also parenthetically, yesterday I wanted to check with Human Resources in the fire department, I said what does 2016 look like, they said we've had no resignations in 2016 on any of these positions. In that structure, in that sense there must be a good reason people are staying around. I also want to talk about one thing in compensation. I'm going to run through this very quickly because I think my time perhaps is getting a little short.

"This concerns insurance. As we presented this to fact finder, and she pretty much dismissed this because we have a better insurance package program here in Sedgwick County than do other comparable fire departments. For example, I am told by Human Resources here that the higher percentage of basic health Sedgwick County covers 95 percent, Wichita 92.5 percent and Overland Park 79 percent. So we as an employer pay more of the insurance package than some of these surrounding governmental entities.

"We also cover 80 percent of dental coverage. If you have kids you understand how important dental coverage is, we cover 80 percent of dental coverage, City of Wichita zero percent, Overland Park 25 percent. And what we did, we applied some numbers to see what is the effect of this. What does this do in terms of this presumption that we are so much lower than other comparable fire departments? We went through and looked at the pay plan average salary. How we came to an average is we took this step program, the 12 or 14 steps I forget how many we have, took the people in the middle, compared this and looked at the basic average salary for all these. You can compare it here.

"If you look at the Fire Fighter \$50,000 City of Wichita, we're at \$48,000 Sedgwick County, and \$47,000 Overland Park, Kansas. Then we added in the insurance coverage. The superior insurance coverage we came out with these numbers. And again, I will just use as a reference for time sake the basic total compensation of Fire

Fighters, we compare very favorable to the City of Wichita, and actually above Overland park, Kansas. Now, this wasn't in the conversation. Insurance is the only thing you talk about. But, I would suggest to you and it will be pointed out I think, there are a lot of fringe benefits that Fire Fighters have.

"But why do I want to focus in on insurance, well this is why because it is the most important. Ask anybody in Human Resources when somebody walks in the front door the first thing they are going to ask is how much does this job pay, and the second thing they ask is tell me about your health insurance coverage, because that's vital to me I got a family.

"It makes a difference when you look at these figures, because if you look at the base salary of Fire Fighters for any one of these three departments and then add in the employers portion of the health insurance benefits. Essentially we are getting about 30 percent of what the base compensation is for the Fire Fighters them self. You cannot make, I think an informed judgement about comparability on any employer, with any other employer whether it's a governmental entity or Fire Fighters or anybody else unless you take a look at the relative insurance packages involved.

"The fact finder pretty much dismissed this as insignificant. I'm going to suggest to you that it is often significant, it is actually very significant. What is this the ultimate effect of all of this? What I'm proposing, and understand I own this proposal. I own this proposal. I'm the one representative of the Fire District and it is my intention and design to try to get this done. Yeah I've talked to budget and everybody else, but my goal on this is first of all try to buy peace among the parties involved in it, and the other thing is to try and buy solvency for the Fire District.

"Those are going to be some tough choices for people sitting in the seats that you're in right now, whether it's you or somebody else that are going to have to make about how we are going to make this Fire District viable in the future. Essentially, by proposing what we're proposing here becomes the difference between whether we have two or three years to solve these problems or whether we are buying four or five years to solve these problems. And that essentially is all I'm going for.

"Yeah, I've litigated a lot of cases, a lot of you guys know me with this is pretty much what I do for the County other than this and I'm always involved in negotiations, mediations and I'm running to the notion that the right figures are when nobody is made happy. I don't think anybody is going to be made happy with what I suggested to try to solve this problem for the Fire District.

"But at least we bought time to try to come up with some more solutions, and if we don't buy that time I think going to be seeing a disaster one way or the other sometime in the future. That essentially is my presentation. I'm certainly open for my 15 minutes of questioning. Thank you."

Chairman Howell said, "Thank you very, very much. That was a good amount of information. We are going to move on to the next part of our hearing. You're up right now, aren't you? We have 15 minutes' worth of questions and answers for you, so we are going to go ahead and start that right now. I will ask the Commissioners for questions. Commissioner Ranzau."

Commissioner Ranzau thanked the Chairman and said, "Mike, these negotiations have gone on since I think Mr. BuKaty said since last year. Although we're talking

about pay right here, there is a number of other things we have discussed throughout this time, is that correct?"

Mr. North said, "Yes, probably could not go through a complete laundry list, but I'm aware of some of them, yes."

Commissioner Ranzau said, "Well, one of the things the District asked for was paid for performance is that correct? And then they are willing to give that up as a concession."

Mr. North said, "Yes, my understanding and it's before my involvement in it, I'm probably going to head some of my answers in that regard, it was suggested to go to the same kind of paid for performance that other county employees are under the bargaining unit does not want that, and that is fine. Once that point was made they moved off that as a point of negotiation."

Commissioner Ranzau said, "I think there has also been some discussion about clarifying the part time language. I think the District would like to ensure it has that flexibility to use that to help, actually help with the financial forecast, but that hasn't been rejected from, and the District made that concession as well is that correct?"

Mr. North said, "Yeah. Yeah it is true, there was some desire by the District to at least clarify the part time employees or an option to fill in vacancies, overtime vacations, that type of thing but the language was not changed so I think it's not entirely clear language but the District basically walked away from trying to impose something more severe in that regard."

Commissioner Ranzau said, "And by my count the District has made four different proposals that's been rejected by the bargaining unit."

Mr. North said, "I couldn't tell you that number, honestly. A lot of that is before my involvement. We could pose something to the fact finder which is in the process where I get involved in it. We also proposed wanting a negotiating session a couple of weeks ago."

Commissioner Ranzau said, "The three previous ones that I think somebody listed."

Mr. North said, "It may have been, I honestly can't tell you and I don't want to speculate."

Commissioner Ranzau said, "Can you go back to that slide where you had your proposal for, it showed the forecast. So even with the recommendation that you made, we gonna be \$645,000 in the red. Even with your proposal we're still, we're not solving any issue as far as the solvency issue."

Mr. North said, "Correct."

Commissioner Ranzau said, "I mean, I would agree with that."

Mr. North said, "Again, I don't want to be the horse that I've already beaten. I'm essentially trying to buy time on this. By where again, whether we have two or three years to solve the problem or four or five years to solve the problem. Yes, I made the projection that budget has put for me together on this proposal. And again, I own this. So any criticism is right between my eyes. We're still going to be \$645,000 revenues under expenditures in 2018."

Commissioner Ranzau said, "So we're basically, with that proposal, kicking a can down the road and we expect to be back in the same point we are here now."

Mr. North said, "If we don't find a revenues resolution before that. Again, there is more than a couple of ways to look at it. I know I'm getting beyond your question a little bit. We can give the bargaining unit what they want, and hope our assumptions are incorrect. Maybe property tax values will go back up as they did for a number of years. Maybe our insurance costs will be more modest. Maybe there are some more adjustments we can make in terms of our, and I hope it's not a situation of cutting personnel, to pay raises. Maybe we can find some solutions on it, but my point of it is as plaintiff as it may sound, is if we're wrong and all of these assumptions are not going to turn around and make things better, we really are looking at I believe a disaster four or five years down the road."

Commissioner Ranzau said, "You had another slide that showed the ending balances for I think five years. You said that someone in Finance somebody recommended we have two months' worth of expenditures in reserve."

Mr. North said, "Yes. There is a government accounting organization that's apparently kind of an industry standard."

Commissioner Ranzau said, "So what number is that? That is should be, is it just about 1.5 million that's."

Mr. North said, "That would be roughly. But, right now we've got reserves, the last year we had reserves, the ending balance we have here is 2.6 we are actually doing a little bit better than that. It's actually way more than 1.5 because the expenditures I remember from my chart was about 17 million. So 1.5 if that was 1/6th that would be about 9 million. Whatever 1/6th would be of about 17 million. So we are a little bit better than that now, but we don't stay that way."

Commissioner Ranzau said, "2.8 million. We should have 2.8 million. Seventeen divided by six is 2.8 million. Because the concern is if you get, I mean obviously it doesn't have to be right at 2.6 if you get too close then you can't even pay your bills and operate necessarily. Is that the theory?"

Mr. North said, "Well, that's part of the theory. You always want a reserve to pay your bills and we're on a cash basis system, you know here in Kansas. The other one is what do you have if there is a sudden unexpected thing? Suppose we have two trucks that are several hundred thousand, go down at the same time, or we have a problem with the radio's or something else. You have to have a reserve available to take care of those kind of problems."

Commissioner Ranzau said, "That's all I have thank you."

Chairman Howell said, "Any other Commissioners comments or questions? Alright, I guess I have a few. Just wanted to give you a chance to be, I guess crystal clear. What are the things that the fact finder found that you would say are not supported by facts or the law. The fact find said we can do certain things, you mentioned the casino money. Is there anything else that they talked about?"

Mr. North said, "Well in fairness to the fact finder, and she's a highly qualified individual, and I think was attentive to everything on it. But, my interpretation of her fact finding was not saying, Gee I find legally the casino money can be used for. But she basically said, she thinks the parties need to explore the legality of whether casino money can be used for a Fire District purpose. And that essentially is what

we did. And we come to the conclusion that they cannot. Period. That is the first thing,

"The second thing is I think you, this emphasis that the County is getting all this money and the Fire District is doing all the work. Clearly by the fact that we're operating on a mutual aid agreement, I think challenges that assumption.

"Also the dismissal of our projections on this by relying upon the budget figures. Again that gets to the issues between a forecast and budget. Yeah, we beat our budget most of the time. You ought to be proud of that in accounting. But that doesn't mean forecasts are inherently suspect or inherently too conservative, they are mid-point. I think we've very proud of the way we forecasted in the past too.

"Those would be that, plus you get to the issue of discounting the insurance coverage as element on it. Her report I don't think even mentions that. There may be some other respects that I would disagree with it on. But those would be the major ones."

Chairman Howell said, "Okay. I noticed, I think you mentioned that one of the challenges of our revue stream was that we have annexation that continues. Our base is getting small over time. Because we have less people paying in because of annexation."

Mr. North said, "Right."

Chairman Howell said, "I also noticed that these six comparisons, the City of Kansas City Kansas, Topeka, Wichita, Overland Park, I think you mentioned Johnson County. Johnson County is a county, do they have a Fire District that is a subset of their county or is..."

Mr. North said, "Three, three Fire Districts. I think it's either three or four. But they have three Fire Districts that are located in different parts of the County."

Chairman Howell said, "But I understand that there's a, and I've been trying to show you this. I understand that they have a provision in the legislation, some legal relief, that when they get annexed that their tax payer base doesn't get smaller. They are exempted from that."

Mr. North said, "I have to tell you that is beyond my knowledge on this."

Chairman Howell said, "Okay, some of that is for us to understand and may be honest in that question to both sides it may, even someone hopefully provide us that information to me, but I understand that as our annexation happens, we have less and less tax payers. But they've got something in the law that was passed along time ago that when they get annexed those folks continue to pay into those Fire Districts."

Mr. North said, "If that is accurate and I have to confess I don't know that it is sir, I wish I knew that but apparently they were more."

Chairman Howell said, "I guess I need both sides to substantiate that, what I've heard whether that is true or not. Hopefully I'll get that from you later. Along that line our Fire District essentially shrinks over time, because of that annexation. Is there any analysis on whether our responsibilities have gone up or down as a result. I mean, we sign more and more of these aid agreements. So I guess my perspective is we're servicing more, a larger geographic area but our tax base is getting smaller. The pressure is on our problem here."

Mr. North said, "That might be the case, if I can tell you on these aid agreements are not much higher as our tax base shrinks. I couldn't give you the numbers on that honestly. The problem with the tax base, frankly I'll speak very frankly on this, when annexations occur by cities, they generally take the higher taxed real estate. The higher ad valorem tax, you rarely, nobody is out there trying to annex Oaklawn. We have to cover Oaklawn for the fire service, but nobody is doing that because of the tax base. It doesn't justify the services on it.

So that's where the tax base losses that we get from the annexation by cities probably exceeds the real decrease in fewer households or other structures that we have to cover because of the way it's done."

Chairman Howell said, "Okay I'll ask Commissioner Peterjohn for his questions."

Commissioner Peterjohn thanked the Chairman and said, "I'm going to venture into probably dangerous territory for me with legal question. A number of statutes have been thrown out Counselor, I believe I heard the comment made [K.S.A.]75-4330 was one of the controlling statutes. You mentioned I believe [K.S.A.]75-2929 as well as [K.S.A.]75-2934. Could you tell me in your opinion legally, are there certain controlling statutes that cover this legally, and are they all uniform under the Kansas, State law concerning home rule?"

Mr. North said, "Yes, I don't think there's any question that home rule, they are consistent in terms of the implication of home rule. I don't think we can exempt ourselves out of these statutes if that's the ultimate question."

Commissioner Peterjohn said, "Well that's one of the directions I was leading to I was curious though going back if there is a what you would define a word for controlling statute, is there a controlling statute for the Fire District in your legal opinion, Counselor?"

Mr. North said, "Only in forming the Fire District and differently when it's a taxing, the authority is and it's spending authority is. They don't have spending authority in terms of an amount, but it does have restrictions on the spending authority in terms of the categories in terms of what they can spend money for."

Commissioner Peterjohn said, "So would that be the 29, [K.S.A.]75-2929 or the 75..."

Mr. North said, "I think that would be [K.S.A.]19-3601 and the succeeding statutes that come after that."

Commissioner Peterjohn said, "Okay, another questions. My understanding is the Kansas Star Casino is located inside the City of Mulvane. They have a rather interesting annexation that got them there and I'm not going to down that road too far, except to ask is our agreement with the City of Mulvane for and I'm not sure if it's mutual aid or automatic aid, any different from our mutual aid & automatic aid agreement with any other municipalities that we have that are outside the boundaries of the Fire District?"

Mr. North said, "I would suspect fundamentally it isn't. They probably, this one specifically deals with structural fires they may have aid agreements that deal with other things as well. But I'm gonna guess it probably isn't fundamentally different other than specifying the locations and maybe what kind of services are provided in line of those respects."

Commissioner Peterjohn said, "Thank you."

Chairman Howell said "I may just give ourselves couple of minutes to see if there are any other questions that come up here. While we continue to review information here. Commissioner Norton."

Commissioner Norton thanked the Chairman and said, "I don't see Chris Chronis here or anybody here from finance. Mike is Mark here? You know when the last time was that we raised the mill levy for the Fire District? Anybody? I'm pretty sure we had a very marginal increase, years ago in my first terms and then we lowered it a couple times. But I'd like to have that information because I think that is pertinent to the conversation."

"I mean you talk about we have no revenues, we have no revenues, we do have a way to get revenue if we need too. If we say the Fire District is that important and that we are out of sync with competitive salaries. There is a way to remedy this. There's never been an appetite with this Commission to raise mill levy or taxes, but that is something we need to consider in this whole conversation. You can swallow hard and not like it, but it is part of the dynamic that we will have to talk about."

"How long do you go when you never ever raise a mill levy? I don't know what that is, but we probably need to talk about that as part of this conversation. I see Chris here now."

Chairman Howell said, "Mr. Chronis would you come to the microphone real quickly. Just let us know in your recollection when we raised the mill levy for the Fire District. Give us any history that you might have quickly. We're actually at the end of our 15 minutes Q and A (Questions and Answers) so we're going to wrap this up with this question."

Mr. Chris Chronis, Chief Financial Officer, Finance Department greeted the Commissioners and said, "I'm working from memory and I believe the last increase for the Fire District was around 2004. That was to provide funding for the fire station relocation plan. My recollection was that a portion of that increase was subsequently rolled back."

Chairman Howell said, "I'd like to ask that maybe that you could prepare us some type of a report to the Commissioners at some point so we could understand that a little bit deeper. Would you get that information to me at a later time?"

Mr. Chronis said, "I'd be happy to."

Chairman Howell said, "Very good, We're going to."

Commissioner Norton said, "If I might, along the way too, consequently to a mill levy you have to apply that to an appraised value and it would be nice to also know what the appraised value went up every year because I certainly don't want to be disingenuous to the tax payers. You can say, we didn't raise the mill levy, but they still got a tax increase if their assessed value went up. So we have to think about both of them, it says value is going down on the whole then maybe to maintain the services we've got the mill levy has to jump a little bit."

"And other times when we're going in the tax base and the assessed valuation, you can lower the mill levy and still have plenty of run at the same level and that's a conversation we need to be having right now, cause it's not just about we got no money. Obviously at the present rate if we have increases we're gonna spend down our reserves. So how do you fill that back up?"

"You either start declining the services, lay off people and close stations, or you look at the revenue sources we have available. I know that's not compatible for a lot of philosophy's but it is certainly something we better consider."

Chairman Howell said, "I think it's great to have both halves of the equation when the report comes to us. Thank you very much Mr. Chronis. We're going to move on now to the rebuttal opportunity for the union attorney. And we would like to afford you 15 minutes to say whatever you have to say."

Mr. BuKaty thanked the Chairman and said, "This response will be somewhat destroyed because I'll just try to respond to things that Mike North said. First of all, we very much dispute these figures here as for the projections for the cost of wage increase. Our expert was a national renown expert that testified that a 2.5 percent pay increase would cost \$263,000. I don't know where they get these figures of \$800,000. That's just nuts. There is just no way it would cost that kind of money."

"And that's quite frankly why the fact finder rejected these projections because they are not realistic and they are not based on actual figures. Also with regard to the numbers, Mike gave a very good presentation. I think he is also a very good lawyer. But, I didn't hear him say that the Fire District couldn't afford his recommendations. And essentially, the proposal we name today cost the same as his recommendations. So I think there is much to do about nothing when it comes to that."

"This fact finder is no dummy. She's highly respected as Mike said, she was the Director of the Missouri Division of Labor Standards, for 12 years. I mean she looked at these type of numbers daily, and she analyzed all these eminence after a lengthy two day hearing. Quite frankly, she totally discredited this because it's not accurate."

"We do not believe at all that the modest increase we've proposed today will result in its solvency. Obviously the Fire District doesn't think so, because they proposed the same numbers. The only difference is they want to do it instead of bonuses instead of a wage increase. They want to freeze the steps after reinstating them. Which would cause more pay disparity. It's up to you as to whether or not you, I think you probably should lift the mill levy. We're not asking you to increase the mill levy, but I think it sounds just as fast. I didn't realize it had been that long since it had been raised, and that it decreases after that. I think it's something you should consider."

"With regard with the negotiations, the parties agreed to all language the only thing that was in dispute was compensation. The union made over a half a dozen proposals for language changes, none of which were accepted. So is it just the Fire District that made some proposals, and that's the give and take of negotiations."

"It really appears to be Fire Districts position, they didn't really challenge the Kansas City, Northeast Johnson County and Topeka make more money or Wichita. But that, Overland Park and Wichita don't really make more money as of health insurance. Well, it was testified to by Ms. Kirk I believe is your Human Resources Director. That the insurance coverage for Overland Park officers, although they paid more for it was much, much better than the Sedgwick County Fire District insurance. That there were much lower co-pays, much lower out of pocket expenses."

"Every one of these departments has health insurance and pension costs. It isn't just Sedgwick County. We obviously disagree with Counsel about the casino money. It needs to be kept in Marion. These are not tax receipts. Okay. Casino money is not tax money and obviously you do have limitations on how you can spend tax receipts, this is casino money."

"I submit to you just as some of your local legislators have said in the paper in the last few days. You can spend that money on anything you want to. The fact finder never said that the Fire District was spending all this time at the casino. They have made calls to the casino. They've made fire responses to the casino. But the point is Sedgwick County Fire District Number 1, is the only Sedgwick County entity that does anything for that casino.

"We're not asking that 100 percent of that revenue be distributed to the Fire District. I think it's totally legitimate to apportion some of it under the circumstances. It is another source of revenue. It's right now, and it's not committed for subsequent years. We're not asking you to take all that casino money and give it to, or spend it on the Fire District. But I think a percentage of it should be spent on the Fire District, which is another way to solve this problem. I really didn't hear the Fire District argue very strenuously that their Fire Fighters are underpaid, they are. You can't seriously dispute that.

"When you take a look at the exhibits that we've prepared and this survey from the International Association of Fire Fighters, which was not challenged in any way. It's really beyond dispute. The pay scale has not gone up since 2011. Quite frankly, during some of those years the Fire District had pretty decent revenue increases. But again, all we're asking for right now our only proposal is really is to take what the Fire District recommendation is, convert the bonuses to start wage increases which is going to cost the same in another few years, and don't freeze the steps again, cause otherwise you're gonna be right back in the same dilemma we're in.

"So, there really, and obviously I didn't have a chance to cost it out this morning. But there cannot be a big difference in the cost between the two proposals. There just isn't. I know Mike well enough to know that he had some meeting with Finance before he made that recommendation. I think the Fire Districts told you that essentially they can afford the proposal that we put on the table this morning.

"Also in our exhibits are the KPERs [Kansas Public Employees Retirement System], the Confidential Financial Reports 2007 to 2015. They are just a page showing scheduled budgetary accounts, budget and actual budgetary basis. Actually showing what you spent. What your budget you said you said you were going to spend, what you said you were going to receive, and what you actually took in.

"Every single year there was a surplus. For 2014 the surplus was \$1,681,000, and you added that to your reserves which left your reserves at \$3,271,000 and the only reason I point that out I'm not asking you to dip into reserves, but I telling you is, these things demonstrate that these numbers are not accurate. They do a good job of budgeting here, but the fact of the matter is the Fire District makes money every year. It doesn't lose money.

"Every time we have negotiations, we hear from the Fire District that they are just about to go out of business, and somehow miraculously they don't. You've got to take care of your Fire Fighters, that's the bottom line. The bottom line is really beyond dispute that of the six largest fire departments in the state, Sedgwick County Fire Fighters are dead last in pay.

"That's beyond dispute. Beyond dispute that the pay scale has been frozen since 2011. It's beyond dispute that proposal we made to you, or your representatives today will not significantly close that gap but at least will not allow it to spread anymore and hopefully will provide a basis for future revenues. For future negotiations to hopefully get these guys where they belong.

"Two percent, we're asking for no wage increase for 2016 we're just saying fix the steps which is the County's proposal, the Fire District's proposal. Then the next two years, we're proposing less than the County has asked you to give to the rest of the County employees. These guys are not greedy. And again, they go out there and risk their lives at the drop of a hat. I think it's time that we started recognizing this. I understand you all haven't been here the whole time that all this has gone on, but you've got obviously enough revenue in your budget and you can, I feel sincerely, that you can tap that casino money in future years."

"I don't have anything else, I just wanted to address the things Mr. North brought out, so I'll stand for questions."

Chairman Howell said, "Alright, so you are done with your rebuttal Mr. BuKaty, you want the questions and answers if that's okay."

Mr. BuKaty said, "Yes sir."

Chairman Howell said, "Alright, so Madam Clerk please start the timer. Commissioner Ranzau."

Commissioner Ranzau thanked the Chairman and said, "Could someone put that back to the mill levy increase page there. Yeah, right there. So if you look at the Fire District assessed valuation changes of 1.2, 1.8, .9 percent in the last few years. Does the bargaining unit dispute those numbers?"

Mr. BuKaty said, "The increase in valuation? That's what these charts, well no, but again that's 85 percent of your revenue, it's not 100 percent of your revenue."

Commissioner Ranzau said, "No, that's 85, that's quite a bit."

Mr. BuKaty said, "Of course."

Commissioner Ranzau said, "If we, and that's an average of I think I was told 1.34 percent. So if our revenues have increased 1.34 percent how can we afford over time to give raises of two and three percent?"

Mr. BuKaty said, "Well, first of all we are not asking for three we're asking for two, and this year we're not asking for any raise. We're not asking for a wage increase. So if you average four percent over three years, what does that come out to? Less than a percent and a half. That's what that averages. We are not asking, we are actually not asking for a wage increase this year."

Commissioner Ranzau said, "You have to add in what we would be giving for the steps as well."

Mr. BuKaty said, "Yeah, but again the cost of that, it's just like the hearing the cost of that was \$58,000. A two and a half percent was roughly \$260,000. So you figure that's four less than a one percent raise. Again, that is a cost. Because you have to put people where they belong. But then as it goes on, again, ever year and Mike showed you the retirees. Those retirees are coming off \$60,000 a year salary and being replaced by someone with a \$40,000 a year salary."

"So over time that pay scale, and that's one of those things that's wrong with those projections. It tries to exaggerate the cost of the steps. But you're right there is a cost for the steps in 2016. But as far as the two percent, even if we said it was one

percent, I don't think it's that high. That's still five percent over three years.

"I suspect and I apologize we just made the offer this morning, but I suspect that our offer over three years will average about a percent and a half."

Commissioner Ranzau said, "You have said that there really is no financial difference that your offer two percent may increase in two percent bonuses."

Mr. BuKaty said, "We have the one difference, in for 2017 and 2018 the cost to the Fire District going to be basically the same. There will be a very small marginal increase in 2018. Roughly .15 percent, because you'll be compounding two percent for 2017."

Commissioner Ranzau said, "That would also apply to the step."

Mr. BuKaty said, "What we're talking about is raising the whole pay matrix each year. So guys would move through the steps unless their topped out, or if you get 13 years, once you get so far then you go up every year and a half. So there are guys that don't get any step increases. Of course your new hires don't get a step increase. Does that answer your question?"

Commissioner Ranzau said, "I understand, but if able the step increases then that will also be compounded the next."

Mr. BuKaty said, "No, it's really not. I mean there is an initial cost because you got to move people where they belong. But then, we have a combination thing. First of all your new hires don't get a step increase, and second then you also have the people."

Commissioner Ranzau said, "But, if you give a two percent across the board they will."

Mr. BuKaty said, "Or they get the two percent raise, that's your cost. So I mean, I sincerely believe the big difference between Mike's proposal and ours is, they want to make it a bonus. We want to be wage increase so it stays with your wages. Even if, let's speak hypothetically, let's say things are so bad, let's say Trump gets elected and he screws the economy up so we get back here, and I'm just being facetious. But, we get back here and in 2018 we're negotiating. The parties agree okay, we're going to have to freeze wages. We'll at least the wages their at will be four percent more than they are today.

"Do you follow me? But if it's a bonus, their wages don't go up. Again, if you look at these other departments, they are not paying bonuses, they are paying wage increases. The whole KCK (Kansas City Kansas) Fire Department wage scale went up five percent this year, and we're not asking for that.

"But, we need to not fall far behind, we need to do that. I'm not sure I'm answering your question."

Commissioner Ranzau said, "That's okay, in an effort to help control costs, the District has asked for clarification for the part time, so we can utilize part time and save some money. Perhaps unfreeze some positions. You've rejected that. Can you tell me what efforts the union is willing to consider or propose to help save money?"

Mr. BuKaty said, "Well, okay number one I was not the negotiator during the negotiations. I did not get involved until they reached impasse. So I do not know

what the discussions were about the part timers. I can tell you that generally all of my union clients are willing to entertain any proposal. They may not agree to it, they make a counter proposal.

"But, let's say for example since we're discussing this thing. I'd love to see you send your negotiators back to the table. You want to discuss part timers. Bring it to the table. Bring us a wage proposal that actually gets us a raise increase. We'll discuss anything. Okay? I think we have a duty to bargain in good faith, and you know."

Commissioner Ranzau said, "Do they have any proposals to bring to the District?"

Mr. BuKaty said, "Well I mean the only issue that was left was compensation."

Commissioner Ranzau said, "But this whole idea of compensation goes around the financial solvency of the District and one way to improve that is to find ways to save money, and spend money more efficiently and wisely and I'm asking is."

Mr. BuKaty said, "Well part of it, part of it if I understand what you're saying. A lot of the efficiencies are management rights. If the employers come to the table and negotiate management rights, that's fine. But I mean it's generally management that makes decisions on equipment, on over time and on other things like that. I think this union will listen to anything they bring to the table."

Commissioner Ranzau said, "I understand, but I'm willing to listen to anything the union will bring to us. It's often time the people doing the work regardless of what department it is often have the best ideas."

Mr. BuKaty said, "All I can tell you at this point is, since I was not involved in negotiations, I don't know what was discussed."

Commissioner Ranzau said, "Okay, thank you."

Chairman Howell said, "Commissioner Peterjohn."

Commissioner Peterjohn thanked the Chairman and said, "Counselor, I'd like to ask you a legal questions if I could."

Mr. BuKaty said, "Okay. I'll try to give you a legal answer."

Commissioner Peterjohn said, "I appreciate that. Mr. North said that KSA19-3601 related statues were the controlling legal authority. Would you agree with that?"

Mr. BuKaty said, "Well, I apologize, I'm not for sure on that. If that is the Fire District statue the statue creating the Fire District, well of course it controls. But I don't think there's anything in there that addresses one way or another things such as proposed casino revenue. I will admit that the statue that created the Fire District controls and I don't know Mike is it [K.S.A.] 19? I apologize. I didn't look at that statue before today. I've looked at it in the past."

Commissioner Peterjohn said, "Okay well I'm trying to ask as a layman not a lawyer, understanding the legal side. Because that was kind of my follow up, if there are other revenue sources available that are in the controlling legal statue I just wanted to know what they were and if you had."

Mr. BuKaty said, "I don't think, other than property taxes I don't think sources of revenue are addressed one way or another. There is nothing in the statue that says

you can't. Well, obviously you can have other sources. Because 15 percent of your revenue comes in from other than property tax."

Commissioner Peterjohn said, "Well, we've got outside agreements for coverage. We mentioned that was mentioned in terms of we're providing fire service to entities that are outside of."

Mr. BuKaty said, "Mutual aid agreements?"

Commissioner Peterjohn said, "No, not mutual aid, but for entities that are not in the Fire District that have contracts with, large companies. So I think that is where the 15 percent comes from Counselor."

Mr. BuKaty said, "Well, I think that is some of it. I'm not sure that's all of it. But yeah, I agree with it, that's some of the revenue."

Commissioner Peterjohn said, "So that's where I think the rest of that number comes from, although I see Mr. Chronis in the room if I'm wrong in that I hope he will feel free to come to the microphone and correct me."

Mr. BuKaty said, "The only thing I would point out is that's not mentioned in the statute. Nothing in that statute applies the ability to contract with private corporations. To me that demonstrates that you are free to have other revenue sources besides property taxes."

Commissioner Peterjohn said, "Well if we are free to do that, we'd have other revenue sources. My understanding would be that we're underneath the controlling legal authority. That Kansas statutes define and maybe if there's a question on this in terms of whether controlling legal authority is, you know sometimes we have the Attorney General involved with an AG (Attorney General) opinion. I don't know Counselor, do you have an opinion on Attorney General opinions?"

Mr. BuKaty said, "Well, I mean I'm not opposed to seeking Attorney General's opinion. They do not have the force of law but sometimes they do provide guidance. If what you're asking is if the union and the Fire District jointly request the Attorney General's opinion, I'd have to talk to my clients. But as a general manner I would not be opposed to that."

Commissioner Peterjohn said, "I'm just throwing out some legal questions. I want to get a better understanding here. Thank you Mr. Chairman."

Mr. BuKaty said, "Thank you Mr. Peterjohn."

Chairman Howell said, "Other questions? I am curious, Mr. BuKaty. I'm focused on the aspect of some of the things presented. I'm sorry if I missed some of your questions, or some of your answers. Hopefully I don't repeat anything. Is there any other county, or district in the state of Kansas that transfers money from their district to another entity like a Fire District?"

Mr. BuKaty said, "I apologize but I have not studied the structure of the Fire Districts in Johnson County. For example I do not know if the Johnson County Commissioners are also members of those Fire District Boards. One thing that does make you at least unique in my position, I believe three Fire Districts in Johnson County. You have one Fire District in the County and the County Commissioners also serve as the Board."

"I'm sorry I can't answer your questions. I could get you your questions, but that was not brought up in the fact finder session."

Chairman Howell said, "Well, I'm looking for evidence to support your contention that we could transfer money from one governing body, in other words a separate entity, a separate set of books, over to another entity. It would be like us giving money to Missouri or something like that."

Mr. BuKaty said, "Well, to me it would be more like giving money to somebody here in Wichita. I assume that you spend money here in Wichita, and you don't spend it all on County Employees or County Buildings. Again, the County Commission does not in my opinion, by statute, or by any of its local ordinances and resolutions have any limitations on how it can spend that casino money. There's certainly nothing in the statue creating the casino. That in any way limits how you can spend that money."

Chairman Howell said, "Well, I'm not trying to argue points, I'm just trying to ask questions so I can understand. How many people are inside the Fire District? How many people are we servicing inside the Fire District?"

Mr. BuKaty said, "The population I don't know. We were told that it's approximately 20 percent of the population of the County that serviced by the Fire District. I believe you were present when we had the negotiation session here on the third floor."

Chairman Howell said, "To me it's an important point. The number I've heard was 85,000. I'm not sure if that's right or wrong. I'd like, if you dispute that, that's fine. Let's say just for the point it is 85,000."

Mr. BuKaty said, "I don't have that number."

Chairman Howell said, "The comparisons of Topeka, 127,000 people inside the city. So their property tax goes to all city services including their fire department. But, they have a population of 127,000. Wichita of course is 388,000. So their property taxes go to all city services including their Fire Department. It's not a separate."

Mr. BuKaty said, "Johnson County Fire District Number 1 I don't think has a lot of people. I thought they were around 70,000. They reported that to the fact finder."

Chairman Howell said, "Kansas City, Kansas is 149,000 and Overland Park is 185,000. I guess I'd like to see some comparisons of cities or jurisdictions close to 85,000 and see what comparisons we make between our side including fringe benefits compared to those other. To me it's an important point. I would love to see that."

"So I'm asking you, if you again, you don't have to do it right now."

Mr. BuKaty said, "I'll see what I can find, I'm trying to think off the top of my head of a town that has 85,000. One other point I did mean to mention, when Mike mentioned the ability to do a three year deal. If he's referring to the Lawrence case that's about 20 years old. I read about it a long time ago."

"Lawrence is not covered by the Employee Relations Act. So, whatever that core position was it can't be on that short section beside of you because it's not covered by that Act. I'll see if we can find some cities off the top of my head I can't think of any cities that's very close to that in population."

"What the fact finders was the size of the fire department. Sedgwick County Fire

District Number One is fourth in the state. We compared the top six. So five and six are ahead of us in pay, even though they are smaller departments."

Chairman Howell said, "When you say top six, that's looking at Sedgwick County as an entity, not the Fire District itself as an entity."

Mr. BuKaty said, "No, we looked at the top six in terms of number of Fire Fighters."

Chairman Howell said, "Okay."

Mr. BuKaty said, "In the event, I do want to mention, I am a native of Kansas City, Kansas. I've lived there a good part of my life. That's not a wealthy community at all. Nor is Topeka. Yet, they do pay their Fire Fighters substantially more than does this Fire District."

Chairman Howell said, "Alright."

Mr. BuKaty said, "Any other questions?"

Chairman Howell said, "We're at the, we're just now at the end of our 15 minutes and I don't see any lights on. I could probably ask and talk questions for another hour if I had the time, but we limited ourselves on purpose to try to get through this."

Mr. BuKaty said, "I appreciate your time, and let me say this too. If there are other questions I can answer or that you'd like information on, if someone with the County or Fire District would let me know, we'll do everything we can to get you the information. I've got to leave you my exhibit book if I can. Probably just leave it with Eric. So you all people can have it."

Chairman Howell said, "Yeah, I've seen information today I've never seen before today so I would like to have access to that information, these slides, plus any exhibits you might have. I think would be good for us to have access to those. Commissioner Ranzau."

Commissioner Ranzau thanked the Chairman and said, "I do have one question. The expert report that you said was different than ours as far as cost, I'd like to know what the turnover rate was that your expert assumed in that report."

Mr. BuKaty said, "On the wage increase costs?"

Commissioner Ranzau said, "Yeah, because you're saying if someone leaves with \$60,000 replaced with a 40, well that has to assume some sort of turnover rate. We have a very low turnover rate."

Mr. BuKaty said, "Well I actually, I may even get you the transcript of his testimony. But my recollection of what he testified to was basically he took the payroll and increased it with the 30 percent roll offs that Mike talked about for Social Security and everything else and that figure came out for 2.5 percent, came out to \$263,000 I believe."

"So our proposal would actually be less than that. I'll be happy to get you those exhibits, and I'll get Eric to copy his testimony so you can read it."

Chairman Howell said, "With that I'm going to go ahead and close the Public Hearing."

Mr. BuKaty said, "Thank you."

Chairman Howell said, "Very good, we're going to close the Public Hearing for the Fire District Number One, that's Union Local Number 2612 regarding contract negotiations for memorandum of agreement."

Commissioner Norton left at 1:42 p.m.

MOTION

Chairman Howell made a motion to receive and file.

Commissioner Peterjohn seconded the motion.

No further discussion was made and a vote was called.

VOTE

<i>Commissioner Unruh</i>	<i>Aye</i>
<i>Commissioner Norton</i>	<i>Absent</i>
<i>Commissioner Peterjohn</i>	<i>Aye</i>
<i>Commissioner Ranzau</i>	<i>Aye</i>
<i>Chairman Howell</i>	<i>Aye</i>

Chairman Howell said, "And with that, let me just say that I still have questions in my mind, I'm sure we probably all do. So I would ask us to take some time to review this information. I've talked to Fire Fighters, I've talked to people on both sides of this. Tried to get answers to our questions. We do need to get back together at some point.

"With that, the next meetings we have scheduled naturally, I think are May the 18th. I think that is too soon for us to get together. I would propose probably June the 1st. More than likely June the 8th is probably the time we will put this back on the Agenda. I don't need to make a motion right now, but I would simply say to the room, and to staff and my colleagues that my intention is to have this back on the Agenda probably on June the 8th, for the County to, for the Governing Board to consider any next actions in terms of trying to resolve this impasse.

"So with that any questions before I adjourn the Fire District Meeting? Any comments from Commissioners before I adjourn this Meeting. Alright, I am going to then adjourn the Governing Board for the Sedgwick County Fire District Number One.

ADJOURNMENT

The Meeting for Sedgwick County Fire District Number one was adjourned at 1:59 p.m.

*BOARD OF COUNTY COMMISSIONERS OF
SEDGWICK COUNTY, KANSAS*

*JAMES M. HOWELL, Chairman
Fifth District*

*RICHARD RANZAU, Chair Pro Tem
Fourth District*

*DAVID M. UNRUH, Commissioner
First District*

*TIM R. NORTON, Commissioner
Second District*

*KARL PETERJOHN, Commissioner
Third District*

ATTEST:

Kelly B. Arnold, County Clerk

APPROVED:
