Loveland Fire Rescue Authority Board Meeting

Fire Administration Building
EOC Conference Room
410 E. 5th Street
Loveland, Colorado 80537
Wednesday, April 25, 2018
12:30 PM
On The Loveland Fire Rescue Authority (LFRA) is committed to providing an equal opportunity for services, programs and activities and does not discriminate on the basis of disability, race, age, color, national origin, religion, sexual orientation or gender. LFRA contracts with the City of Loveland for assistance with translation, discrimination concerns, and Americans with Disabilities Act accommodations. Please contact the City of Loveland Title VI Coordinator at TitleSix@cityofloveland.org or 970-962-2372 for translation services and discrimination concerns. LFRA will make reasonable accommodations for citizens in accordance with the Americans with Disabilities Act (ADA). For more information on ADA or accommodations, please contact the City of Loveland ADA Coordinator at Jason.smitherman@cityofloveland.org or 970-962-3319.

Wireless access: COLGuest, accesswifi

1. Executive Session Pursuant to CRS 24-6-402(4)(f) to Discuss Personnel Matters to Include the Quarterly Review, Evaluation and Discussion Regarding the Performance of the Fire Chief

1:30PM - CALL TO ORDER – PUBLIC MEETING
PLEDGE OF ALLEGIANCE
ROLL CALL
AWARDS AND PRESENTATIONS
PUBLIC COMMENT

CONSENT AGENDA

Anyone in the audience will be given time to speak to any item on the Consent Agenda. Please ask for that item to be removed from the Consent Agenda. Items pulled will be heard at the beginning of the Regular Agenda. You will be given an opportunity to speak to the item before the Board acts upon it.

Public hearings remaining on the Consent Agenda are considered to have been opened and closed, with the information furnished in connection with these items considered as the only evidence presented. Adoption of the items remaining on the Consent Agenda is considered as adoption of the staff recommendation for those items.
Anyone making a comment during any portion of today’s meeting should come forward state your name and address for the record before being recognized by the Chair. Please do not interrupt other speakers. Side conversations should be moved outside the meeting room. Please limit your comments to no more than five minutes.

2. Consider a Motion to Approve the Minutes from the Loveland Fire Rescue Authority Board for the March 28, 2018 Regular Board Meeting.

3. Conduct a Public Hearing and Consider a Motion to Adopt Resolution R-85, Adopting a Supplemental Budget Regarding the Appropriation of Monies to and the Expenditure of Monies to and the Expenditure of Monies from the General Fund and the Fleet Replacement Fund for the Loveland Fire Rescue Authority, State Of Colorado, for the Calendar Year Beginning on the First Day of January 2018 and Ending on the Last Day of December 2018

4. Consider a Motion to Adopt Resolution R-86, Establishing a Policy for Requests for Public Records and Assessing Charges for the Production of Public Records

End of Consent Agenda

REGULAR AGENDA
Anyone who wishes to address the Board on any item on this part of the agenda may do so when the Chair calls for public comment. All public hearings are conducted in accordance with Board By-Laws. When Board is considering approval, the Authority’s By-laws only requires that a majority of the Board quorum be present to vote in favor of the item.

5. Consider a Motion To Approve An Engine Purchase Contract With SVI, Inc. In An Amount Not To Exceed $553,600 And To Authorize The Fire Chief To Execute The Contract

6. Overview of the Consolidated Volunteer Firefighter’s Pension fund and Consider a Motion to Approve a Volunteer Firefighter Pension Fund Board of Trustees Guideline for Recommending an Increase in Volunteer Pension Retirement Benefits

7. Review Briefing Papers and Correspondence.
   a. Chief’s Report
   b. Letters
   c. March Operations Statistics
   d. March Community Safety Division Statistics
   e. March Human Resources Statistics
   f. March Budget Statistics

8. Other Business for Board Consideration
TITLE
Executive Session Pursuant to CRS 24-6-402(4)(f) to Discuss Personnel Matters to Include the Quarterly Review, Evaluation and Discussion Regarding the Performance of the Fire Chief.

EXECUTIVE SUMMARY
In accordance with the Board's direction, an Executive Session is held once per quarter for the Board to provide feedback to the Fire Chief on his performance. Once per year the Board will review all feedback provided to the Chief throughout the previous year, discuss future goals and direction, and any associated merit increase. Following the Executive Session, the HR Manager will prepare a confidential written summary of the meeting for retention in the Fire Chief's personnel file.

BACKGROUND
An executive session pursuant to the LFRA Bylaws and the Colorado Open Meetings Law will be held for the purpose of:

1) discussing personnel matters to include review, evaluation, deliberation, and discussion regarding the performance of the Fire Chief, as authorized by CRS § 24-6-402(4)(f) and LFRA Bylaws section 4(e); and

2) considering and discussing documents and materials related to these personnel matters that are not subject to public inspection under the Colorado Open Records Act, as authorized by CRS § 24-6-402(4)(g).

STAFF RECOMMENDATION
None

FINANCIAL/ECONOMIC IMPACTS
None

ASSOCIATED STRATEGIC GOALS
N/A

ATTACHMENTS
None
Consider a Motion to Approve the Minutes from the March 28, 2018 Loveland Fire Rescue Authority (LFRA) Regular Board Meeting

EXECUTIVE SUMMARY

The attached document, prepared by Kristen Cummings and edited by outside attorneys, is a record of the March 28, 2018 regular meeting of the LFRA Board. The document details the discussions at the meeting including: Fire Chief Meritorious Award presentation, approval of the February 28, 2018 minutes, approval of a funding package for Station 7, and the Chief’s Report.

BACKGROUND

Standard meeting protocol

STAFF RECOMMENDATION

Approve as written

FINANCIAL/ECONOMIC IMPACTS

N/A

ASSOCIATED STRATEGIC GOALS

N/A

ATTACHMENTS

March 28, 2018 Minutes
Loveland Fire Rescue Authority Board Meeting Minutes
Wednesday, March 28, 2018
410 E. 5th Street, Loveland
1:30 p.m.

Members Present:
Chairman Jeff Swanty, Director of the Loveland Rural Fire Protection District ("Rural District")
Vice Chairman John Fogle, City of Loveland Council Member
Director Dave Legits, Rural District President
Director Steve Adams, Loveland City Manager
Director Richard Ball, City of Loveland Council Member

Staff Present:
Mark Miller, Fire Chief
Emily Powell, Legal Counsel to the Authority
Andrea Wright, Human Resources Manager
Greg White, Secretary of Rural District
Michael Cerovski, Battalion Chief
Kristen Cummings, Business Services Coordinator
Greg Ward, Division Chief
Ned Sparks, Division Chief
Rick Davis, Battalion Chief
Tim Smith, Battalion Chief
Cheryl Cabaruvias, Administrative Analyst
Nick Bukowski, Fire Lieutenant
Paul Brown, Firefighter
Kevin Hessler, Captain

Visitors:
Paul Pfieffer, Fire Rescue Advisory Commission ("FRAC")
Leroy “Andy” Anderson, FRAC
Tom DeMint, Fire Chief, Poudre Fire Authority
Randy Lesher, Chief, Thompson Valley EMS
Mark Turner, Captain, Thompson Valley EMS
Carmen Bloom, Supervisor, Loveland Emergency Communications Center
Jenna Ludowski, Firefighter, Poudre Fire Authority
Lane Todd, Planet Fitness
Thomas Meyers, Resident
Alan Matlosz, George K. Baum & Company
Call to Order:

Chairman Swanty called the Loveland Fire Rescue Authority ("LFRA") Board meeting to order on the above date at 1:33 p.m.

Awards and Presentation:

Chief Miller presented Poudre Fire Authority Firefighter Jenna Ladowski, and Planet Fitness employee, Lane Todd, with the Fire Chief Meritorious Awards for their efforts in saving a life on February 26, 2018. Jenna was off-duty at the time of the incident. Firefighter Ladowski and Mr. Lane were presented with a Certificate and a challenge coin.

Swearing In:

None

Public Comment:

None

Consent Agenda:

1. Consider a Motion to Approve the Minutes from the LFRA February 28, 2018 Regular Board Meeting

Motion made by Vice Chairman Fogle to approve the consent agenda. Director Ball seconded; motion carried unanimously.

Regular Agenda:

2. Consider a Motion to Approve a Funding Package for Station 7

Kyle Thomas, with George K. Baum & Company, spoke to the Board about the bidding process for a Station 7 lease-purchase financing package. The bidding process showed Vectra Bank to be the best fit for LFRA, because of the interest rate and certain favorable terms, including being able to prepay without penalty, and the ability to refinance anytime. The annual lease payment will be approximately $380,000 per year, with a partial payment of $26,821 due on June 1, 2018.

Chief Miller stated that there is currently $1.9 million in LFRA Capital Expansion Fees (CEFs). $1.1 million will be used to finance the equipment for Station 7. The remainder will go into
reserves. Annual lease payments on the lease-purchase are expected to be made using impact fee revenue, with impact fees anticipated to generate $400,000 in revenue per year. However, if sufficient revenue is not generated in any given year, the reserves would cover two full years of annual lease payments.

Motion made by Vice Chairman Fogle to approve the Resolution authorizing the lease-purchase financing with Vectra Bank for the construction of Station 7, and to authorize the Board Chairman and Chief Staff to take all actions necessary to execute all documents and implement the transaction. Director Ball seconded; motion carried unanimously.

Closing is scheduled for Friday, March 30, 2018.

3. Chief's Report

Attorney Powell advised the Board regarding a Colorado Open Records Act (CORA) request made by the Coloradoan newspaper. CORA prohibits the information requested from being released, so the request was denied, in accordance with law.

There was a meeting with officials from Front Range Fire Rescue (FRFR) to discuss revenue sharing, at their request. LFRA and the Rural District were represented by Chief Miller, Director Legits, Greg White and Andy Anderson. Greg White summarized the meeting by stating that FRFR would like to coordinate on the location of future fire and EMS stations with LFRA, with the opportunity to possibly share facilities in the future. FRFR no longer has a desire to share revenue generated in the 24/34 portion of LFRA's jurisdiction. They stated that they would like to see the Town of Johnstown contribute to the purchase of LFRA's future Station 10. Chief Ward and Chief Cerovski will follow up with Chief Bateman of FRFR. Steve Adams advised that if LFRA is planning to build Station 11 in the 402-corridor, Chief Staff will want to start having those conversations now, as that area is already undergoing a lot of planning with the City.

Chief Miller, Chief Sparks, Assistant Fire Marshal Carie Dann and Cheryl Cabaruvias met with the Town of Johnstown to establish procedures for the collection of impact fees.

Attorney Powell stated that in 2019 there will be another reassessment of property values, which is expected to cause another downward readjustment of the residential assessment ratio, pursuant to Gallagher/Tabor. There is a legislative proposal on the table to defer the reassessment until 2021, but there is not currently a sponsor for this as a bill. If this does get passed as a late bill, it will not be a permanent solution. Chairman Swanty offered to draft a letter or sign a petition that supports not reassessing properties in 2019. It was the consensus of the Board that Chairman Swanty should draft the letter.

There is a Community Improvement Program (CIP) with the City that has been tasked to look at various capital projects and gauge community interest in them. There are nine capital projects that are being looked at, and two are LFRA projects: Building a new Station 3 and remodeling Station 5. The CIP will determine a sales tax increase to fund these projects.

4. Other Business for Board Consideration

As a follow-up from the last meeting, Andrea Wright requested that the Board postpone the effective date for the CEBT Health Insurance for Board Members to until July 1, 2018 to allow for an appropriate amount of time to get it set up.
Motion made by Vice Chairman Fogle to extend the effective date of the CEBT Health Insurance for Board Members to July 1, 2018. Director Adams seconded; motion carried unanimously.

With no further business to come before the Board, Chairman Swanty adjourned the regular meeting at 3:44 p.m.

The foregoing minutes, having been approved by the LFRA Board of Directors, constitute the official minutes of the meeting held on the date stated above.

________________________________________  __________________________________________
Jeff Swanty, Chairman                        Kristen Cummings, Secretary
TITLE

A Resolution Adopting a Supplemental Budget Regarding the Appropriation of Monies to and the Expenditure of Monies from the General Fund and the Fleet Replacement Fund for the Loveland Fire Rescue Authority, State Of Colorado, for the Calendar Year Beginning on the First Day of January 2018 and Ending on the Last Day of December 2018

EXECUTIVE SUMMARY

This resolution would approve an increase to the 2018 LFRA Operations Fund budget of $36,612 from Unassigned Fund Balance; and an increase to the 2018 LFRA Fleet Replacement Fund budget of $1,059,462 from Unassigned Fund Balance.

BACKGROUND

A resolution and memorandum are attached to review the year end budget performance and provide detail for this request. Per the fourth amendment to the IGA, if the Board adopts the supplemental appropriation resolution, then it will become effective. Supplemental Budget Requests that do not affect partner contributions are not required to be presented to City Council or the Loveland Rural Fire Protection District Board.

STAFF RECOMMENDATION

Staff recommends approval of the resolution as written.

FINANCIAL/ECONOMIC IMPACTS

The resolution would add $36,612 additional funding for operational expenditures and $1,059,462 additional funding for the Fleet Replacement fund to advance the LFRA mission. A budget transfer in May from the LFRA Impact Fee Fund will restore the appropriation for the new Engine 7 purchase back to the LFRA Fleet Replacement Fund.

ASSOCIATED STRATEGIC GOALS

Deploy an effective emergency response to minimize damage and loss. Minimize and mitigate the risks of an emergency occurrence in the community. Deliver cost effective services.

ATTACHMENTS

Resolution R-85
Memo and Exhibit
RESOLUTION NO. R-085

A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET REGARDING THE APPROPRIATION OF MONIES TO AND THE EXPENDITURE OF MONIES FROM THE GENERAL FUND AND THE FLEET REPLACEMENT FUND FOR THE LOVELAND FIRE RESCUE AUTHORITY, STATE OF COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018

WHEREAS, the Loveland Fire Rescue Authority ("Authority") is a governmental entity of the State of Colorado, established by contract between the City of Loveland ("City") and the Loveland Rural Fire Protection District ("Rural District") pursuant to that certain Intergovernmental Agreement for the Establishment and Operation of the Loveland Fire Rescue Authority as a Separate Governmental Entity dated August 19, 2011 ("Establishing IGA");

WHEREAS, on August 30, 2018, the Authority Board of Directors ("Board"), after complying with notice and other statutory requirements, duly adopted a budget for fiscal year 2018 ("2018 Budget"). Pursuant to Amended Section 4.1 of the Establishing IGA, the 2018 Budget subsequently was approved by the City Council and by the Rural District Board of Directors;

WHEREAS, after adopting the 2018 Budget and making appropriations thereunder, the Authority Board determined it necessary to approve additional appropriations of moneys to and expenditures of moneys from the General Fund and the Fleet Replacement Fund for fiscal year 2018;

WHEREAS, the Authority Board authorized its administrative staff to prepare and submit a proposed 2018 Supplemental Budget reflecting the additional appropriations of moneys to and expenditures of moneys from LFRA Funds;

WHEREAS, a proposed 2018 Supplemental Budget has been submitted to the Authority Board for its consideration. A copy of the 2018 Supplemental Budget is attached to this Resolution;

WHEREAS, pursuant to Amended Section 4.1 of the Establishing IGA, the 2018 Supplemental Budget shall become effective after approval by the LFRA Board;

WHEREAS, the Authority Board desires to adopt the attached 2018 Supplemental Budget, and appropriate the necessary funds to provide for the 2018 Supplemental Budget from the LFRA General Fund Unassigned Fund Balance and the LFRA Fleet Replacement Fund Unassigned Fund Balance;

WHEREAS, due and proper notice, published and posted in accordance with the law, advised the public that (1) the Authority's proposed 2018 Supplemental Budget was available for inspection by the public at a designated public office; (2) the Authority Board would hold a public hearing on the proposed 2018 Supplemental Budget on Wednesday, April 25, 2018 at 1:30 pm; and (3) interested electors could comment on or to file or register objections to the proposed 2018
Supplemental Budget any time before the public hearing; and,

WHEREAS, the Authority Board held a public hearing on Wednesday, April 25, 2018, and interested electors were given the opportunity to comment on or to file or register any objections to the attached 2018 Supplemental Budget.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOVELAND FIRE RESCUE AUTHORITY, STATE OF COLORADO, AS FOLLOWS:

Section 1. Receipt of Moneys to the General (Operations) Fund. The Authority Board hereby authorizes and approves the appropriation in 2018 of an additional $36,612 from the Authority’s General Fund Unassigned Fund Balance; and an additional $1,059,462 to the 2018 LFRA Fleet Replacement Fund Unassigned Fund Balance.

Section 2. Expenditures of Money from the General (Operations) Fund. The Authority Board hereby ratifies and approves the expenditure of an additional $36,612 from the Authority's General Fund and the expenditure of an additional $1,059,462 from the Authority’s Fleet Replacement Fund during fiscal year 2018.

Section 3. Adoption of Supplemental Budget for 2018. The Authority Board hereby adopts the 2018 Supplemental Budget in the form attached to this Resolution.

Section 4. City Council’s and Rural District Board of Directors’ Approval Not Required. Pursuant to Amended Section 4.1 of the Establishing IGA, the 2018 Supplemental Budget shall become effective as of the date that the Authority Board approves the 2018 Supplemental Budget.

Section 5. Purposes of 2018 Supplemental Budget Could Not Have Been Reasonably Foreseen. At the time the Authority Board adopted the 2018 Budget in the fall of 2017, it could not have reasonably foreseen the need to approve additional appropriations of moneys to and expenditures of moneys from the General Fund for fiscal year 2018.

ADOPTED this 25th day of April, 2018.

______________________________
Jeffrey M. Swanty, Chairperson

ATTEST:

______________________________
Secretary

2349716.2
## Funds Appropriated for Use by the Authority:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Account Number</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources of Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unassigned Fund Balance</td>
<td></td>
<td>$36,612</td>
<td>Appropriation of Unassigned Fund Balance for incomplete projects and purchase orders</td>
</tr>
<tr>
<td>Total Funds</td>
<td></td>
<td>$36,612</td>
<td></td>
</tr>
</tbody>
</table>

### 2018 Supplemental Authority Appropriations and Expenditures:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Account Number</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uses of Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tactical Fire Vest replacement</td>
<td>604-22-225-1608-42025</td>
<td>$11,519</td>
<td>Vests replaced as part of the equipment replacement program. Ordered late, not delivered until 2018</td>
</tr>
<tr>
<td>Emergency Management EMPG2016 Grant</td>
<td>604-22-227-1600-41012</td>
<td>$20,480</td>
<td>Emergency Management EMPG2016 Grant for part time personnel not used in 2017</td>
</tr>
<tr>
<td>Emergency Management EMPG2016 Grant</td>
<td>604-22-227-1600-41544</td>
<td>$1,800</td>
<td>Emergency Management EMPG2016 Grant for part time personnel not used in 2017</td>
</tr>
<tr>
<td>Emergency Management EMPG2016 Grant</td>
<td>604-22-227-1600-42899</td>
<td>$2,813</td>
<td>Emergency Management EMPG2016 Grant for equipment not purchased in 2017</td>
</tr>
<tr>
<td>Total Appropriations and Expenditures</td>
<td></td>
<td>$36,612</td>
<td></td>
</tr>
</tbody>
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<tbody>
<tr>
<td>Uses of Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>606-22-226-1647-48244</td>
<td>$505,862</td>
<td>Final payment, striping and upfitting of Water Tenders 1, 5, 8 and Engine 32</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>606-22-226-1647-48244</td>
<td>$553,600</td>
<td>To begin the process to purchase Engine 7. A budget transfer from the LFRA Impact Fee Fund will restore this purchase in May</td>
</tr>
</tbody>
</table>
Date: March 28, 2018

TO: LFRA Board

FROM: Mark Miller, Fire Chief  
Cheryl Cabaruvias, Administrative Analyst

RE: Request to Appropriate Fund Balance in 2018 for Incomplete Projects and Incomplete Purchase Orders

Staff is requesting a supplemental budget appropriation of funds that were included in the 2017 budget for incomplete projects and incomplete purchase orders. A detailed list of these projects and needs is outlined on the following pages:

Expenditure requests from 2017 to the LFRA General Fund:
$36,612
- Appropriation of $25,093 to the LFRA General fund 604 for Emergency Management projects related to the EMPG grant that were not completed in 2017
- Appropriation of $11,519 to the LFRA General fund 604 for purchase orders for Tactical Fire vests that were ordered in 2017 but not received until 2018

Expenditure requests from 2017 to the LFRA Fleet Replacement Fund:
$1,059,462
- Appropriation of $505,862 to the Fleet Replacement fund 606 for final payment, striping and upfitting of Water Tenders 1, 5,8 and Engine 32
- Appropriation of $553,600 to begin process to purchase Engine 7. A budget transfer from the LFRA Impact Fee Fund in May will restore this purchase

The LFRA objectives related to appropriation requests are to complete projects in progress at year end and meet current high priority needs, focusing on requesting items that are not recurring in nature. The carryover funding is based on revenues collected in excess of the budget and expenditures that were less that the budget in 2017. Since this is generally considered funds available on a one time basis, the commitments related to those funds should not have a multiple year commitment.

The appropriation request is for less than the available fund balances. The intention is to build a fund balance for unanticipated emergencies and times of recession.
The following table details the appropriation request:

### Calculation of Reappropriation requests for LFRA General Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Revenue</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Pre-Audit 2017 Fund Balance</td>
<td>$ 808,564</td>
<td></td>
</tr>
<tr>
<td>Expenditure appropriation request from LFRA General fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation of incomplete Emergency Management EMPG project</td>
<td></td>
<td>$ 25,093</td>
</tr>
<tr>
<td>Appropriation of budget for open purchase orders 17-0719 and 17-0811 for the replacement of Tactical Fire vests</td>
<td></td>
<td>$ 11,519</td>
</tr>
<tr>
<td><strong>Total Expenditure appropriation request from LFRA General fund for 2018</strong></td>
<td></td>
<td>$ 36,612</td>
</tr>
<tr>
<td>Previous Supplemental Budget requests</td>
<td></td>
<td>$ 492,215</td>
</tr>
<tr>
<td>Estimated 2018 General Fund Balance</td>
<td></td>
<td>$ 279,737</td>
</tr>
</tbody>
</table>

### Calculation of Reappropriation requests for LFRA Fleet Replacement Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Revenue</th>
<th>Expenditure</th>
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<tbody>
<tr>
<td>Estimated Pre-Audit 2017 Fund Balance</td>
<td>$ 1,209,080</td>
<td></td>
</tr>
<tr>
<td>Expenditure appropriation request from LFRA Fleet Replacement fund:</td>
<td></td>
<td></td>
</tr>
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<td>Final payment, striping and upfitting of Water Tenders 1, 5,8 and Engine 32</td>
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<td></td>
<td>$ 1,059,462</td>
</tr>
<tr>
<td>Previous Supplemental Budget requests</td>
<td></td>
<td>(119,000)</td>
</tr>
<tr>
<td>Estimated 2018 Fleet Replacement Fund Balance</td>
<td></td>
<td>$ 268,618</td>
</tr>
</tbody>
</table>
### EXHIBIT: Supplemental Appropriation Detail Listing

#### Request for Expenditure Appropriation from LFRA General fund:

<table>
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#### Request for Expenditure Appropriation from LFRA Fleet Replacement fund:

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Consider a Motion to Adopt Resolution R-86, Establishing a Policy for Requests for Public Records and Assessing Charges for the Production of Public Records

EXECUTIVE SUMMARY

The Colorado Open Records Act (CORA) is a law designed to provide the public access to most public records of government bodies at all levels in Colorado. It is the intention of LFRA to comply with CORA and to respond to all requests for public records as to what must, may, and cannot be produced. LFRA also will charge fees for public records in accordance with CORA and other federal and state law.

BACKGROUND

CORA requests directed to LFRA historically have been handled through the City of Loveland’s open records request process; however, as the Authority continues its maturation and as a separate and independent local government, it is important that LFRA establish our own policy and procedures so that all requests directed to LFRA may be responded to by LFRA. The proposed resolution is included in this packet.

STAFF RECOMMENDATION

Approve the resolution as presented to establish an official policy for responding to request for public records and assessing charges for the production of public records.

FINANCIAL/ECONOMIC IMPACTS

Reasonable fees, as authorized by statute, will be charged for copies, printouts, and photographs made at the request of an individual or entity pursuant to the Colorado Public (Open) Records Act, C.R.S. 24-72-205, and other federal and state law.

ASSOCIATED STRATEGIC GOALS

ATTACHMENTS

Resolution R-86
Resolution No. 86

RESOLUTION
BOARD OF DIRECTORS OF THE
LOVELAND FIRE RESCUE AUTHORITY

A RESOLUTION ESTABLISHING A POLICY FOR REQUESTS FOR PUBLIC RECORDS AND ASSESSING CHARGES FOR THE PRODUCTION OF PUBLIC RECORDS

WHEREAS, the Loveland Fire Rescue Authority ("Authority") is a political subdivision of the State of Colorado, established pursuant to the Amended and Restated Intergovernmental Agreement ("IGA") between the City of Loveland and the Loveland Rural Fire Protection District dated November 29, 2017, for the purpose of providing fire suppression, fire prevention and public education, rescue, extrication, hazardous materials, and emergency medical services within their joint jurisdiction and service area;

WHEREAS, the Authority's Board of Directors ("Board") is vested with all legislative and administrative powers of the Authority, which includes the adoption of policies regarding the exercise of its powers. C.R.S. §§ 29-1-203.5(2)(a) & 32-1-1001, et seq.; IGA Art. I, Sec. 1.9(g);

WHEREAS, the Board is authorized by statute to charge a reasonable fee for copies, printouts, and photographs made at the request of an individual or entity pursuant to the Colorado Public (Open) Records Act, C.R.S. § 24-72-205 ("Open Records Act"), and the Regulations promulgated by the Colorado Department of Public Health and Environment ("CDPHE Regulations");

WHEREAS, the Authority Board desires to establish an official policy for responding to requests for public records and assessing charges for the production of public records; and

WHEREAS, the Board determines that the fees it establishes by this Resolution are reasonable, cost-based fees, as required by the Health Insurance Portability and Accountability Act of 1996, and the regulations promulgated by the U.S. Department of Health and Human Services interpreting and implementing HIPAA, 45 CFR 164.524(c) (collectively, "HIPAA"), and in compliance with the requirements and restrictions of the Open Records Act and the CDPHE Regulations.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOVELAND FIRE RESCUE AUTHORITY THAT:

1. The term "public records" has the same meaning as set forth in the Open Records Act.

2. All requests for public records must be in writing, and must comply with the requirements of the Open Records Act, CDPHE Regulations, HIPAA, and any other applicable federal or state laws.
3. The Authority will comply with the requirements of the Open Records Act, CDPHE Regulations, HIPAA, and any other applicable federal or state laws, with respect to whether it must, may, or cannot produce public records, or other documents or information requested, and the fees it charges for producing such public records, or other documents or information.

4. Where the fee for a certified copy or other copy, printout, or photograph of a public record is specifically prescribed by law, the specific fee will be charged. If a fee is not specifically prescribed by law, the Authority will furnish copies, printouts, or photographs of a public record for a fee of $0.25 per standard page. The Authority will charge a fee not to exceed the actual cost of providing a copy, photograph, or printout in a form other than a standard page. The Authority will charge the actual costs it incurs in having the copies made off-site by an outside copying facility.

5. In accordance with the CDPHE Regulations, if the Authority produces copies, printouts, or photographs of medical or mental health records pursuant to C.R.S. § 24-72-204(3)(a)(I), the Authority will charge the following fees:

   a. For requests made by the patient or patient's personal representative (as defined under HIPAA § 164.502(g)):
      i. $14.00 for the first 10 or fewer pages;
      ii. $0.50 per page for pages 11-40; and
      iii. $0.33 per page for every additional page.

   b. For requests made by a representative of the patient, other than the patient's personal representative (as defined under HIPAA § 164.502(g)), with the patient's written authorization:
      i. $16.50 for the first 10 or fewer pages;
      ii. $0.75 per page for pages 11-40; and
      iii. $0.50 per page for every additional page.

The per-page fee for records copied from microfilm is $1.50 per page. Actual postage or shipping costs and applicable sales tax, if any, also may be charged. The Authority may present a justification to Colorado Department of Public Health and Environment to charge additional sums for one or more specific classes of medical records or services, but will not charge such additional sums unless approved by the Board and the Colorado Department of Public Health and Environment.

6. If, in response to a specific request, the Authority's custodian of records performs a manipulation of data so as to generate a record in a form not used by the Authority (including a privilege log), an administrative fee of $30.00 per hour will be charged the person or entity making the request. An individual or entity making a subsequent request for the same or similar records will be charged the same fee.
7. If the amount of time required by the Authority to research and retrieve the documents necessary to fulfill a specific request exceeds one hour, including the time required to identify and segregate records that must or may not be produced, the person or entity making the request will be charged a research and retrieval fee of $30.00 per hour. The Authority will not impose a charge for the first hour of time expended in connection with the research and retrieval of public records.

8. Upon request for transmission of the public record, the Authority will transmit the public record by United States mail, other delivery service, facsimile, or electronic mail. If transmitting the public record pursuant to this paragraph, the Authority may notify the record requester that a copy of the public record is available, but will be sent only when the Authority receives payment or makes satisfactory arrangements for payment of all costs associated with transmitting the public record and for all other fees lawfully allowed; provided, however, that no transmission fees will be charged for transmitting the public record via electronic mail.

9. This Resolution supersedes and replaces all prior written or unwritten policies or procedures utilized by the Authority with respect to responding to requests for public records and assessing charges for the production of public records, which prior written or unwritten policies are hereby rescinded and null and void for all purposes.

ADOPTED this 25th day of April, 2018, by the Board of Directors of the Loveland Fire Rescue Authority.

________________________________________
Board Chairman

ATTEST:

________________________________________
Secretary
TITLE
Consider a Motion To Approve An Engine Purchase Contract With SVI, Inc. In An Amount Not To Exceed $553,600 And To Authorize The Fire Chief To Execute The Contract

EXECUTIVE SUMMARY
This item is to approve a new type 1 engine for Fire Station 7 in excess of $500,000 as required by municipal code. The engine is being purchased through a cooperative purchasing agreement with the Houston Galveston Area Council (HGAC) for $533,600. It is a Spartan cab and chassis that is constructed to meet specifications by SVI, Inc. The city has successfully used the cooperative purchasing agreement to buy other apparatus and equipment over the years. The specifications of this engine are consistent with the LFRA engine standardization strategy.

BACKGROUND
On January 1, 2017 LFRA accepted title for all apparatus previously owned by the City, per the Fourth Amendment to the IGA. This replacement engine will be purchased with LFRA funds and used by LFRA. The competitive bidding process is performed by the cooperative purchasing organizations like HGAC. Governmental organizations throughout the nation are able to use those bids. Each contract has a fee of $2,000. Given the effort required to put together the specification and bid apparatus, staff has estimated that the $2,000 is a lower cost than the collective staff effort to complete this process. Informally staff monitors purchases in the area to ensure that the bid contracts are locally competitive. The specification information for this engine is available on the contract pricing worksheet attached.

Once this contract pricing worksheet is developed it must be approved by HGAC to ensure it meets all the contract criteria. That verification step has been performed, and it was approved by HGAC. LFRA has been a member of HGAC for a number of years and has made several fire apparatus purchases with them in 2011, 2013, and 2016, 2017. This relationship has worked very well over the years and has proven to be a beneficial way to ensure taxpayer funds are spent cost effectively. The contract is attached. The pricing sheet and specifications of the engine are a part of the contract. They are not included in the packet, because the documents are over 133 pages long. SVI has constructed apparatus for Loveland in the past and has proven to be an excellent company. They were a Loveland company and moved to Fort Collins to expand their business and have their manufacturing operations in a single location. This local business relationship has been beneficial for local inspections prior to taking possession of the engine. They have also done a tremendous job with engine repairs over the years. Since the contract is for an engine to be owned by LFRA and the amount of the contract is over $500,000, it is required be approved by the LFRA Board. The City contribution to the Fleet Replacement fund is included in the 82% share established by the intergovernmental agreement. The Loveland Rural Fire Protection District pays the remaining 18%.

STAFF RECOMMENDATION
Approve Engine purchase contract as written and authorize the Fire Chief to execute the contract.

FINANCIAL/ECONOMIC IMPACTS
The cost of the new type 1 engine is $533,600 and will be paid from the Fleet Replacement Fund. A budget transfer from the LFRA Impact Fee fund is planned for May which will restore the Fleet Replacement Fund balance, since this engine is being purchased with Impact Fee Funds as part of the new Fire Station 7.
ASSOCIATED STRATEGIC GOALS
Deploy an effective emergency response to minimize loss/damage.

ATTACHMENTS
Contract with SVI for engine purchase
Contract between HGAC and SVI
Pricing proposal from SVI
HGAC price verification
CONTRACT

THIS CONTRACT is made and entered into this 19TH day of April, 2018, by and between LOVELAND FIRE RESCUE AUTHORITY (“LFRA”), and Super Vacuum Manufacturing Inc (SVI Trucks) (“Supplier”).

Supplier, in consideration of the sum to be paid to Supplier by LFRA and of the covenants and agreements contained herein and in the Houston-Galveston Area Council (H-GAC) Contract Documents #FS12-17, which are attached hereto as Exhibit A, and incorporated herein by reference; to the extent of Supplier’s bid effective December 1, 2017 through November 30, 2019, attached hereto as Exhibit B and C and incorporated herein by reference (together hereinafter referred to as “Contract Documents”); hereby agrees at Supplier’s own proper cost and expense to supply all materials and/or equipment for One (1) SVI 2019 Fire Engine on Spartan GD MFD, 10” RR cab/chassis Error! Reference source not found. in full compliance with the Contract Documents. Exhibit A is amended to remove article 12 and is amended to reflect that the contract documents are identified below in order of preference.

The order of precedence of the Contract Documents shall be as follows:
1. This contract;
2. Exhibit B;
3. Exhibit C;
4. Exhibit A.

In consideration of Supplier’s performance hereunder, City agrees to pay to Supplier an amount not to exceed Five Hundred Thirty Three Thousand and Six Hundred Dollars ($533,600), as adjusted in accordance with the Contract Documents, and to make such payments in the manner and at the times provided in the Contract Documents.

Time is the essence of this Contract. Supplier agrees to delivery the materials and/or equipment as set forth in the Contract Documents and accept as full payment hereunder the quantities computed as determined by the Contract Documents and based on the unit prices set forth in the Bid.

IN WITNESS WHEREOF, the parties have executed this Contract the day and year written above.

SUPPLIER: Super Vacuum Manufacturing Inc

By: ________________________________

Title: ________________________________

Attest:

__________________________________
Corporate Secretary
CONTRACT

LOVELAND FIRE RESCUE AUTHORITY

By: ____________________________

Title: __________________________

Attest:

_____________________________________________________

LFRA Board Secretary
A CONTRACT BETWEEN
HOUSTON-GALVESTON AREA COUNCIL
Houston, Texas
AND
SUPER VACUUM MANUFACTURING CO., INC.
Fort Collins, Colorado

This Contract is made and entered into by the Houston-Galveston Area Council of Governments, hereinafter referred to as H-GAC, having its principal place of business at 3555 Timmons Lane, Suite 120, Houston, Texas 77027, AND, Super Vacuum Manufacturing Co., Inc., hereinafter referred to as the CONTRACTOR, having its principal place of business at 3842 Redman Drive, Fort Collins, Colorado 80524.

ARTICLE 1: SCOPE OF SERVICES
The parties have entered into a Fire Service Apparatus (All Types) Contract to become effective as of December 1, 2017, and to continue through November 30, 2019 (the "Contract"), subject to extension upon mutual agreement of the CONTRACTOR and H-GAC. H-GAC enters into the Contract as Agent for participating governmental agencies, each hereinafter referred to as END USER, for the purchase of Fire Service Apparatus (All Types) offered by the CONTRACTOR in states other than Texas. The CONTRACTOR agrees to sell Fire Service Apparatus (All Types) through the H-GAC Contract to END USERS in states other than Texas.

ARTICLE 2: THE COMPLETE AGREEMENT
The Contract shall consist of the documents identified below in order of precedence:

1. The text of this Contract form, including but not limited to, Attachment A
2. General Terms and Conditions
3. Bid Specifications No: FS12-17, including any relevant suffixes
4. CONTRACTOR’s Response to Bid No: FS12-17, including but not limited to, prices and options offered

All of which are either attached hereto or incorporated by reference and hereby made a part of this Contract, and shall constitute the complete agreement between the parties hereto. This Contract supersedes any and all oral or written agreements between the parties relating to matters herein. Except as otherwise provided herein, this Contract cannot be modified without the written consent of both parties.

ARTICLE 3: LEGAL AUTHORITY
CONTRACTOR and H-GAC warrant and represent to each other that they have adequate legal counsel and authority to enter into this Contract. The governing bodies, where applicable, have authorized the signatory officials to enter into this Contract and bind the parties to the terms of this Contract and any subsequent amendments thereto.

ARTICLE 4: APPLICABLE LAWS
The parties agree to conduct all activities under this Contract in accordance with all applicable rules, regulations, directives, issuances, ordinances, and laws in effect or promulgated during the term of this Contract.

ARTICLE 5: INDEPENDENT CONTRACTOR
The execution of this Contract and the rendering of services prescribed by this Contract do not change the independent status of H-GAC or CONTRACTOR. No provision of this Contract or act of H-GAC in performance of this Contract shall be construed as making CONTRACTOR the agent, servant or employee of H-GAC, the State of Texas or the United States Government. Employees of CONTRACTOR are subject to the exclusive control and supervision of CONTRACTOR. CONTRACTOR is solely responsible for employee payrolls and claims arising therefrom.

ARTICLE 6: END USER AGREEMENTS
H-GAC acknowledges that the END USER may choose to enter into an End User Agreement with the CONTRACTOR through this Contract and that the term of said Agreement may exceed the term of the H-GAC Contract. However this acknowledgement is not to be construed as H-GAC’s endorsement or approval of the End User Agreement terms and conditions. CONTRACTOR agrees not to offer to, agree to or accept from END USER any terms or conditions that conflict with or contravene those in CONTRACTOR’s H-GAC contract. Further, termination of this Contract for any reason shall not result in the termination of the underlying End User Agreements entered into between CONTRACTOR and any END USER which shall, in each instance, continue pursuant to their stated terms and duration. The only effect of termination of this Contract is that CONTRACTOR will no longer be able to enter into any new End User Agreements with END USERS pursuant to this Contract. Applicable H-GAC order processing charges will be due and payable to H-GAC on any End User Agreements surviving termination of this Contract between H-GAC and CONTRACTOR.

H CONTRACTS/Fire Service Apparatus (All Types)/Super Vacuum Manufacturing Co., Inc. FS12-17 80
ARTICLE 7: SUBCONTRACTS & ASSIGNMENTS
CONTRACTOR agrees not to subcontract, assign, transfer, convey, sublet or otherwise dispose of this Contract or any right, title, obligation or interest it may have therein to any third party without prior written notice to H-GAC. H-GAC reserves the right to accept or reject any such change. CONTRACTOR shall continue to remain responsible for all performance under this Contract regardless of any subcontract or assignment. H-GAC shall be liable solely to CONTRACTOR and not to any of its Subcontractors or Assignees.

ARTICLE 8: EXAMINATION AND RETENTION OF CONTRACTOR'S RECORDS
CONTRACTOR shall maintain during the course of its work, complete and accurate records of items that are chargeable to END USER under this Contract. H-GAC, through its staff or its designated public accounting firm, the State of Texas, or the United States Government shall have the right at any reasonable time to inspect copy and audit those records on or off the premises of CONTRACTOR. Failure to provide access to records may be cause for termination of this Contract. CONTRACTOR shall maintain all records pertinent to this Contract for a period of not less than five (5) calendar years from the date of acceptance of the final contract closeout and until any outstanding litigation, audit or claim has been resolved. The right of access to records is not limited to the required retention period, but shall last as long as the records are retained. CONTRACTOR further agrees to include in all subcontract agreements under this Contract, a provision to the effect that the subcontractor agrees that H-GAC's duly authorized representatives, shall, until the expiration of five (5) calendar years after final payment under the subcontract or until all audit findings have been resolved, have access to, and the right to examine and copy any directly pertinent books, documents, papers, invoices and records of such subcontractor involving any transaction relating to the subcontract.

ARTICLE 9: REPORTING REQUIREMENTS
CONTRACTOR agrees to submit reports or other documentation in accordance with the General Terms and Conditions of the Bid Specifications. If CONTRACTOR fails to submit to H-GAC in a timely and satisfactory manner any such report or documentation, or otherwise fails to satisfactorily render performance hereunder, such failure may be considered cause for termination of this Contract.

ARTICLE 10: MOST FAVORED CUSTOMER CLAUSE
If CONTRACTOR, at any time during this Contract, routinely enters into agreements with other governmental customers within the State of Texas, and offers the same or substantially the same products/services offered to H-GAC on a basis that provides prices, warranties, benefits, and or terms more favorable than those provided to H-GAC, CONTRACTOR shall notify H-GAC within ten (10) business days thereafter of that offering and this Contract shall be deemed to be automatically amended effective retroactively to the effective date of the most favorable contract, wherein CONTRACTOR shall provide the same prices, warranties, benefits, or terms to H-GAC and its END USER. H-GAC shall have the right and option at any time to decline to accept any such change, in which case the amendment shall be deemed null and void. If CONTRACTOR is of the opinion that any apparently more favorable price, warranty, benefit, or term charged and/or offered a customer during the term of this Contract is not in fact most favored treatment, CONTRACTOR shall within ten (10) business days notify H-GAC in writing, setting forth the detailed reasons CONTRACTOR believes aforesaid offer which has been deemed to be a most favored treatment, is not in fact most favored treatment. H-GAC, after due consideration of such written explanation, may decline to accept such explanation and thereupon this Contract between H-GAC and CONTRACTOR shall be automatically amended, effective retroactively, to the effective date of the most favored agreement, to provide the same prices, warranties, benefits, or terms to H-GAC.

The Parties accept the following definition of routine: A prescribed, detailed course of action to be followed regularly; a standard procedure. EXCEPTION: This clause shall not be applicable to prices and price adjustments offered by a bidder, or contractor, which are not within bidder's control [example: a manufacturer's bid concession], or to any prices offered to the Federal Government and its agencies.

ARTICLE 11: SEVERABILITY
All parties agree that should any provision of this Contract be determined to be invalid or unenforceable, such determination shall not affect any other term of this Contract, which shall continue in full force and effect.

ARTICLE 12: DISPUTES
Any and all disputes concerning questions of fact or of law arising under this Contract, which are not disposed of by agreement, shall be decided by the Executive Director of H-GAC or his designee, who shall reduce his decision to writing and provide notice thereof to CONTRACTOR. The decision of the Executive Director or his designee shall be final and conclusive unless, within thirty (30) days from the date of receipt of such notice, CONTRACTOR requests a rehearing from the Executive Director of H-GAC. In connection with any rehearing under this Article, CONTRACTOR shall be afforded an opportunity to be heard and offer evidence in support of its position. The decision of the Executive Director after any such rehearing shall be final and conclusive. CONTRACTOR may, if it elects to do so, appeal the final and conclusive decision of the Executive Director to a court of competent jurisdiction. Pending final decision of a dispute hereunder, CONTRACTOR shall proceed diligently with the performance of this Contract and in accordance with H-GAC'S final decision.
ARTICLE 13: LIMITATION OF CONTRACTOR'S LIABILITY

Except as specified in any separate writing between the CONTRACTOR and an END USER, CONTRACTOR's total liability under this Contract, whether for breach of contract, warranty, negligence, strict liability, in tort or otherwise, but excluding its obligation to indemnify H-GAC described in Article 14, is limited to the price of the particular products/services sold hereunder, and CONTRACTOR agrees either to refund the purchase price or to repair or replace product(s) that are not as warranted. In no event will CONTRACTOR be liable for any loss of use, loss of time, inconvenience, commercial loss, lost profits or savings or other incidental, special or consequential damages to the fullest extent such use may be disclaimed by law. CONTRACTOR understands and agrees that it shall be liable to repay and shall repay upon demand to END USER any amounts determined by H-GAC, its independent auditors, or any agency of State or Federal government to have been paid in violation of the terms of this Contract.

ARTICLE 14: LIMIT OF H-GAC’S LIABILITY AND INDEMNIFICATION OF H-GAC

H-GAC's liability under this Contract, whether for breach of contract, warranty, negligence, strict liability, in tort or otherwise, is limited to its order processing charge. In no event will H-GAC be liable for any loss of use, loss of time, inconvenience, commercial loss, lost profits or savings or other incidental, special or consequential damages to the fullest extent such use may be disclaimed by law. CONTRACTOR agrees to ensure that the extent permitted by law, to defend and hold harmless H-GAC, its board members, officers, agents, officials, employees, and indemnities, from any and all claims, costs, expenses (including reasonable attorney fees), actions, causes of action, judgments, and liens arising as a result of CONTRACTOR's negligent act or omission under this Contract. CONTRACTOR shall notify H-GAC of the threat of lawsuit or of any actual suit filed against CONTRACTOR relating to this Contract.

ARTICLE 15: TERMINATION FOR CAUSE

H-GAC may terminate this Contract for cause based upon the failure of CONTRACTOR to comply with the terms and/or conditions of the Contract; provided that H-GAC shall give CONTRACTOR written notice specifying CONTRACTOR's failure. If within thirty (30) days after receipt of such notice, CONTRACTOR shall not have either corrected such failure, or thereafter proceeded diligently to complete such correction, then H-GAC may, at its option, place CONTRACTOR in default and the Contract shall terminate on the date specified in such notice. CONTRACTOR shall pay to H-GAC any order processing charges due from CONTRACTOR on that portion of the Contract actually performed by CONTRACTOR and for which compensation was received by CONTRACTOR.

ARTICLE 16: TERMINATION FOR CONVENIENCE

Either H-GAC or CONTRACTOR may cancel or terminate this Contract at any time by giving thirty (30) days written notice to the other. CONTRACTOR may be entitled to payment from END USER for services actually performed; to the extent said services are satisfactory to END USER. CONTRACTOR shall pay to H-GAC any order processing charges due from CONTRACTOR on that portion of the Contract actually performed by CONTRACTOR and for which compensation is received by CONTRACTOR.

ARTICLE 17: CIVIL AND CRIMINAL PROVISIONS AND SANCTIONS

CONTRACTOR agrees that it will perform under this Contract in conformance with safeguards against fraud and abuse as set forth by H-GAC, the State of Texas, and the acts and regulations of any funding entity. CONTRACTOR agrees to notify H-GAC of any suspected fraud, abuse or other criminal activity related to this Contract through filing of a written report promptly after it becomes aware of such activity.

ARTICLE 18: GOVERNING LAW & VENUE

This Contract shall be governed by the laws of the State of Texas. Venue and jurisdiction of any suit or cause of action arising under or in connection with this Contract shall lie exclusively in Harris County, Texas. Disputes between END USER and CONTRACTOR are to be resolved in accordance with the law and venue rules of the state of purchase. CONTRACTOR shall immediately notify H-GAC of such disputes.

ARTICLE 19: PAYMENT OF H-GAC ORDER PROCESSING CHARGE

CONTRACTOR agrees to sell its products to END USERS based on the pricing and other terms of this Contract, including, but not limited to, the payment of the applicable H-GAC order processing charge. On notification from an END USER that an order has been placed with CONTRACTOR, H-GAC will invoice CONTRACTOR for the applicable order processing charge. Upon delivery of any product/service by CONTRACTOR and acceptance by END USER, CONTRACTOR shall, within thirty (30) calendar days or ten (10) business days after receipt of payment, whichever is less, pay H-GAC the full amount of the applicable order processing charge, whether or not CONTRACTOR has received an invoice from H-GAC. For sales made by CONTRACTOR based on this contract, including sales to entities without Interlocal Contracts, CONTRACTOR shall pay the applicable order processing charge to H-GAC. Further, CONTRACTOR agrees to encourage entities who are not members of H-GAC's Cooperative Purchasing Program to execute an H-GAC Interlocal Contract. H-GAC reserves the right to take appropriate actions including, but not limited to, contract termination if CONTRACTOR fails to promptly remit H-GAC's order processing charge. In no event shall H-GAC have any liability to CONTRACTOR for any goods or services an END USER procures from CONTRACTOR.
ARTICLE 20: LIQUIDATED DAMAGES
Any liquidated damages terms will be determined between CONTRACTOR and END USER at the time END USER's purchase order is placed.

ARTICLE 21: PERFORMANCE AND PAYMENT BOND FOR INDIVIDUAL ORDERS
H-GAC's contractual requirements DO NOT include a Performance & Payment Bond (PPB), and offered pricing should reflect this cost saving. However, CONTRACTOR must be prepared to offer a PPB to cover any specific order if so requested by END USER. CONTRACTOR shall quote a price to END USER for provision of any requested PPB, and agrees to furnish the PPB within ten business (10) days of receipt of END USER's purchase order.

ARTICLE 22: CHANGE OF CONTRACTOR STATUS
CONTRACTOR shall immediately notify H-GAC, in writing, of ANY change in ownership, control, dealership/franchisee status, Motor Vehicle license status, or name, and shall also advise whether or not this Contract shall be affected in any way by such change. H-GAC shall have the right to determine whether or not such change is acceptable, and to determine what action shall be warranted, up to and including cancellation of Contract.

ARTICLE 23: LICENSING REQUIRED BY TEXAS MOTOR VEHICLE BOARD [IF APPLICABLE]
CONTRACTOR will for the duration of this Contract maintain current licenses that are required by the Texas Motor Vehicle Commission Code. If at any time during this Contract period, any CONTRACTOR's license is not renewed, or is denied or revoked, CONTRACTOR shall have the right to determine whether or not such change is acceptable, and to determine what action shall be warranted, up to and including cancellation of Contract.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their duly authorized representatives.

Signed for Houston-Galveston Area Council, Houston, Texas: ________________________________
Jack Steele, Executive Director

Attest for Houston-Galveston Area Council, Houston, Texas: ________________________________
Chuck Wemple, Chief Operations Officer

Signed for Super Vacuum Manufacturing Co., Inc. Fort Collins, Colorado: ________________________________
Robert Sorensen, Vice President

Attest for Super Vacuum Manufacturing Co., Inc. Fort Collins, Colorado: ________________________________
Ron Weinmeister, President

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Ron Weinmeister, President
## Attachment A
Super Vacuum Manufacturing Co., Inc.
Fire Service Apparatus (All Types)
Contract No. FS12-17

<table>
<thead>
<tr>
<th>B. Wildland Fire Apparatus</th>
<th>CC. Super Vac</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CCB01</strong> Ford F550, 2-Door, OEM Cab, 4x4, Single Axle, Aluminum Body, 100 GPM, 250 Gal Tank Slip-In, Wildland</td>
<td>$164,572.00</td>
</tr>
<tr>
<td><strong>CCB02</strong> International 7400, 4-Door, OEM Cab, 4x4, Aluminum Body, Single Axle, 500 GPM, 500 Gallon, Mid-Mounted Wildland Pumper</td>
<td>$349,806.00</td>
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<table>
<thead>
<tr>
<th>C. Pumper Fire Apparatus</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>CCC01</strong> International 4400, 2-Door, OEM Cab, 4x2, Aluminum Body, Single Axle, 1250 GPM Pump, Mid-Mounted Pumper</td>
<td>$357,350.00</td>
</tr>
<tr>
<td><strong>CCC02</strong> Spartan 4-Door Chassis, Aluminum Tilt Cab, 4x2, Aluminum Body, Single Axle, 1250 GPM Pump, Mid-Mounted Pumper</td>
<td>$457,438.00</td>
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<tr>
<td><strong>CCC03</strong> Spartan 4-Door Chassis, Aluminum Tilt Cab, 4x2, Aluminum Body, Single Axle, Foam Pumper with FoamPro AccuMax System, Mid-Mounted Pumper</td>
<td>$822,448.00</td>
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<tr>
<td><strong>CCC04</strong> Ford F550, 4-Door, OEM Cab, 4x2, Aluminum Body, Single Axle, 1250 GPM Pump, 300 Gallon, Mid-Mounted Pumper</td>
<td>$269,963.00</td>
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</tbody>
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<table>
<thead>
<tr>
<th>D. Special Service Apparatus (Walk-In &amp; Non-Walk In Bodies) Multi-use: Rescue, Re-Hab, Hazmat, Mobile</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>CCD01</strong> Ford F550, 2-Door, OEM Cab, 4x2, Single Axle, Aluminum Body, Non-Walk-In Rescue</td>
<td>$189,713.00</td>
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<tr>
<td><strong>CCD02</strong> International 4400, 2-Door, OEM Cab, 4x2, Single Axle, Aluminum Body, Non-Walk-In Rescue</td>
<td>$289,890.00</td>
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<td><strong>CCD03</strong> Spartan 4-Door Chassis, Aluminum Tilt Cab, 4x2, Single Axle, Aluminum Body, Non-Walk-In Body</td>
<td>$380,822.00</td>
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<tr>
<td><strong>CCD04</strong> International 4400, 2-Door, OEM Cab, 4x2, Single Axle, Aluminum Body, Walk-In Rescue</td>
<td>$310,739.00</td>
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<tr>
<td><strong>CCD05</strong> Spartan 4-Door Chassis, Aluminum Tilt Cab, 4x2, Single Axle, Aluminum Body, Walk-In Body</td>
<td>$416,302.00</td>
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<table>
<thead>
<tr>
<th>E. Pumper/Tankers &amp; Tankers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CCE01</strong> International 4400, 2-Door, OEM Cab, 4x2, Aluminum Body, Single Axle, 2,000 Gallon Tanker, 500 GPM Pump</td>
<td>$255,647.00</td>
</tr>
</tbody>
</table>
PROPOSAL FOR MANUFACTURE AND SALE OF EMERGENCY VEHICLE

Buyer: Loveland Fire Rescue Authority  
Division Chief Greg Ward  
410 E. 5th Street  
Loveland, CO 80537

Date: March 5, 2018

SUPER VACUUM MANUFACTURING CO, INC. ("SVI"), a Colorado corporation hereby propose and agree to manufacture and furnish to Buyer the following vehicle and equipment (the “Equipment”) subject to Buyer’s acceptance of this Proposal.

PROPOSED EQUIPMENT: One (1) SVI 2019 Fire Engine on Spartan GD MFD, 10” RR cab/chassis.

PROPOSAL PRICE: $553,600.00

1. Specifications: The Equipment will be manufactured or modified in accordance with the SVI specifications, clarifications, and exceptions attached, and in compliance with current National Fire Protection Association (NFPA) 1901 Guidelines (together, the “Specifications”), which are hereby incorporated by reference. The Specifications shall be the exclusive description of the Equipment, and the Specifications will prevail in the event of any conflict over any other description of the Equipment.

2. Warranty: The Equipment is sold subject to the standard SVI Limited Warranty as set forth in the SVI Limited Warranty Statement. Any product warranty rights provided by the manufacturer(s) of the incorporated cab/chassis or other components will be assigned or otherwise transferred to Buyer to the extent possible. Buyer acknowledges and agrees that any defects or deviations from the Specifications that may be discovered after Delivery shall be subject to correction under the terms of the SVI Limited Warranty.

3. Pricing: The Proposal Price above is valid for thirty (30) days from the date of this Proposal. The above Proposal Price does not include any state, federal or local taxes. Buyer will be solely responsible for payment of any taxes arising from the purchase and sale of the vehicle (other than those measured by or assessed upon SVI's or Dealer's net income).

4. Cab / Chassis Prepayment: Buyer is required to prepay the acquisition costs of the cab/chassis prior to the earlier of (a) receipt by SVI of invoice, or (b) the delivery to SVI, of the cab/chassis components. In such case, the Proposal Acquisition costs for the specified cab/chassis will be $241,309.00 dollars.
   - Check box to indicate that cab/chassis pre-payment will be made.

5. Payment Terms: Final payment for the Equipment is due and payable in full upon Delivery as described below. In the event of a failure to make payment in full upon Delivery, then a daily finance and storage fee as set forth in the SVI General Terms and Conditions of Sale will apply. Upon Delivery of the Equipment, all risk of loss shall pass to Buyer. Buyer agrees to provide adequate liability and physical damage insurance and to provide evidence of such coverage to SVI upon request. The Manufacturer’s Statement of Origin (MSO) for the Equipment shall be provided to Buyer only upon receipt of payment of all amounts due SVI in connection with or arising out of the purchase and sale of the Equipment.
6. **Delivery:**

(a) Delivery will be made Ex Works (Incoterms 2010) at the SVI manufacturing facility in Fort Collins, Colorado.

(b) The estimated delivery time is **August 1, 2019**, after receipt and approval of contract or purchase order, properly executed, (cab/chassis must be received within ONE HUNDRED EIGHTY (180) days or delivery may be delayed), and subject to the *force majeure* provisions of SVI's General Terms and Conditions of Sale. This delivery estimate is based on the SVI receiving complete and accurate information and paperwork from the Buyer and that no changes take place during pre-construction, mid-inspection, or final inspections. Any changes required or requested by the Buyer during the construction process may be cause for an increase in the number of days required.

7. **Cancellation:** If the contract is terminated by Buyer at any time prior to Delivery, then Buyer agrees to pay SVI and Representative for the Products provided (if any) and the work completed as of the date of termination.

* * * * *

**AGREED TO AND ACCEPTED BY:**

**BUYER:**

BY: ______________________________

TITLE: ___________________________

DATE: ___________________________
CONTRACT PRICING VERIFICATION

TO: Cheryl Cabaruvias
FROM: Jackie Palmer

COMPANY: Loveland Fire Rescue Authority
DATE: 4/3/2018

PHONE NUMBER: 713-993-2466

RE: Price Verification

Contract Pricing Worksheet Date Prepared: 3/2/2018

We have reviewed the pricing worksheet provided through HGACBuy Contract FS12-17. Our review verifies that the pricing provided is in compliance with the contract.

Please advise if we can assist further in this matter.

*******This is not an Order Confirmation*******

CENTRAL FAX # 713.993.4548
Overview of the Consolidated Volunteer Firefighter’s Pension fund and Consider a Motion to Approve a Volunteer Firefighter Pension Fund Board of Trustees Guideline for Recommending an Increase in Volunteer Pension Retirement Benefits

EXECUTIVE SUMMARY

Emily Powell will present an overview of the Volunteer Pension Fund including Board responsibilities, as well as City and Rural responsibilities/contributions. The Volunteer Firefighter Pension Board voted to have a guideline created in August 2017 that would set consistent standards for when an increase in benefits would be recommended to the LFRA Board of Directors to consider. The Board asked for an overview presentation before they voted.

BACKGROUND

Last year, the Board inquired about fiduciary responsibilities associated with the Volunteer Firefighter Pension Fund. Staff agreed to bring this item back to the Board with a short presentation and specific details.

Every two years, state statute requires an actuarial study for the Volunteer Firefighters Pension Fund. This study gave the Volunteer Pension Board an opportunity to evaluate if increasing retirement benefits to its members is actuarial sound. The most current actuarial study was delivered in August 2017, and a decision was needed about whether to recommend to the LFRA Board a vote to increase benefits.

In September 2016, the State published a third-party study with data about the Volunteer Firefighter Pension Funds statewide. This study gave recommendations that the funds be 75-80% funded, with no more than nine years amortization on the unfunded liability. The Volunteer Firefighter Pension Fund voted to adopt these recommendations from the State as their standard for making recommendations on increases to benefits.

STAFF RECOMMENDATION

Listen to the presentation – staff will address questions and/or concerns. Vote to adopt Guideline.

FINANCIAL/ECONOMIC IMPACTS

Included in presentation

ASSOCIATED STRATEGIC GOALS

Take care of our most important asset – our employees

ATTACHMENTS

PowerPoint presentation Memo from Greg White
Guideline & State's 3rd Party Study
Overview of the Loveland Fire Rescue Authority Volunteer Firefighter Pension Fund

April 25, 2018
Volunteer Firefighter Pension Act

- Part 11 of Title 31, Article 30, C.R.S.
- Authorizes the establishment of pension funds for the benefit of volunteer firefighters.
- Directs the creation of a Board of Trustees to manage, supervise, and control the fund.

  - **Municipal Fund:**
    - Mayor
    - Finance officer
    - Two persons appointed by the municipality
    - Three current or retired volunteer firefighters

  - **District Fund:**
    - All five District Board members
    - Two current or retired volunteer firefighters

  - **Authority Fund:**
    - ??? – Not addressed; only “consolidations or mergers” are contemplated
Volunteer Firefighter Pension Act

- Contributions to Fund
  - Governing body contribution
  - State match

- Fund moneys are held in trust for the exclusive use and benefit of the volunteers and their beneficiaries.

- Benefits are paid upon retirement, or line of duty death or disability. Optional survivor benefits may also be paid.

- The fund may be affiliated with the Fire and Police Pension Association for purposes of administration and investment.
Current Volunteer Firefighter Pension Board of Trustees

- Structure (pursuant to the 1966 Agreement)
  - 3 members appointed by City Council, one of whom should be a volunteer firefighter;
  - 3 members appointed by the Rural District, one of whom should be a volunteer firefighter;
  - 1 member appointed by majority vote of the other members, who should be a volunteer firefighter.

- If active volunteers are unavailable to serve, then retired or active retired volunteers may be recruited to serve.

- Trustees serve for a term of 4 years each.
Current Volunteer Firefighter Pension Board

- Current members:
  - Chris Sandoli, Chair, LFRA Board appointed
  - Mike Alexander, Secretary, LFRA appointed through 8/30/21
  - Everette Roberts, LFRA appointed through 8/30/20
  - Bob Starman, LFRA appointed through 8/30/20
  - Barry Gustafson, LRFPD Board appointed
  - Melissa Pack, LFRA appointed through 8/30/20
  - Dr. Mike McKenna, LFRPD Board Appointed

- Meeting schedule:
  Quarterly, 1:30pm – Fire Station 1 Conference Room

2018 Schedule:
February 14, May 16, August 16, November 14
Governance of the Consolidated Pension Fund

- (1) Amended and Restated IGA Establishing the Loveland Fire Rescue Authority;
- (2) 1966 Agreement establishing the Consolidated Firemen’s Pension Fund of the Loveland and Rural District, as amended;
- (3) Volunteer Firefighter Pension Act.

- The Fund is held and administered by FPPA.
- The Fund was closed to new members effective February 7, 2015.
Governance of the Consolidated Pension Fund

If the Fund were an apartment building...

- City and Rural District – The Zoning Board
  - Sets the regulatory environment.

- Authority Board – The Owner
  - Makes fundamental and “big picture” decisions.

- Pension Board – The Manager
  - Implements decisions made by the owner and exercises discretion within scope of authority.

- FPPA – Maintenance Staff
  - Handles technical administration and follows specific directions.
Duties and Obligations of City and Rural District

Grant or withhold consent to:
- Increase beneficiary payments under the Fund.
- Re-open the Fund to new members.
- Accept new volunteer firefighters into the Authority’s Volunteer Firefighter Program.

Pay their allocated shares of the Authority’s annual contribution to the Fund on or before November 30 of each year.

Apply for the state match contribution based upon each party’s allocated share.
Governance of the Consolidated Pension Fund

Duties and Obligations of Authority Board

- Plan Sponsor
- Recommend to the City and Rural District whether to increase beneficiary payments, re-open the Fund to new members, or accept new volunteers in to the Volunteer Firefighter Program.
- Establish, with the consent of the City and Rural District, the annual contribution to be made to the Fund each year.
Duties and Obligations of Authority Board

- Decide whether to establish training, shift, or response criteria necessary to receive a year of creditable service, in addition to the State requirements.
- If established, what the training, shift, or response criteria should be.
- Decide whether to permit the early vesting of benefits (i.e., after 10 years of service instead of 20).
Governance of the Consolidated Pension Fund

Duties and Obligations of Pension Board

- Establishes Bylaws for carrying out its duties consistent with the Volunteer Firefighter Pension Act and direction of the City, Rural District, and Authority Board.
- Manages, uses, and disburses Fund money in accordance with the rules and regulations governing the Fund.
- Annually determines which volunteers received a year of creditable service.
Governance of the Consolidated Pension Fund

Duties and Obligations of Pension Board

- Reviews applications and determines an applicant’s eligibility to receive benefits.
- Certifies information to FPPA.
- Recommends to the Authority Board the amount of the annual contribution to be made to the Fund each year.
- Reports annually to the City, Rural District, and Authority Board on funds expended, received, and on hand, and how invested.
Governance of the Consolidated Pension Fund

Duties and Obligations of Pension Board

- Monitors the Fund’s assets and performance, and may make recommendations to the Authority Board regarding:
  - Whether to increase beneficiary payments.
  - Whether to re-open the Fund to new members.
  - Whether to establish or change the criteria for receiving a year of creditable service.
  - Whether to permit early vesting of benefits.
Fiduciary Duties

- A “fiduciary” is a “person who is required to act for the benefit of another person on all matters within the scope of their relationship” and who “owes another the duties of good faith, trust, confidence, and candor”. A fiduciary duty is the highest standard of care.

- Holding public office and managing public funds is itself subject to a fiduciary duty:
  - C.R.S. § 24–18–103: The holding of public office is a public trust .... A local government official whose conduct departs from his fiduciary duty is liable to the people of the state as a trustee of property and shall suffer such other liabilities as a private fiduciary would suffer for abuse of his trust.
Fiduciary Duties

- The Volunteer Firefighter Pension Act also establishes a trust relationship and imposes an obligation to act in the best interest of the Fund and its beneficiaries:
  - C.R.S. § 31–30–1111: Pension fund moneys are held in trust for the exclusive use and benefit of [volunteers] and their surviving spouses, dependent children, dependent parents, and other beneficiaries. *Note: This includes the benefit of volunteer beneficiaries vested but not yet receiving benefits, and current volunteers accruing years of creditable service but not yet vested.*
Questions?
Effective May 17, 1966, the City of Loveland and the Rural District established the Consolidated Fireman’s Pension Fund of Loveland and the Rural District known as the Consolidated Pension Fund. Effective January 1, 2012, the Authority became responsible for funding the City’s and Rural District’s share of the Consolidated Pension Fund.

On January 1, 2016, the Loveland Fire Rescue Authority became the plan sponsor and assumed all the rights, duties and obligations under the Consolidated Pension Fund, including without limitation, making all contributions to such Fund in the amounts necessary to maintain the Fund and administer the same. Each year, the Authority recommends the total contribution amount to be made to the Fund, which amount is then provided by the City and Rural District to the Authority for deposit with the Fire and Police Pension Association. The State also provides a matching contribution each year based upon an actuarial formula. The Authority Board has had several discussions in the past concerning the funding of the Consolidated Pension Fund but has not adopted any policy as to the funding of the Consolidated Pension Fund.

The latest Actuarial Evaluation for the Consolidated Pension Fund is as of January 1, 2017. It states the following membership data:

- Active Members: 0
- Retired Members: 51
- Disabled Members: 0
- Beneficiaries: 11
- Terminated Vested Members: 4
- Terminated Members Vested Active in Another Fund: 0
- Total Members: 66
This is a reduction of six total members from the January 1, 2015 Actuarial Evaluation.

Effective February 28, 2015, the Consolidated Pension Fund was closed to any new members.

Currently the normal retirement monthly benefit is $750 per month per retired member. The 51 members receiving retirement benefits are as follows:

- Age 50-59: 13 members
- Age 60-69: 17 members
- Age 70-79: 17 members
- Greater than Age 80: 4 members

The market value of the Fund on January 9, 2017 was $2,644,400. The current number of retired members receiving benefits is ___66_____.

As of January 1, 2017, the calculated annual contribution was $114,327. The contribution from LFRA and the State was $182,988.

The 2018 LFRA Budget lists a contribution of $\textdollar\ 101,480 with a State contribution of $\textdollar\ 86,589.

The current level of funding is substantially higher than the calculated annual contribution set forth in the Actuarial Evaluation. Due to the fact there will be a declining number of retired beneficiaries, the current level of funding, if continued, will lead to a significant over-funding of the Fund, which money is not returnable to LFRA for any reason until there are no remaining beneficiaries, which could be decades into the future. The LFRA Board has not discussed or adopted any policy that addresses what is the appropriate level of funding; what purpose the current level of funding meets; nor how to determine future funding levels.
Objective:
- To establish a procedure for the Pension Board to recommend an increase in volunteer firefighter retirement benefits from the Pension Fund.
- To set standards for recommending retirement benefits increases that maintain the actuarial soundness of the Pension Fund.

Definitions
- "Act" means the Colorado Volunteer Firefighter Pension Act, C.R.S. § 31-30-1101, et seq.
- "Authority" means the Loveland Fire Rescue Authority.
- "Authority Board" means the Board of Directors of the Loveland Fire Rescue Authority.
- "Establishing Members" means the establishing members of the Authority, which are the City of Loveland and the Loveland Rural Fire Protection District.
- "FPPA" means the Colorado Fire and Police Pension Association.
- "Pension Board" means the Board of Trustees of the Pension Fund.
- "Pension Fund" means the Loveland & Rural Consolidated Volunteer Firefighter Pension Fund sponsored by the Authority Board pursuant to the Act, which is administered by FPPA.

Background:
- The Authority Board sponsors the Pension Fund for the purpose of providing retirement and other pension benefits to eligible retired volunteer firefighters of the Authority and its Establishing Members. Pursuant to the Act, the Pension Board is established to (C.R.S. § 31-30-1103):
  - Manage, use, and disburse moneys in the Pension Fund according to the Act and any rules of the Pension Board not inconsistent with the Act;
  - Supervise and control the Pension Fund; and
  - Take all necessary steps and pursue all necessary remedies to preserve the Pension Fund.
- The Pension Board has those powers and duties with respect to the Pension Fund that are conferred on it by the Act (C.R.S. § 31-30-1108) and the statutes governing affiliation with FPPA (C.R.S. § 31-31-705), which include the power and duty to:
  - Make all necessary rules not inconsistent with the Act for managing and discharging its duties, for its own government and procedures, and for the preservation and protection of the Pension Fund;
o Hear and decide all applications for relief, pensions, annuities, retirement, and other benefits pursuant to the Act and the Pension Board’s rules;

o Keep and preserve a record of any action of the Pension Board and all other matters coming properly before the Pension Board;

o Make agreements with FPPA to administer and manage the Pension Fund, or make arrangements with a broker to administer and manage the Pension Fund upon appropriate contract and compliance with the requirements of the Uniform Prudent Investor Act, C.R.S. § 15-1.1-101, et seq.;

o Consolidate the Pension Fund with the fund of another municipality or fire protection district and administer the consolidated funds as a single fund;

o Elect options for the allocation of assets, if such options are provided by FPPA;

o Maintain records of the terms and provisions of the Pension Fund as they may be adopted and amended; and

o Periodically certify information required by FPPA to administer the Pension Fund benefits.

• The statutes governing affiliation with FPPA (C.R.S. § 31-31-705) also state that the following powers and duties are conferred on either the "governing body of a volunteer pension plan or its local pension board":

o Establishing eligibility for and the amount of benefits to be received by members and beneficiaries of the Pension Fund, including the determination of base benefits, years of service, marital status, and continuing eligibility of retirees and survivors; and

o Making determinations regarding benefit improvements.

However, exercise of these powers and duties affects the Authority's financial position and the appropriation and expenditure of funds by the Authority Board, because they affect the actuarial soundness of, and the contributions required to be made to, the Pension Fund. Accordingly, such powers and duties may only be properly exercised by the Authority Board consistent with its fiduciary duty to manage the Authority's funds in the best interests of the Authority and the Establishing Members, and pursuant to all budgeting and appropriation procedures required by the Colorado Local Government Budget Law, C.R.S. § 29-1-101, et seq., and the Intergovernmental Agreement establishing the Authority.

• The Pension Board may, in its discretion, make recommendations to the Authority Board regarding the Authority Board’s exercise of the powers and duties reserved to the Authority Board with respect to the Pension Fund, including making recommendations regarding increasing retirement benefits.

Procedure:

• In accordance with C.R.S. § 31-31-705(3)(d), FPPA conducts, directly or indirectly through a qualified firm, an actuarial valuation study of the Pension Fund every two years. The actuarial valuation report typically is received in late summer of each odd numbered year, and reports the Pension Fund's actuarial position as of December 31 of the immediately preceding calendar year.

• As part of the actuarial valuation study, and for an added charge, the Authority Board and/or the Pension Board may request that FPPA evaluate the effect that an increase in retirement benefits would have on the actuarial soundness of the Pension Fund.
• If a benefit increase evaluation is requested as part of the actuarial valuation study, and the benefit increase evaluation shows that the Pension Fund would maintain a funded ratio of at least 75% with no more than a 9-year funding period at the assumed contribution rate with the increased retirement benefits, then the Pension Board may, in its discretion, recommend to the Authority Board an increase in retirement benefits consistent with the benefit increase evaluation.

• If the benefit increase evaluation shows that the Pension Fund would not have a funded ratio of at least 75% with no more than a 9-year funding period at the assumed contribution rate with the increased retirement benefits, then the Pension Board may, in its discretion, recommend to the Authority Board in increase in the Authority's annual contribution to the Pension Fund in order to improve its actuarial soundness, but will not recommend an increase in retirement benefits unless the Pension Board makes a formal determination that good cause exists to recommend an increase in retirement benefits despite the Pension Fund's low funded ratio.

• Any recommendation of the Pension Board to increase retirement benefits and/or to increase the Authority's annual contribution to the Pension Fund will be presented to the Authority Board for consideration at a regular or special meeting.

Revision History
• N/A

References:
• Colorado Volunteer Firefighter Pension Act, C.R.S. § 31-30-1101, *et seq.*
• Affiliation of volunteer pension plans with the Fire and Police Pension Association, C.R.S. § 31-31-705
STUDY OF
VOLUNTEER FIREFIGHTER PENSION PLANS
IN COLORADO

September 2016
LEGISLATIVE AUDIT COMMITTEE

Representative Dan Nordberg – Chair  Representative Dianne Primavera – Vice-Chair
Senator Rollie Heath  Representative Tracy Kraft-Tharp
Senator Chris Holbert  Senator Tim Neville
Senator Cheri Jahn  Representative Lori Saine

OFFICE OF THE STATE AUDITOR

Dianne E. Ray  State Auditor
Monica Bowers  Deputy State Auditor
Andrew Knauer  Contract Monitor
Duane Morris LLP  Contractor
Pension Trustee Advisors  Sub-Contractor

AN ELECTRONIC VERSION OF THIS REPORT IS AVAILABLE AT WWW.STATE.CO.US/AUDITOR

A BOUND REPORT MAY BE OBTAINED BY CALLING THE OFFICE OF THE STATE AUDITOR 303.869.2800

PLEASE REFER TO REPORT NUMBER 1550P WHEN REQUESTING THIS REPORT
September 19, 2016

Members of the Legislative Audit Committee:

This report contains the results of a study of the Volunteer Firefighter Pension Plans in Colorado. The study was conducted pursuant to Section 31-31-1002, C.R.S., which requires the State Auditor, with the concurrence of the Fire and Police Pension Association (FPPA) and the Department of Local Affairs (Department) to retain a nationally recognized law firm with experience in federal tax law as it relates to public sector pension plans and an actuary if necessary to conduct a study of various issues pertaining to the plans.

The work presented in this study relies on the actuarial work conducted by FPPA’s actuaries, and incorporates the actuarial assumptions approved by the FPPA Board of Trustees. As with any actuarial study which engages in the prediction of future outcomes, to the extent future experience differs from the assumptions, then the actuarial outcomes will similarly differ.

No statements made in this study should be construed as legal advice or as pertaining to specific factual situations.

William Fornia is a member of the American Academy of Actuaries and meets all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully Submitted,

John A. Nixon
Duane Morris, LLP

William B. Fornia, FSA, EA
Pension Trustee Advisors
Table of Contents

Report Highlights ................................................................................................................................................. 1

Volunteer Firefighter Pension Plans – Background ................................................................................................. 2
  Funding of Volunteer Firefighter Pension Plans ....................................................................................................... 3
  The Fire and Police Pension Association .................................................................................................................. 3
  The Department of Local Affairs ............................................................................................................................... 4

Purpose, Scope, and Methodology of the Study ......................................................................................................... 4

Section I: Current Structure of Volunteer Firefighter Pension Plans ................................................................. 6
  A. Tax Qualified Status under the Internal Revenue Code ......................................................................................... 6
  B. Compliance with the Fair Labor Standards Act (FLSA) ......................................................................................... 10
  C. Funding and Best Practices ................................................................................................................................. 13
  D. Administrative Issues ........................................................................................................................................... 19

Section II: Plan Design Implications ......................................................................................................................... 21
  Alternatives to the Current Structure of Maintaining Separate Local Defined Benefit Plans ................................. 22
  A. Adoption of Master and Prototype Plan Document under a Central Administrator ............................................... 23
  B. Length of Service Plan Under Section 457(e)(11) ................................................................................................. 25
  C. Convert all Pension Act Plans to a Single DB System Administered by a Central Organization .............................. 27
  D. Privatization – Annuitize Current Benefits through a Private Vendor .............................................................. 28
  E. Adopt a Traditional Defined Benefit Plan with an “Offset” Formula (Umbrella Plan) ............................................. 29
  F. Establish a “Cash Balance” DB Plan with Future Service Accruals ..................................................................... 32

List of Tables

Table 1 Volunteer Firefighter Pension Plans – Monthly Benefit Levels................................................................. 3
Table 2 Actuarial Assumptions .................................................................................................................................. 11
Table 3 Association Affiliated Volunteer Pension Plans .......................................................................................... 14
Table 4 Non-FPPA-Affiliated Volunteer Pension Plans .......................................................................................... 15
KEY FACTS AND FINDINGS

- There is a high risk that the Plans do not comply with the tax qualification requirements of the Internal Revenue Code (IRC).
- While the vast majority of Plans comply with the Fair Labor Standards Act (FLSA), as many as 33 Plans may warrant further analysis to assure compliance.
- The majority of the $4.1 million of annual State funding toward Plans is going toward those which are fully funded or to provide benefits in excess of $300 per month.
- The structure of the current Plans may not provide adequate incentives to encourage firefighters to serve as volunteers;
- While a majority of the Plans do not have any unfunded liability and generally follow best practices with respect to actuarial calculations and plan contributions, at least 101 of the Plans are underfunded, with a majority of these providing benefits in excess or $300 per month. Policymakers should consider benefit levels and funding practices in relation to state funding for plans.
- Alternatives exist which would allow the Plans to comply with the IRC and FLSA, and could also address funding and administrative concerns. Most of these alternatives would require an amendment to the Pension Act.

BACKGROUND

In Colorado, pension plans for volunteer fire departments (Plans) are established under the Volunteer Firefighter Pension Act (Pension Act).

Normal Retirement Pensions may be granted to a volunteer firefighter who has maintained a minimum training participation in the fire department of thirty-six hours each year during twenty years of active service and is at least 50 years of age. Certain other benefits may also be provided.

At least 235 Plans currently operate in the State. The Fire and Police Pension Association (FPPA) administers 174 of these plans. The others are administered locally. 210 of the 235 Plans receive funding from the State.

ALTERNATIVES TO THE CURRENT PLAN STRUCTURE

A. Master and Prototype Plan Document under a Central Administrator – Makes available an IRS compliant plan document that each volunteer firefighter department would adopt. Plans would be pooled and managed by a state entity such as FPPA (pursuant to its own master and prototype document) or an outside vendor (pursuant to the vendor’s master and prototype document).

B. Length of Service Plan – Converts all plans to a DC approach through a Length of Service program, which qualifies under section 457(e)(11) of the IRC rather than 401.

C. Single DB System Administered by a Central Organization – The various Plans would be merged into a single defined benefit “system” operated by a central organization, such as the FPPA.

D. Annuitize Current Benefits through a Private Vendor – Requires each volunteer firefighter department to purchase annuities from the private market for benefits accrued to date plus benefits earned each year.

E. New Traditional Defined Benefit Plan with an “Offset” Formula – Develops an IRS compliant master plan document that each current Plan would adopt. The current Plans would be frozen and act as an offset to the new plan benefit levels. The new plan would be sponsored and solely administered by a central organization, such as the FPPA.

F. New “Cash Balance” DB Plan with Future Service Accruals – A cash balance plan operates under many of the same principles as a defined contribution plan but is considered a defined benefit plan under the IRC. Current Plans would be frozen or terminated. For current Plans that are terminated, funds could be “rolled over” into the new the cash balance plan.
Volunteer Firefighter Pension Plans – Background

In Colorado, pension plans for volunteer fire departments are established under the Volunteer Firefighter Pension Act (Pension Act) [Section 31-30-1101, et seq., C.R.S.]. The Pension Act allows for a volunteer pension fund to pay the following retirement benefits:

- **Normal Retirement Pension** [Section 31-30-1122, C.R.S.]. Normal Retirement Pension may be granted to a volunteer firefighter who has maintained a minimum training participation in the fire department of thirty-six hours each year during twenty years of active service and is at least fifty years of age.

- **Supplemental Retirement Pension – Extended Service** [Section 31-30-1125, C.R.S.]. A supplemental monthly pension payment may be granted to a volunteer of at least fifty years of age who volunteered for more than twenty years.

- **Vested Retirement Benefit** [Section 31-30-1122, C.R.S.]. A vested retirement benefit may be provided to any volunteer who is at least fifty years old and terminates service with ten or more years of service, but less than twenty years of service, provided the relevant pension fund is actuarially sound. This benefit amount will be the Normal Retirement Pension pro-rated based on the volunteer’s number of years of service.

In addition, the Pension Act requires volunteer fire departments to offer disability and funeral benefits, and also allows for them to offer survivor benefits. [Sections 31-30-1121, 1126, and 1129, C.R.S.]

Section 31-30-1103, C.R.S., requires each local government that maintains a volunteer fire department to have a board of trustees that manages and disperses money in the pension fund. Each board consists of various members, typically including local government officials and fire department representatives who are elected to the boards by their constituents. The boards are required by statute [Section 31-30-1108, C.R.S.] to adopt necessary rules to discharge their duties and are responsible for setting the local district’s contribution level and the per month retirement benefit level for volunteers.

There is no single entity that is responsible for oversight of volunteer firefighter pension plans (Plans) in the State. As such, there is no central entity with comprehensive information about volunteer Plans, including the total number of Plans, their financial situations, or the number of retirees and volunteers they serve. However, as discussed in more detail later in this section, the Fire and Police Pension Association (FPPA) and the Colorado Department of Local Affairs (Department) have involvement with the volunteer Plans. According to information from the Department and FPPA, there are at least 235 Plans currently operating in the State. Each of the local governments determines which of the retirement pension benefits it will offer its volunteers and sets the benefit level. There is a wide range of plan sizes, from covering fewer than 10 participants to more than 150. The following chart provides a breakdown of the monthly retirement benefits offered by the known Plans.
TABLE 1.

<table>
<thead>
<tr>
<th>Monthly Benefit Level</th>
<th>Number of Plans</th>
<th>Percentage of Total Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100</td>
<td>37</td>
<td>16%</td>
</tr>
<tr>
<td>$100 - $300</td>
<td>87</td>
<td>37%</td>
</tr>
<tr>
<td>$301 - $650</td>
<td>78</td>
<td>33%</td>
</tr>
<tr>
<td>$651 - $999</td>
<td>26</td>
<td>11%</td>
</tr>
<tr>
<td>$1000 and Up</td>
<td>7</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>235</td>
<td>100%</td>
</tr>
</tbody>
</table>

Funding of Volunteer Firefighter Pension Plans

Counties, county improvement districts, fire improvement districts, and municipalities with volunteer fire departments are statutorily allowed to levy a tax of not more than one mill (which is equal to one tenth of a cent) on the taxable property of the area [Section 31-30-1110, C.R.S.] to fund the volunteer firefighter pension plans. Those with populations under 100,000 can also contribute moneys to the volunteer pensions from any other tax that is levied in the county, district, or municipality. In addition, the State makes annual contributions available to volunteer firefighter pension plans whose boards choose to participate in the state assistance program. The total number of plans and the amount of the State contribution has remained stable over the past few years. In 2015, the State’s total contribution was $4.1 million and these contributions went to 210 of the 235 Plans (89 percent).

The Fire and Police Pension Association

If the local volunteer firefighter pension board decides to, it can enter into an affiliation agreement with FPPA to administer its Plan and manage the investments of the Plan’s funds [Section 31-30-1108, C.R.S.]. FPPA is a public instrumentality and political subdivision of the state governed by a nine-member board of directors [Section 31-31-201, C.R.S.]. FPPA acts as the trustee of the fire and police members’ benefit investment fund which includes funds from paid police and fire department pensions as well as funds from affiliated volunteer firefighter plans [Section 31-31-302, C.R.S.].

FPPA currently has agreements with local governing bodies to administer 174 volunteer firefighter pension plans. According to Section 31-31-705(2), C.R.S., FPPA’s responsibilities for each of these Plans includes:

- Investing the assets of the Plan.
- Collecting and accounting for the contributions to the Plan.
- Disbursing benefits to retirees as outlined by the local pension board.
Conducting an actuarial valuation and financial audit of the Plan on at least a biannual basis, or as required by regulatory bodies or law.

Maintaining records and reporting the investments, assets, and benefits of the Plan as required by statute or regulatory bodies.

Authorizing the payment of Plan expenses from the assets of the Plan, including the expenses incurred by FPPA for administration of the Plan.

According to FPPA, it manages about $173 million in investments for the volunteer firefighter pension plans covering about 3,200 active volunteer firefighters and 3,600 retirees as of December 2015.

The Department of Local Affairs

In accordance with Section 31-30-1112, C.R.S., the Department’s primary responsibility related to Plans is to determine the state’s annual contribution to each Plan that chooses to participate in the state assistance program. The Department calculates the contribution amounts in accordance with a statutory formula (described in more detail in Section I of the report) and distributes the funds to the Plans. Additionally, the Department is responsible for administering the short-term disability program for volunteers.

Purpose, Scope, and Methodology of the Study

In accordance with statute, [Section 31-31-1001, C.R.S.], the Police Officers’ and Firefighters’ Pension Reform Commission (Commission) has the responsibility to study and propose legislation related to the funding of police officers’ and firefighters’ pensions in the State, including volunteer firefighters’ pensions. The Commission is made up of five senators appointed by the president of the Senate and 10 representatives appointed by the speaker of the House of Representatives. During its 2014 meeting, the Commission discussed concerns over the regulatory and financial adequacy of the volunteer firefighter pension plans in the State, which led to the statutory requirement for this study.

The key objectives of this study were to evaluate the current structure of volunteer firefighter plans in Colorado and consider alternatives, as required by Senate Bill 15-029 enacted by the General Assembly in 2015. Specifically, the bill required the Office of the State Auditor (OSA) to conduct a study of specific issues and also consider other matters (the required issues are bolded):

1. The current structure of the local volunteer firefighter pension plans in Colorado, including:

   a. \textit{Whether the federal Internal Revenue Service (IRS) recognizes the volunteer firefighter Plans created pursuant to Section 31-31-1100 and 1200 et seq., C.R.S.}

   b. \textit{If the current Plans are not recognized by the IRS, how such Plans can be brought into compliance with federal law.}
c. Whether volunteer firefighter Plans have provided benefits in excess of what is allowed under federal law, primarily the Fair Labor Standards Act (FLSA).

d. Whether the local volunteer firefighter Plans should undergo periodic actuarial valuations.

e. Whether volunteer fire departments should make contributions to their volunteer pension Plans.

f. Whether state assistance should be provided to fully funded Plans or instead be based on a Plan’s need for additional funding, including a comparison of the State’s current costs with the costs of state assistance if it were based on need and an analysis of the impact on Plan benefits if state assistance were based on need.

g. The difficulties and burdens inherent in operating local Plans, such as: separate recordkeeping; coordinating information and benefits when volunteers have worked at multiple departments; complying with regulatory requirements including GASB reporting requirements; and maintaining separate boards.

These issues are discussed in Section I of the report.

2. Alternatives to maintaining separate local volunteer plans as currently structured, including the benefits and drawbacks of such alternatives:

How alternative plans are compliant with federal law:

a. Whether the state should close current local Plans or convert them to alternative benefit plans, such as annuities, lump sum, or defined contribution (DC) style Plans.

b. Whether firefighters and volunteer departments are best served by pension Plans that require 10 to 20 years of service before paying a benefit at age 50.

c. If a cost-sharing multiple employer Plan would be more efficient than individual local Plans.

d. Whether a central administrator should be authorized or directed to administer a Plan other than the current local Plan.

Alternatives to the current structure along with discussion of the questions above are discussed in Section II of the report.

In accordance with Senate Bill 15-029, the OSA, with the concurrence of FPPA and the Department, retained a nationally recognized law firm with experience in federal tax law as it relates to public sector pension plans to conduct this study. The OSA contracted with Duane Morris, LLP, a law firm with extensive experience in the design, compliance, and legal issues impacting governmental pension Plans. Duane Morris engaged the actuarial services of Pension Trustee Advisors, Inc., a nationally recognized actuarial firm with expertise in government pension systems, including firefighter pensions (collectively, the “Contractors”).
The above notwithstanding, no statements made in this study should be construed as legal advice or as pertaining to specific factual situations.

To complete the study, the Contractors:

- Reviewed applicable state and federal laws, legal decisions, and other federal legal guidance related to volunteer pension Plans;
- Examined Plan information, and summary actuarial data for all Plans that receive state funding;
- Performed actuarial calculations and analysis related to the Plans, including actuarial analysis related to Plans’ funded status and current contribution levels;
- Obtained information from FPPA for the 174 Plans affiliated with FPPA and surveyed the 61 locally administered plans to determine whether the Plans had a “plan document” and whether they felt the current system was serving their needs. Only two Plans responded;
- Researched other states with similar volunteer pension Plans, and
- Discussed issues with and gathered data from FPPA and the Department.

Section I: Current Structure of Volunteer Firefighter Pension Plans

A. Tax Qualified Status under the Internal Revenue Code

Section 31-30-1133(2), C.R.S., provides, in relevant part, as follows:

Any volunteer firefighter pension plan established by this part 11 [of the Pension Act] to provide retirement benefits for volunteer firefighters shall satisfy the qualification requirements specified in section 401 of the Internal Revenue Code, as applicable to governmental plans.

In order to attain and maintain tax qualified status as required by the Pension Act, a retirement plan must satisfy both documentation and operational requirements of the Internal Revenue code (IRC). Based on our review of IRC tax qualification requirements and the Pension Act, there is a high risk that Colorado’s Plans are not in compliance with applicable IRC requirements. This is because (i) there are several tax-qualification language requirements that are not incorporated in the Pension Act, and (ii) our review indicates that few if any individual Plans maintain written plan documents that incorporate such requirements.

As a threshold matter, any Plan established pursuant to the Pension Act would be deemed a “governmental plan” pursuant to Section 414(d) of the IRC. Therefore, the Pension Act Plans are not subject to many of the tax qualification documentation requirements applicable to private sector plans. Nonetheless, there are several language requirements applicable to governmental
plans that are not satisfied by the Pension Act. Specifically, the Pension Act, standing alone without supplement by a plan document, would not be deemed tax qualified due to its failure to include the following required provisions:

- **Section 401(a)(7) – Minimum Vesting Standards.** Governmental plans are required to include a written statement of the applicable “vesting rules” (i.e., the conditions under which a participant’s benefit under the plan becomes non-forfeitable). With respect to governmental plans, in the event of a plan termination, a participant must be vested to the extent that benefits are “funded” under the trust. Thus, for example, if the plan is 60% funded at termination, a participant, regardless of the amount of service, would be 60% vested in his or her accrued benefit. This requirement regarding vesting upon plan termination must be included in the plan document. The failure to include such a provision is a tax qualification defect.

- **Section 401(a)(9) – Required Minimum Distributions.** This section requires that a participant must commence benefits on the later of April 1 of the calendar year following: (i) the calendar year in which the employee attains age 70½; or (ii) the calendar year in which the employee retires. The plan document must include a specific reference to comply with Section 401(a)(9) of the IRC. There is no reference to Section 401(a)(9) of the IRC in the Pension Act nor is there any language which implies that a volunteer must begin the benefit in a timely fashion that complies with Section 401(a)(9) of the IRC. See 26 CFR § 1.401(a)(9), Q&A-3.

- **Section 401(a)(17) – Limitation on Compensation.** Section 401(a)(17) of the IRC provides that a Plan must state the limitation on compensation that is includable for purposes of determining the Plan benefit. The 2016 limitation is $265,000 per year. Obviously, this provision does not impact a volunteer firefighter Plan under which there is no base compensation utilized for purposes of determining the accrued benefit. Nonetheless, the applicable IRS guidance provides that the limitation on compensation must be included in the written plan document. See 26 CFR § 1.401(a)(17)-1(a)(1).

- **Section 401(a)(31) - Automatic Rollovers.** This section of the IRC provides that any distribution from a participant’s account that is an “eligible rollover distribution” must provide applicable language authorizing the rollover from the participant’s account. The Pension Act does not contain eligible rollover language. See 26 CFR § 1.401(a)(31)-1, Q&A-1(a) & Q&A-3.

- **Section 415(b) – Limitations on Benefits.** Section 415(b) of the IRC provides that with respect to governmental plans, such plans cannot pay a benefit in excess of $210,000 per year. While this is obviously much greater than the benefit that would be paid under any Pension Act Plan, the tax qualification requirements of the IRC mandate that the dollar limitation, or reference to the statutory provision, be included in the plan document. See Section 415(a)(1)(A) of the IRC.

The IRC requires the above provisions be included in a written plan document, however we have not identified a single Plan that operates pursuant to a written plan document meeting the tax qualification requirements. Specifically, FPPA does not believe that any of their affiliates’ Plans
have a qualified written document, and none of the non-FPPA Plans provided a written plan
document in response to our request. Accordingly, absent a complete plan document properly
incorporating these requirements, Plans established under Pension Act would likely not satisfy
the tax qualification provisions under the IRC and could be subject to disqualification.

Lastly, we note that even if the tax qualification rules were incorporated into the Pension Act, an
individual Plan would only meet all IRC qualifications if it maintained its own plan document
detailing its operations including, (1) the specific volunteers covered; and (2) the benefit formula
utilized to calculate the benefit of such volunteer. The Pension Act’s current structure as an
“enabling” statute is consistent with allowing for different localities to enact different Plan levels
by individual document. It would be extremely difficult to incorporate the operative terms of
over 200 plans into a state statute.

Potential Liability for Tax-Qualification Failure

The IRS is authorized to audit the documentation and operation of any retirement plan that
purports to be tax-qualified. While we are not aware of cases in which the IRS has disqualified
volunteer firefighter plans, the non-compliant Plans could lose tax-qualified status under the IRC
based upon the lack of documentation. Disqualification could result in severe consequences,
including (i) immediate taxation of Plan participants on the present value of the vested accrued
benefit under the Plan irrespective of whether such amounts have been distributed to the
participant; (ii) the assessment of interest on the tax liability (assuming that the amounts were
deemed “earned” in previous tax years) and (iii) potential payroll taxes under Social Security,
Medicare, and Unemployment.

Additionally, if income and payroll taxes and interest are triggered upon Plan disqualification, a
participant could assert a cause of action against the local government for its failure maintain a
tax-qualified Plan as required under the Pension Act. One possible claim would be that the local
government failed to provide a benefit consistent with the intended federal tax treatment under
the Pension Act and the IRC.

Achieving Compliance within the Current Plan Structure: Adopting a Tax-Compliant Plan
Document

To bring the existing local plans into compliance with the IRC documentation requirements
without making any other change to the structure or funding of the plans, a “template” document
could be developed that meets the various tax qualification rules. The template would be
adopted by the individual departments with appropriate eligibility, benefit accrual formula, and
vesting requirements.

This alternative should not require legislative action because the Pension Act currently requires
departments to adopt a plan compliant with IRC Section 401(a). The principal concerns would
be: (1) the cost of having an outside attorney develop a template plan that could be tailored for
all of the individual plans would be at least $75,000; (2) there would a significant burden on
FPPA or any agency charged with assisting the individual departments in completing the
template; and (3) the possibility that the IRS could examine one or more of the volunteer plans
and find non-compliance for the tax periods prior to the adoption of the template.
Because this approach does not have the benefit of IRS review and approval, consideration should be given to filing for prior period correction under the IRS “Employee Plans Compliance Resolution System” (EPCRS). EPCRS allows plan sponsors to correct operational or plan document defects with IRS approval and avoid disqualification. The Voluntary Correction Program is an option within the EPCRS that allows employers to submit the correction pursuant to a specified procedure and specifically request that the IRS approve the correction methodology. After approving the proposed correction, and any changes in a plan's administrative practices and procedures to help ensure compliance, the IRS issues a “Compliance Statement” which requires that the error be corrected in the manner approved by the IRS. The Compliance Statement addresses the identified errors, the terms of required correction (including any revision of administrative procedures to help ensure compliance) and the time period within which the proposed corrections must be implemented. The advantage of filing under EPCRS is that the Compliance Statement is binding upon the IRS and the plan sponsor and provides that the IRS will not treat the plan as failing to satisfy the applicable tax qualification requirements as long as the conditions listed in that statement are satisfied.

Typically, Voluntary Correction Program filings are made with respect to individual plans that currently have IRS determination letters. Moreover, the IRS guidance under EPCRS does not specifically address the current situation in which the Plans never adopted formal plan documents. However, EPCRS includes a “group submission” process through which an “eligible organization” may make a Voluntary Correction Program filing for at least 20 plans for which it provides regular administrative services. FPPA qualifies as an eligible organization for this purpose. It is arguable that the group submission process is appropriate in light of the unique nature of the plans involved (governmental, volunteer plans) and the relatively limited resources of individual departments to file separately.

We have reached out to the IRS on an informal, anonymous basis regarding the availability of a group submission with respect to the current situation and its representatives have been non-committal. Nonetheless, it may still be advantageous to file a group submission as the IRS is prohibited from initiating a plan examination while a Voluntary Correction Program submission is pending.

The primary disadvantage of filing under EPCRS is the possibility that the IRS would reject group submission status and the individual plans would have been disclosed and therefore exposed to potential audit. The filing would also generate additional costs. Specifically, the Voluntary Correction Program group submission filing fee is $50,000 payable to the IRS ($50,000 is the maximum fee assuming the defects are uniform across all plans). Additionally, there are associated legal fees in preparing the Voluntary Correction Program application (which would likely require the inclusion of a template document as discussed above) and negotiation of the Compliance Statement. We estimate these professional fees to be between $85,000 and $120,000. If successful in obtaining the Compliance Statement, FPPA or the appropriate state agency would be charged with the implementation of the Compliance Statement by the individual departments.

Section II of this Report discusses a number of alternatives to the current structure. An EPCRS filing is compatible with each of these alternatives and should be considered as part of a comprehensive solution.
B. Compliance with the Fair Labor Standards Act (FLSA)

Pursuant to the FLSA, an employer must pay employees at least the minimum hourly wage for work performed, 29 U.S.C. § 206, and one and one half times the employer’s regular wage for hours worked in excess of forty hours per week, 29 U.S.C. § 207. The FLSA does not apply to individuals who volunteer to perform services for a public agency. Organizations that use volunteer services must determine if an individual is an employee or a volunteer in determining FLSA compliance. For purposes of this report, the key factor in this determination is whether the amount of retirement benefits payable under a Plan is “reasonable”. As discussed in the next section, based on our review of the FLSA, analogous provisions of the IRC, and the level of benefits provided by each of the Plans, the retirement benefits under at least 202 of the 235 Plans (86 percent) are reasonable. We further conclude that it is highly likely that the retirement benefits under the remaining Plans would be deemed reasonable. However, as discussed in the next section, further analysis of the benefits and payments offered by some volunteer Plans may be warranted to assure compliance.

Provision of Retirement Benefits to Volunteers

The Department of Labor (DOL) has regulations [29 U.S.C. 2003(e)(4)(A) of the FLSA and 29 C.F.R. §§ 553.101 and 553.103] defining a “volunteer” within the meaning of the FLSA as an individual who:

1. Provides their services for civic, charitable, or humanitarian reasons without promise, expectation, or receipt of compensation for the services rendered, although a volunteer can be paid expenses, reasonable benefits, or a nominal fee to perform such services;

2. Offers their services freely and without coercion, direct or implied, from the employer; and

3. Is not otherwise employed by the same public agency to perform the same services as those for which they propose to volunteer; in other words, individuals can qualify as volunteers if they either volunteer for different agencies or perform services different from those they are otherwise employed to perform.

Those who volunteer as firefighters will fall within this definition — provided those individuals do not additionally perform paid firefighter services for the same department for which they “volunteer.” See 29 C.F.R. § 553.104(a)-(b); 29 C.F.R. § 553.101 for exceptions to this definition.

According to federal regulations [29 C.F.R. § 553.106(d),(f)], “reasonable benefits” expressly include “inclusion of individual volunteers in group insurance plans (such as liability, health, life, disability, workers’ compensation) or pension plans or ‘Length of Service’ awards, commonly or traditionally provided to volunteers of State and local government agencies” provided, however, that the “economic realities” of a particular situation, determined by examining the total amount of payments made (expenses, benefits, fees), do not warrant the loss of volunteer status (emphasis added). Accordingly, the provision of retirement benefits under the Pension Act would not jeopardize the volunteer status of the firefighters provided that the amount paid constitutes a “reasonable benefit” for purposes of the FLSA.
The FLSA does not provide an expressed “safe harbor” on the amount of retirement benefits that is deemed “reasonable” and as such permitted for volunteers. We believe, however, that reasonableness can be inferred by reference to standards established under the Internal Revenue Code for “bona fide volunteers” under “Length of Service award programs” (Length of Service programs) pursuant to Section 457(e)(11) of the IRC.

Under Section 457(e)(11), a Length of Service benefit is not deemed reasonable if “the aggregate amount of Length of Service awards accruing with respect to any year of service for any bona fide volunteer exceeds $3,000.” We have concluded that the $3,000 limit in Section 457(e)(11) of the IRC actuarially converts to a life annuity benefit of approximately $650 per month or $7,800 per year using the Pension Act provision qualifying a firefighter for a Normal Retirement Pension upon completion of 20 years of service. (A Supplemental Retirement Pension based upon 21 or more total years of service would have a higher equivalent annuity.) Our calculation of the $3,000 limit is as shown below.

![Table 2](image)

Accordingly, we conclude that $650 per month should be deemed “reasonable” and should not jeopardize the voluntary status of such firefighter. Currently 202 of the 235 Plans (86 percent) provide a monthly benefit of $650 or less, and therefore are consistent with voluntary status under the FLSA.

If a retirement benefit exceeds $650 per month, the payment of such does not automatically convert the firefighter from a volunteer to an employee. The determination of volunteer status in such cases must be made based on a case-by-case analysis of the total economic realities of the volunteer relationship accounting for all expenses, benefits, and fees provided to the volunteer by examining the total amount of payments made.
While there are 33 Plans with benefits above $650, the risk that the DOL would disallow volunteer status to is extremely low. We have only identified one somewhat analogous case, which determined that payments to volunteer firefighters at an hourly rate substantially similar to the hourly rates paid to full-time employed firefighters were not “nominal” and destroyed the firefighters’ volunteer status rendering them “employees” under the FLSA. Employing a similar logic to retirement benefits, even the highest pension benefit paid under a Plan ($1,400 per month) is substantially less than the $3,317 average monthly pension benefit offered to a paid full time firefighter retiring after 20 to 25 years of service under FPPA.

**Potential Liability for FLSA Violation**

A violation of FLSA could result in several consequences:

- **Potential liability of the local government to the employee for wage payments.** If a benefit is deemed unreasonable, and a firefighter is found to be an employee rather than a volunteer, the local government deemed to be the employer of the firefighter may be required to pay back wages and payroll taxes. When the DOL encounters violations, it recommends changes in employment practices to bring the employer into compliance, and requests the payment of any back wages due to employees. In addition to the back wages, the employer could be held liable for both the employer and employee portion of Social Security, Medicare, and Unemployment payroll taxes.

- **Penalties against the local government.** The DOL may bring suit for back pay and seek injunctions to restrain persons from violating the Act. The potential financial exposure would be equal to the estimated number of hours worked by the individual multiplied by $7.25 (the current Federal minimum wage as of July 24, 2009) plus an equal amount in liquidated damages. In addition to the DOL, a firefighter may bring a private right of action under the FLSA. Employers who violate FLSA provisions are liable not only to the employee affected in the amount of their unpaid wages, but also for an additional equal amount as liquidated damages” [29 U.S.C. § 216(b)]. Further, if a private plaintiff is the prevailing party in an FLSA case, the court is required to award reasonable attorneys’ fees and costs, which would then be paid by the defendant (the local government) [29 U.S.C. § 216(b)]. The statute of limitations related to FLSA violations is generally two years, however, if the cause of action arises out of a “willful violation,” the statute of limitation is extended to three years.

If a pension benefit of a Plan exceeds $650 per month, the local government should document the nature of the relationship in a manner that supports voluntary status. Additionally, the local government should be prepared to support the position that the total economic benefit provided to volunteers is not commensurate with the economic benefits (salary plus benefits) provided to its actual employees.

The probability of finding a FLSA violation as a result of retirement benefits being too generous is unlikely and completely inconsistent with the goals and objectives of the FLSA. As noted by the DOL in evaluating the status of volunteers for purposes of the FLSA:
The FLSA recognizes the generosity and public benefits of volunteering and does not seek to pose unnecessary obstacles to bona fide volunteer efforts for charitable and public purposes. The Department of Labor is committed to ensuring that individuals are able to volunteer their services freely for charitable and public purposes within the legal constraints established by Congress.

This language strongly suggests that historically, the DOL has been flexible in its review of voluntary status, particularly in the public sector.

C. Funding and Best Practices

Actuarial Valuations

We reviewed the practices of all of the 174 Plans under FPPA and a sample of 5 of the 61 individually administered Plans with respect to conducting routine actuarial valuations, employer contributions, and state funding to determine if the Plans are following best practices in these areas and to assess the impact if state funding was changed to be directed to Plans that need additional funding.

Periodic actuarial valuations are required under Governmental Accounting Standards for any local government which reports its financial position under generally accepted accounting principles. Under Governmental Accounting Standard Number 68 (GASB 68), employers with defined benefit programs are required to perform an actuarial valuation and report certain information on their financial statements. Conducting routine actuarial valuations is also best practice under the Government Finance Officers Association (GFOA) Committee on Retirement Benefit Administration best practices.

The primary purpose of a periodic actuarial valuation is to determine a recommended contribution amount for a Defined Benefit (DB) pension plan. Because DB plans define the ultimate retirement benefit, a series of contributions is calculated which would fund the DB plan over an appropriate period of time.

FPPA contracts to perform actuarial valuations of all of the affiliated Plans every two years, and all Plans that apply for state assistance are required to provide actuarial valuation information every two years. In Calendar Year 2015 there were 210 Plans that received state assistance. All of the Plans administered by FPPA and all 5 of the individually administered plans we reviewed complied with these requirements and best practices. Biennial actuarial valuations can continue to be the appropriate basis and are consistent with GFOA best practices.

Contributions

It is a shift of costs onto future taxpayers if volunteer firefighter departments do not make appropriate contributions to their Plans. It is also considered actuarial best practice for organizations to make contributions to their Plans at least at the level of an actuarial required contribution (ARC) which includes the normal cost (value of the benefits earned), plus an amortization of the unfunded actuarial accrued liability. In other words, a Plan that is fully funded only needs a contribution sufficient pay each year’s pensions while a Plan that is
underfunded needs a contribution sufficient to pay each year’s pension plus enough to get the Plan fully funded by some future time (often 20 years). Under the current structure, each volunteer department contributes based on the millage, and may also receive state funding.

There is no statutory requirement that the local governments make contributions based on those actuarial valuations or their ARC, as described above. While FPPA Plans are required by statute [Section 31-31-705(2)(d), C.R.S] to perform periodic actuarial valuations, there is no such requirement for non-FPPA Plans, although all Plans or their sponsors who report under GASB 68 are required to have periodic actuarial valuations. While many Plans are being funded (through a combination of local contribution plus state contribution) at a level at least as great as their ARC based on their benefit level, we found that 14 of the 174 FPPA affiliated Plans (8 percent) did not receive contributions at that level in Calendar Year 2015 (although 7 of these 14 received 89% or more of the actuarially determined contributions). The failure to make adequate contributions can lead to poorly funded Plans.

FPPA and the Department provided us with actuarial information for all 174 of FPPA-affiliated Plans. This includes actuarial calculations based on the Plans’ actual benefit levels and based on a benefit level of no more than $300/month. The information for a $300/month maximum benefit were provided because the General Assembly uses this benefit amount as a threshold for determining the amount of the state contribution. The following table compares the funded status of all FPPA affiliated plans based on a benefit level of no more than $300/month with the status based on the actual benefit levels each plan offers. The calculations show that the majority of plans (more than 80 percent) would be fully funded or overfunded if they paid benefits of no more than $300/month, but fewer than half (47 percent) are fully funded or overfunded at their actual benefit levels. As discussed in the next section: State Funding Assistance, almost 90 percent of all the Plans receive some state assistance but the following tables show, the vast majority of both FPPA and non-FPPA plans would be fully funded or overfunded if they paid a benefit of no more than $300/month. Currently, 111 of the 235 plans (47 percent) provide a benefit of more than $300/month. Of these, 88 are FPPA Plans and 23 are non-FPPA Plans.

Table 3.

<table>
<thead>
<tr>
<th>FPPA Affiliated Volunteer Pension Plans¹</th>
<th>Based on lesser of $300 benefit or actual benefit level</th>
<th>Based on actual benefit level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Plans fully funded or overfunded</td>
<td>143 (82%)</td>
<td>81 (47%)</td>
</tr>
<tr>
<td>Number of Plans underfunded</td>
<td>31 (18%)</td>
<td>93 (53%)</td>
</tr>
<tr>
<td>Number of Plans less than 80% funded</td>
<td>n/a</td>
<td>63 (36%)</td>
</tr>
<tr>
<td>Number of Plans less than 50% funded</td>
<td>n/a</td>
<td>9 (5%)</td>
</tr>
</tbody>
</table>

Source: Based on data provided by the Fire and Police Pension Association and the Department of Local Affairs.

¹There were 174 volunteer pension plans affiliated with FPPA in 2015.
For the 61 non-FPPA Plans, the Department provided consolidated actuarial information based on the lesser of their current benefit level or a $300/month benefit level. In 2015, all of these Plans received combined local and state contributions of at least the lesser of their $300-level ARC or their actual-benefit-level ARC. However, the data provided by the Department does not allow us to determine whether they are funded at their actual-benefit-level ARC if their benefits are above $300/month. The funded status for these plans is shown below.

Table 4.

<table>
<thead>
<tr>
<th>Non-FPPA-Affiliated Volunteer Pension Plans¹</th>
<th>Based on lesser of $300 benefit level or actual benefit level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Plans reported</td>
<td>61</td>
</tr>
<tr>
<td>Number of Plans fully funded or overfunded</td>
<td>53 (87%)</td>
</tr>
<tr>
<td>Number of Plans underfunded</td>
<td>8 (13%)</td>
</tr>
</tbody>
</table>

Source: Based on data provided by the Department of Local Affairs.

¹There were 61 volunteer pension plans that were not affiliated with FPPA in 2015.

Of the 93 FPPA Plans which were underfunded at their actual benefit levels, we find that the total unfunded liability is $37 million, giving them an average funded ratio of 73%. Because of the large number of Plans which are fully funded or stronger, the overall aggregate funded ratio for all FPPA Plans is 92%. However, the FPPA states in its Comprehensive Annual Financial Report (Financial Report), “Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers … are indicative only of the overall condition of the system and are not indicative of the status of any one employer.”

State Funding Assistance

Until 1978, all fire and police pension funds, both paid and volunteer, were administered and funded by local governments. A 1977 study conducted by the General Assembly found that all of the plans in total were underfunded by over $500 million. In 1978 and 1979, the General Assembly adopted legislation to reform the pension system. The purpose of the reforms was to help facilitate all local pension plans, both paid and volunteer in becoming actuarially sound, and included state financial assistance conditioned on increases in both employer and employee contributions for paid plans and increases in volunteer firefighter department contributions for volunteer plans. These reforms also allowed volunteer plans to affiliate with FPPA to relieve some administrative burdens.

Currently, state funding assistance for volunteer firefighter departments is based on two formulae under Section 31-30-1112, C.R.S., as follows:
A. For those Plans with benefit levels of $300 per month or less, the State contribution is the lesser of:
   a. 90% of the amount contributed by the local government in the prior year, and
   b. One-half mill of the previous assessed valuation.

B. For those Plans with benefit levels of more than $300, the State contribution is the lesser of the amount determined for Plans with benefit levels of $300 per month or less as described in (A) above, and the greater of:
   a. The actuarially required contribution for a $300 benefit, and

In 2015, the majority of the Plans (210 of the 235 or 89 percent) received some state assistance. The statutory formula suggests that State funding support is based on a combination of the amount necessary to fund benefits up to $300 and at a level consistent with that provided from 1998 to 2001. Our analysis finds that 86 volunteer firefighter departments receive state funding based on the state’s contributions in the 1998-2001 period, irrespective of the need for state funding support for $300 benefits. Of the 196 Plans (143 FPPA administered + 53 locally administered) that are fully funded or overfunded at the $300 per month benefit level, as shown in the tables above, 183 receive state assistance. Of those receiving state assistance, 68 (37 percent) have improved benefits beyond the $300 threshold with the State sharing nearly half the cost. The General Assembly may wish to consider whether it is an appropriate use of State funds to provide financial assistance to Plans that offer more than a specified amount, such as $300 per month.

Each Plan that desires State funding must provide the Department with actuarial calculations including the ARC of the Plan if it provided benefits at the $300 per month (for 20 years of service) level. In the discussion below, we will refer to this figure as the “$300-basis-ARC”. As previously discussed, an ARC is the actuarially determined contribution to the Plan, which is the “Normal Cost” or value of benefit earned, plus a payment toward the unfunded liability. The unfunded liability is the shortfall of assets to the actuarial liability, or amount of prior Normal Costs which should have accumulated. So the $300-basis-ARC is the actuarially calculated amount that would need to be contributed to a Plan to maintain benefits at the $300 level, based on the assets in the Plan and the value of $300 per month benefits. For most of the Plans, this number is zero or a negative number. A negative ARC means that the Plan is so well funded that an amortization of the surplus exceeds the “Normal Cost” of the benefits being earned in the year.

Based on data from the Department, we found the following key information for calendar year 2015:

1. 216 Plans report their $300-basis-ARC to the Department
   a. 183 of these have a $300-basis-ARC of zero or less (meaning that no contribution would be necessary to provide for a $300 per month benefit).
b. 33 have a positive $300-basis-ARC. In other words, at most 33 Plans would be underfunded if their benefit levels were limited to $300. The actual benefit amounts for these 33 Plans range from $350 to $900 with an average of $451.

2. 210 of the 235 total Plans reviewed are receiving State funding
   a. The total state funding was $4.1 million for calendar year 2015.
   b. Most of that $4.1 million is being paid to Plans for amounts in excess of the $300-basis-ARC, as illustrated in the next two numbered items.

3. If the state were to limit the state funding amount to the $300-basis-ARC, the state funding would fall by $3.6 million to $536,000 per year.
   a. Only the 33 Plans with a positive $300-basis-ARC would receive state funding.
   b. This is comparable to eliminating provision (B)(b) in the state funding formulae above

4. If the State were to limit the state funding further so that the State would only match 90 percent up to the amounts necessary to fund the $300-basis-ARC, the state funding would fall by a further $202,000 to $334,000.
   a. Only the 33 Plans with a positive $300-basis-ARC would receive State Funding, and only the amount necessary to pay that $300-basis-ARC

5. If the State were to limit the state funding so that the combination of the amounts were designed to fund the current-basis-ARC (i.e., the ARC calculated based on the actual benefit level provided by the plan), the state funding for FPPA Plans would fall by nearly $1 million from $2.9 million to $2.0 million.
   a. The Department does not collect data on the current-basis-ARC. So this data for the non-FPPA Plans was not available.

If the only goal for state funding is to provide a 90% match as necessary to fund a $300 Plan, then the approach identified in #4 above would be appropriate. Some examples may clarify the situation.

- Plan A has a benefit level of $700 per month, but is overfunded with a negative $300-basis-ARC of $695,000. In other words, at the current time, the plan has assets that are $695,000 more than are needed to cover its existing pension obligations. Based on the current formula, however, which uses the volunteer firefighter department’s 2000 state funding level, the department is making contributions of $55,000 and receiving 90% matching funds of $49,500.
  - At this strong funding level, the department might be able to afford to increase its benefit well above $700 at no additional cost to the department.
- Plan B provides $1,400 per month. It was overfunded at the $1,400 level with assets of $1.7 million and liabilities of $1.1 million. As a result of the overfunding, the ARC for $1,400-per-month benefits was only $4,500 per year, while the $300-basis-ARC calculation would not require any department contribution.

  - Despite the large overfunded position, the State is matching the $3,500 department contribution with $1,200 contributions based on the current formula which uses its 2001 payment. This resulted in total contributions of $4,700, slightly more than the $4,500 ARC.

  - This year, the contribution requirement has increased to $14,000, (due to a year of reduced investment income), but the state funding will remain at $1,200, meaning that the department will need to fund nearly $13,000 in order to maintain actuarial soundness.

  - Although the state funding levels are small for this small department, the Plan is so overfunded that this Plan provides an illustration of why the State may wish to change policies to not provide state funding for Plans that pay benefits over the $300 in statute and that are fully funded or better.

- Plan C is nearly $1 million under-funded with benefits at a level of $400. Assets are $1.8 million and liabilities are $2.7 million for a funded ratio of 66%. The $400-basis-ARC was $122,000 while the $300-basis-ARC is $92,000. The department contributed $123,000 while the State contribution was $92,000.

  - This department has kept benefit levels modest

  - This department is maximizing state funding by making a contribution large enough that the state is funding its full $300-basis-ARC even though the combination of the department’s contribution and the state match is more than its benefit-level-ARC.

  - This department’s 1998-2001 maximum contribution was only $36,000

- Plan D is only 60% funded and has closed its Plan to new members. Its benefits are $615 per month. The $615-basis-ARC was $250,000 and its $300-basis-ARC is less than zero.

  - This can be considered intuitively: If a Plan has 60 cents for every dollar of $615 liabilities, it would have 60 cents for about 50 cents of $300 liabilities. So it is overfunded on a $300 basis, but only 60% funded on a $615 basis.

  - This department last year contributed $120,000, with the State contributing $78,000 based on the 2001 contribution levels.

  - These contributions are $56,000 short of the actuarially required contribution, totaling only 78% of that amount.
Conclusion

Our analysis finds that of the more than $4 million paid by the state in the form of assistance to volunteer Plans, more than $3 million goes to Plans which do not have an actuarially required contribution based on a $300 benefit level. This suggests that most of the state funds are going toward Plans which are more than fully funded on a $300 benefit basis.

Many of these Plans have improved benefits over the years. If this is not consistent with State objectives, it may be appropriate to phase-out or eliminate the provision which allows volunteer firefighter departments to continue to receive state funding for benefit levels at the amount specified in statute.

D. Administrative Issues

Implications of GASB 68

Under Governmental Accounting Standard Number 68 (GASB 68), employers with defined benefit programs are required to have an actuarial valuation performed and report certain information on their financial statements. GASB 68 addresses reporting by employers. Each employer is required to report pension costs and liabilities. Whether local Plans are separate or combined, the locality is required to report specific actuarial values relative to their specific Plan. Where GASB 68 does generate additional administrative costs on separate local Plans as opposed to combined Plans in large part, is the requirement that each Plan have an audit report of the census data controlled by the plan, including verification that internal controls are suitably designed and operating effectively. This cumbersome reporting would be significantly reduced if plans are combined.

Coordination of Benefits

Under current Colorado Law, volunteers who move from one volunteer firefighter department to another may receive a combined benefit based on service from both departments. This requires a specific calculation to determine the combined benefit. For FPPA Plans, the records from prior departments are maintained and the calculation can be performed or reviewed by FPPA. For non-FPPA Plans, the burden is on the retiring firefighters to alert their current and prior departments if they believe they should have benefits from both departments.

Each department has a unique defined benefit Plan with unique costs and benefits. When a volunteer moves from one department to another, benefit calculations can be somewhat complex and actuarial calculations can be even more complex, in order to properly assign costs to each employer.

Based on current FPPA data, 21 of 3,916 of those currently receiving benefits (less than 1%) had portable service, meaning that they have moved among departments. Additionally, 221 out of 4,320 volunteers who are not currently receiving benefits (5 percent) have portable service. Of the 221 not yet receiving benefits, 156 are still active volunteer firefighters and 65 are no longer active volunteer firefighters. 24 of these 65 who are no longer active are waiting to attain age 50 to begin collecting benefits, while the remaining 41 do not currently qualify for a benefit but
FPPA is retaining their records in case they later join a department and get enough service to qualify for a benefit.

There is no data available on the specific administrative costs of tracking volunteers with portable service because it is not tracked as a separate administrative cost. However, it is certainly an administrative burden. For example, FPPA has indicated that the major problem from an administrative perspective is that even though only 21 volunteers are currently receiving benefits based on portable service, every single volunteer who terminates with five or more years must remain monitored in perpetuity in case he or she returns to another department. Complying with this law requires cumbersome processes, including more complex actuarial systems, even though a very small number of firefighters will ever benefit from the provisions.

Under a DC approach, the calculation would be very straight-forward: the benefit is simply based on the account balance and the annual contribution from each employer. This would be the most transparent and equitable manner of coordinating benefits with very little in terms of administrative costs. The only other solution would be to have a single administrated Plan which would alleviate some of the administrative burden by making it easier to track volunteers when they move between departments and allow for simpler actuarial calculations.

**Administrative Costs**

State contributions for calendar year 2015 were $4.1 million; local employer contributions were $9.8 million. FPPA Plans had annual state and local contributions of $2.9 million and $7.6 million respectively, for a total of $10.5 million. According to its 2015 Financial Report, FPPA’s total administrative costs charged to volunteer Plans were $460,000. This means that the total administrative costs for FPPA Plans are only about 4% of the annual costs of the program. It is likely that the administrative costs of the non-FPPA Plans would be higher proportionately because they do not have the economies of scale of a multi-billion dollar pension fund.

Some of the common administrative costs associated with the Plans include those for tracking beneficiaries, complying with regulatory requirements, and maintaining records. Costs for these activities will be incurred whether separate Plans are maintained or Plans are combined but the use of a central administrator such as FPPA could limit the costs because it can more efficiently establish procedures for each of these critical tasks. FPPA’s administrative costs for affiliated volunteer Plans averages 0.3% of year-end assets, or $66 per participant. Although the actual costs charged by FPPA to each Plan it administers varies based on assets, special services requested, and number of participants, it is safe to conclude that such administrative costs are much lower than would be borne by separate self-administered Plans. For example, one self-administered Plan for which we had actuarial valuation information had total expenses of 0.6% of Plan assets, or $175 per participant, more than twice the average for FPPA Plans.

Maintaining a local pension board is another function that creates some administrative costs that could likely be reduced if local Plans were abolished. For FPPA Plans, the administrative cost of a local board is generally low because the local board has outsourced Plan administration and investment authority to FPPA. Non-FPPA plans have made a conscious decision that they want local control more than administrative savings from using FPPA. However, the local board is made up of volunteers. The only administrative costs are typically borne by the local department...
and board meetings are often held in tandem with other volunteer firefighter administrative functions. So while the costs are certainly borne, they are not specifically allocated to the pension fund. Actuarial valuation costs are typically about $5,000 to $10,000 per biennium. Although it would be reasonable to expect that non-FPPA all-in administrative costs are well above the 0.3% of assets/ $66 per head FPPA costs, the amounts may still be small enough to not be of concern to the departments. There are likely other benefits of including pension duties for the board members. Particularly for the departments who have not elected to join FPPA, these may include:

- Greater involvement and understanding of the recruiting and retention benefits of the pension program
- Interest in and appreciation of the investment management aspect of pension funds
- Appreciation and understanding of the impact of the pensions on the department finances

In addition to the likely higher minor administrative costs of the local board, two disadvantages arise. One is the potential for inappropriate financial activities. Although well beyond the scope of this study, any time there is a separate pool of assets, there is some potential for failure to act in accordance with fiduciary standards. We have seen no evidence of such behavior and in our experience, such activity is rare. Because of the small size of the volunteer pension Plans relative to the department budgets, the incentive for such malfeasance is low.

A second disadvantage is that small locally administered pensions will likely have lower long run investment returns than a large sophisticated fund such as FPPA. This is because larger funds:

1. have economies of scale which drive down fees,
2. have access to asset classes which are expected to have higher risk-adjusted returns, and
3. have more sophisticated investment professionals on staff.

Another reason that FPPA plans would tend to have higher investment returns is that under the Pension Act (Section 31-30-1113(3) C.R.S.), locally administered Plans are subject to strict restrictions regarding investments that do not apply to FPPA plans.

Studies of public pensions generally demonstrate this correlation between size and investment performance. One such study, by researchers from the University of Toronto, found that larger plans outperformed smaller ones due to efficiencies in management and greater latitude in investment decisions.

Section II: Plan Design Implications

Section II discusses alternative structures for providing pension benefits to volunteer firefighters in Colorado. We discuss in Section II the frequency of actuarial valuations that would be needed for each alternative and the degree of employer contribution that might be required.
Alternatives to the Current Structure of Maintaining Separate Local Defined Benefit Plans

In weighing alternatives to the current structure of Pension Act Plans in Colorado, policy makers should give consideration to the objectives of a volunteer pension benefit in light of the changing nature of volunteer service. Depending on their firefighter needs, there may be a desire to revise the 10 to 20 year service requirements as well as consider different structures. It is important that departments balance the recruiting advantages of a program with short vesting with the retention advantages of a program with longer vesting requirements.

Incentivizing and Retaining Younger Volunteers

Younger volunteers (and younger workers in general) are more mobile, from both a geographic and occupational standpoint. Accordingly, consideration should be given to how the following structural elements may incentivize and retain such volunteers while facilitating more efficient and cost-effective administration:

- Defined benefit (DB) vs. defined contribution (DC) structure. DB gives the security of a life-long income stream but only to long-serving volunteers, therefore prioritizing retaining current volunteers. DC plans, in the form of a Length of Service program, tend to have shorter vesting periods which would incentivize new volunteers even if they are more mobile. The DC option would need to be in the form of a Length of Service program because a traditional DC plan cannot be established for volunteers. Specifically, the IRC limits contributions to a traditional DC plan to the lesser of (i) $53,000 or (ii) 100% of the employee’s compensation. In operation, the volunteers have no compensation and therefore the applicable dollar limitation would be $0. However, the $3,000 Length of Service program limit might make a DC approach less viable for a department that needs to provide benefits at a higher level. The value of benefits under DC plans is very transparent as compared to DB because the value of a volunteer’s DC account is always known. Additionally, studies show that individually directed DC plans tend to have investment returns about 1.0% per year lower than professionally managed pooled DB plans. Investment return and longevity risk are borne by participant under DC and by employer under DB. In terms of administrative costs, a DC alternative would be more efficient than a DB approach, in part because no actuarial valuations are required. Also, administrative complications of DC tend to be lower, particularly when concerns for portability of benefits between departments are considered.

- Longer vs. shorter vesting periods. Shorter vesting facilitates recruiting goals because a new volunteer can be assured of some level of retirement benefit without having to commit to volunteering for 10 or 20 years. However, shorter vesting can hamper retention goals because volunteers can leave at any time after they are vested without forfeiting retirement benefits. Further, shorter vesting periods are more expensive because more volunteers are likely to end up receiving benefits.

Employer Concerns

In general, employers who have an emphasis on retention will tend to prefer a DB approach, while employers who have more needs for recruitment would prefer a DC approach. Similarly,
recruitment suggests a shorter vesting requirement, while retention would be consistent with a longer vesting period such as the 10- or 20-year vesting options available to the Plans currently. Finally, it is important to also consider that although these Plans are characterized as pensions, it would be expected that the volunteers are saving separately for retirement based on their earned income. These levels of benefits are not adequate for a meaningful retirement benefit.

Other Concerns

- Individual Plan administration vs. state-entity administration. Individual Plan administration allows for local control over fund investments but requires that local Plans be able to provide actuarial studies and track volunteers who may have served multiple departments. State-entity administration has cost benefits and provides for centralized actuarial services and tracking of benefits. If a pooled plan alternative is implemented, then all departments would share in the cost of the new the plan, and those which continue to maintain a frozen Plan would have an additional actuarial valuation to determine their costs and liabilities. The actuarial valuation for a pooled cost-sharing multiple-employer plan would allocate costs and liabilities based on the value of the monthly benefit provided and number of active and retired firefighters on a unitized basis. If there were a cost-sharing multiple employer plan, the costs would be less because the benefit calculation and recordkeeping is more simple. However, it is still necessary to properly assign actuarial costs to each department.

- Maintain, freeze or terminate existing Plans. Some of the options below would require that current Plans be frozen and/or terminated. Maintaining current Plans would limit the options available for improving the pension system.

Strong preferences on these items will determine the best alternative or combination of alternatives to be implemented. We note in advance that these alternatives are designed to mitigate the risk of non-compliance with IRC tax-qualification issues requirements. For each alternative, however, there remains some risk with respect to the previous years of non-compliance. Additionally, it is possible that a volunteer could raise a challenge to any proposed alternative that arguably represents a diminution in the rate or manner in which benefits are accrued.

The above notwithstanding, aside from item D below, none of these alternatives would necessarily require changes that would affect the contribution levels required by Plans or the level of benefits paid to current volunteers and retirees. Additionally, with the exception of the Length of Service option (item B below), issues such as state funding and actuarial funding requirements can be resolved in ways independent of the structure chosen.

A. Adoption of Master and Prototype Plan Document under a Central Administrator

The first option would be the adoption of a master and prototype “volume submitter” plan document and submission of same to the IRS. This alternative would bring the existing local Plans into compliance with the IRC documentation requirements and would require all Plans to be centrally administered (i.e., similar to the current FPPA affiliated Plans). Under this option, the General Assembly would need to assign responsibility to a sponsor organization, such as
FPPA, to become the sponsor and administrator of a master and prototype program which each local government or district could join for purposes of establishing its qualified pension Plan. The sponsor organization would adopt a “base plan” document and each participating entity would complete an “adoption agreement” detailing the terms of its individual Plan. The base plan document and the adoption agreement would each be drafted consistent with the terms of the Pension Act and contain all necessary tax compliance language.

The sponsor organization would file to secure an advisory letter ruling on the documents from the IRS. This would assure that any entity that adopts the documents would have Section 401(a) tax qualified status for its Plan.

If the state chose to sponsor and administer a master and prototype program, the IRS application fee for the required advisory letter would be $16,000 for the base Plan plus an additional $11,000 for each adoption agreement. Additionally, the documentation of the base Plan and adoption agreement(s) could range in cost from $75,000 to $125,000. Lastly, there would be some administrative burden in transitioning all plans to the sponsor organization.

As part of this option, the sponsor organization could contract with a vendor to maintain the tax-compliant master and prototype volume submitter documents. While such vendors often require determination letters before accepting new Plans, a vendor, particularly those focusing on the governmental plan sector, may be willing to accept a group transfer without an existing determination letter.

**Advantages**

There would clearly be administrative cost savings resulting from the uniform and centralized administration of the Plans. The unitized plans, items C, E, and F below, would have most of the same efficiencies.

**Disadvantages**

The Pension Act Plans collectively represent “low asset, high participation” Plans. Such Plans are not particularly attractive to outside vendors. Moreover, the transition costs assessed by an outside vendor to duplicate over 200 individual Plans could make this infeasible. A vendor may be more willing to accept the Plans if the current Plans were “frozen” and it were only responsible for future operations and benefit accruals.

It should be noted that unless legislation made adoption of the master and prototype mandatory, it is likely that some non-FPPA Plans would continue to be out of compliance with IRC. This master and prototype approach does not affect the fundamental Plan design or actuarial funding, although changes to these areas could be addressed within the same legislation.

Lastly, with this approach, there is some risk that the IRS, in reviewing the filing, could inquire regarding the “current” tax qualified status of the Plans. As such, there is some risk that the IRS would threaten action against the individual entities operating non-compliant Plans for the period prior to the adoption of the master and prototype Plan form.
**Alternative A:**
This alternative develops or makes available a “Master and Prototype” plan document that each volunteer firefighter department would adopt. Plans would be pooled and managed by a state entity such as FPPA (pursuant to its own master and prototype document) or an outside vendor (pursuant to the vendor’s master and prototype document). There would be an IRS advisory letter filing if the master and prototype is developed by the state.

| Would this alternative combine the Plans funds or administration? | Plans would be combined for administrative purposes. |
| Would this alternative maintain local control over benefit levels? | Yes |
| Would this alternative: | This alternative would significantly address IRC issues as the documents would be reviewed and approved by the IRS. It would not affect the funding of the Plans. Administrative costs of the Plans would be expected to increase if a private vendor is used. |
| • Address IRC compliance issues? | |
| • Affect Plan funding? | |
| • Affect administrative costs? | |
| Would this alternative require contributions or benefits to change? | No |

**B. Length of Service Plan Under Section 457(e)(11)**

Under this alternative, benefits payable under Pension Act Plans would be converted to Length of Service programs (commonly known as LOSAP) under Section 457(e)(11) of the IRC. Section 457(e)(11) of the IRC provides that a Length of Service program may be established for volunteers who render service in an emergency employee capacity. Section 31-30-1203(2), C.R.S., includes language allowing for the establishment of a Length of Service program by a governmental body. Because Length of Service programs are not subject to IRC Section 401, the current qualification deficiencies under 401 would no longer be of concern.

Currently, the Pension Act does not provide for state funding of a Length of Service program. If the Plans were converted to Length of Service programs, the Pension Act could be amended to authorize state contributions to supplement local funding. It should be noted, however, that a Length of Service plan will not satisfy Section 457(e)(11) of the IRC if “the aggregate amount of accruing with respect to any year of service for any bona fide volunteer exceeds $3,000.” Section 457(e)(11)(A)(iii) of the IRC.

Although Length of Service programs are designed to be DC plans, they can also be structured as defined benefit plans. The current Pension Act Plans are structured as defined benefit plans. Therefore, the Length of Service program limit of Section 457(e)(11) has to be converted to a defined benefit rate of accrual if the DB structure is to be maintained. As noted above, we have concluded that the $3,000 limit in the IRC converts to a life annuity of approximately $650 per month or $7,800 per year. Since 14% of the Plans currently offer a monthly benefit in excess of $650, this alternative would not be viable for those Plans. Moreover, the dollar limit in the IRC is not indexed for inflation. Therefore, converting to Length of Service programs may make it more...
difficult over time to provide substantial benefits. Many volunteer firefighter departments have increased their DB benefit levels partly due to inflation. This is not possible with Length of Service programs above $3,000.

A variation on this alternative would be to convert past benefits to a Length of Service program and for future benefits to accrue as a defined contribution Length of Service program. In this case, the accrued benefit under the existing Plans would be converted to its actuarial single sum equivalent. As long as this is consistent with the actuarial equivalent of a career of $3,000 Length of Service program contributions, the benefit should comply with Section 457(e)(11) of the IRC. Regardless of form, if the Length of Service program approach is pursued, the enabling legislation would need to specifically expand state funding to these Plans and provide for them as an alternative.

This discussion contemplates Length of Service programs designed and administered either individually by each department, or by a central organization, such as FPPA, if there is a desire for central state administration. The transition from a DB approach to DC approach is complex, requiring actuarial calculations, particularly for plans which offer benefits in excess of the $650 per month DB actuarial equivalent to a $3,000 DC accrual.

Advantages

One advantage of the Length of Service program approach is that in the long run it greatly reduces the administrative complexities. Under the Length of Service program alternative, no actuarial valuations would be necessary because contributions are defined and do not need to be calculated based on future benefits. Additionally, there would be no need to track portable service because Length of Service would only apply to individual employers. Shorter vesting periods are more common in Length of Service programs and other DC plans than in DB plans. As discussed above, a shorter vesting period could help address recruiting issues.

Another advantage is that all Plans will always be 100 percent funded and there will be no unfunded liabilities. For those Plans that provide benefits of less than $650 per month, the Length of Service program characterization would eliminate the need to comply with the tax qualification rules for the previously accrued benefits.

Disadvantages

Distribution options under a Length of Service program may not be as favorable as those under traditional qualified Plans. For example, rollovers would not be permitted. Also the IRC appears to prohibit a Length of Service program from allowing multiple distribution forms (e.g., lump sum or annuity) without adverse tax consequences. Additionally, as with all alternatives discussed herein, there remains some risk that the IRS could challenge the tax qualified status of the Plans prior to the Length of Service program conversions. Finally, this approach must be used in connection with one of the other alternatives to address those Plans with benefits in excess of $650 per month. Thus a single entity could be required to operate a Length of Service program for accruals of less than $650 per month and run a parallel DB for amounts in excess of $650. The parallel DB would be necessary because only the DB structure allows for benefits in excess of $650 per month.
Alternative B:
Converts all plans to a DC approach through a Length of Service program, which qualifies under section 457(e)(11) of the IRC rather than 401.

| Would this alternative combine the Plans funds or administration? | Plans could be administered separately or centrally, similar to the current framework. |
| Would this alternative maintain local control over benefit levels? | Yes |
| Would this alternative: | This substantially resolves IRC issues. |
| • Address IRC compliance issues? | Plan funding could be structured to be similar to current funding practices. |
| • Affect Plan funding? | Administrative costs and complexities would be reduced. |
| • Affect administrative costs? | |
| Would this alternative require contributions or benefits to change? | Yes. For those with benefits above $650, either a supplemental DB plan would have to be implemented, or benefits would be reduced. |

C. Convert all Pension Act Plans to a Single DB System Administered by a Central Organization

Under this alternative, the various Pension Act Plans would be merged into a single defined benefit “system” operated by a central organization. The Pension Act could be amended as necessary to allow for single system funding by the State, municipalities, and districts. The central administrator may then elect to pursue a single determination letter from the IRS for a “system-wide” Plan.

In instituting this alternative, one decision that would have to made by policy makers would be whether to offer local governments full flexibility in determining their benefit levels or whether benefit levels would be limited to certain pre-defined tiers. For example, the single Plan could only offer benefit tiers of $300, $600, $900, and $1,200. Limiting employer options to only certain defined tiers could improve the administrative efficiency for the central administrator. If structured properly, the “cost” for the elected tier can be unitized and the funding required at each tier can be actuarially calculated. A unitized basis means that benefits and employer costs are in terms of units. The central administrative organization will determine an annual actuarial cost per unit. An employer which provided benefits at the $600 level would have twice as much cost (and benefit) as one which provided benefits at the $300 level.

This approach is somewhat similar to the approach taken by the state of Minnesota. The Public Employees Retirement Association of Minnesota operates a multiple employer plan that covers over 700 individual volunteer firefighter plans. The plan is documented via a single state statute that received a favorable determination letter from the IRS in 2012. The plan provides for multiple benefit formulas ranging from $500 to $7,500 per year of service as selected by the individual municipality. We have been unable to locate any other similar state-wide programs for volunteer firefighters.
Advantages

A single merged system should be easier to administer, and the central administrator could pursue a determination letter from the IRS which would solve the IRC issues.

Disadvantages

There could be significant policy concerns. Such a system, commonly referred to as a “cost-sharing multiple employer plan,” requires that all assets contributed by the multiple employers be available to pay the benefits accrued by any retiree. There are significant disparities in the funded status of the individual Plans. There may be ways to address this policy concern, such as modifying statute to reallocate the state funding subsidy in a manner that levels out the deficiency of the lesser funded Plans. However, unless there is required leveling of the funded status (either by state or mandated local government contributions), certain Plan sponsors would be “subsidizing” the funding deficiencies of other sponsors. Moreover, even if the Plans were merged, the IRS could still challenge the tax-qualified status of the Plans prior to the merger.

<table>
<thead>
<tr>
<th>Alternative C:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>All plans would merge. The merged plan would be IRS compliant, and may choose a determination letter filing.</td>
<td></td>
</tr>
<tr>
<td>Would this alternative combine the Plans funds or administration?</td>
<td>The plans would be combined.</td>
</tr>
<tr>
<td>Would this alternative maintain local control over benefit levels?</td>
<td>Yes, but limited.</td>
</tr>
<tr>
<td>Would this alternative:</td>
<td>This addresses IRC issues and would likely reduce administrative costs following transition.</td>
</tr>
<tr>
<td>• Address IRC compliance issues?</td>
<td></td>
</tr>
<tr>
<td>• Affect Plan funding?</td>
<td></td>
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<tr>
<td>• Affect administrative costs?</td>
<td></td>
</tr>
<tr>
<td>Would this alternative require contributions or benefits to change?</td>
<td>To a limited extent both contributions and benefits might change based on the options in the tiered structure of the plan.</td>
</tr>
</tbody>
</table>

D. Privatization – Annuitize Current Benefits through a Private Vendor

Under this approach, each Plan would solve its tax qualification issues by purchasing benefits from a private sector vendor such as an insurance company or investment company specializing in public pensions (a practice commonly referred to as “annuitization”).

If this alternative were selected, it may be worthwhile for the General Assembly to charge a state entity to do the research of finding appropriate private sector vendors. It would probably be more cost effective to have each of the Plans choose one of the selected vendors rather than give them each a full choice. However, the volunteer firefighter departments may prefer to have local authority to choose their own vendor.
Advantages

The main advantage of this approach is that it would eliminate any administrative complexity associated with the current structure by transferring responsibility for tasks such as GASB 68 compliance and tracking retirees to a vendor.

Disadvantages

The primary disadvantage is cost. Actuarial liabilities would generally increase by 20% or more, because the private vendors would not expect to have earnings as strong as FPPA Plans or even many of the non-FPPA Plans, due to their restrictions on investments imposed on insurance companies. In addition, the private vendors need to be compensated for their administrative services and the risks which they bear.

The total actuarial liability for FPPA Plans is currently $186 million. We roughly estimate the liability would increase by at least $40 million if this approach were taken. In other words, for this approach to work, and annuities to be purchased, at the time of transition to this alternative, the volunteer firefighter departments would need to come up with an additional $40 million plus whatever unfunded liabilities currently exist. Moreover, these costs would only fund the benefit liabilities accrued to date. The state would still have to adopt one of the other alternatives for future accruals. Accordingly, we did not make detailed estimates as this would appear to be a cost-prohibitive alternative for the Plans and the State.

<table>
<thead>
<tr>
<th>Alternative D:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This alternative requires each volunteer firefighter department to purchase annuities from the private market for benefits accrued to date plus benefits earned each year.</td>
</tr>
</tbody>
</table>

| Would this alternative combine the Plans funds or administration? | Plans can remain separate. |
| Would this alternative maintain local control over benefit levels? | Yes. |
| Would this alternative: |
| - Address IRC compliance issues? | This option addresses IRC noncompliance. All Plans would have to be fully funded at the time of transition, requiring a substantial upfront investment. Administrative complexities are borne by the private sector, but at a higher cost to the Plans. |
| - Affect Plan funding? | |
| - Affect administrative costs? | |
| Would this alternative require contributions or benefits to change? | Contribution costs would likely increase to cover higher administrative costs. |

E. Adopt a Traditional Defined Benefit Plan with an “Offset” Formula (Umbrella Plan)

Another alternative is to adopt a new state-sponsored agency multiple employer defined benefit pension plan via statute (the “New Plan”) with a “traditional” defined benefit formula that includes all of the pertinent tax qualification language. The New Plan would be sponsored and
solely administered by a central organization but funded by the individual municipalities and limited state contributions. Similar to alternative C above, the statute could permit all municipalities to elect from pre-determination formula tiers rather than allowing the local government unlimited discretion to design benefit formulas. Moreover, the statute could impose limitations on the available tier based on the funded status of the local government’s current Plan.

The current individual Plans would be frozen (“Frozen Plan”) so that there would be no additional accruals or new participants as of the freeze date. The New Plan’s accrued benefit formula would take into account all of the volunteer’s service with the local government. However, the benefits paid under the New Plan would be “offset” by the benefit accrued and paid under the Frozen Plan. This means that the new umbrella multiple-employer plan will essentially be providing benefits on a future or prospective basis only. The actuarial costs would be based on that assumption which facilitates a continually fully-funded Plan with costs primarily based on the benefit accruals only with minimal past-service cost. Such costs would be consistent with the current Normal Costs that the individual Plans are bearing.

There are multiple potential design formulas, such as:

**New Plan Benefit =**

(Total Years of Service times Multiplier) minus Frozen Accrual Benefit

*or*

**New Plan Benefit =**

\[
[(\text{Years of Services under New Plan times Multiplier}) + (\text{Greater of: Years of Service under Frozen Plan times Multiplier, or Frozen Accrued Benefit})] - \text{Frozen Accrued Benefit}
\]

There are pros and cons of each benefit formula that would need to be weighed before selecting one.

**Advantages**

The advantage of the New Plan approach is that a single uniform Plan can be created or authorized by statute that (1) allows for the standardization of administration; (2) incorporates necessary tax qualification language and can therefore receive a favorable determination letter from the IRS; (3) creates a fixed range of benefit accrual formulas that can be more easily administered; and (4) allows for eventual phase out of the various individual local Plans.

The last point is particularly significant in that any alternative based upon the continuance of the current Plans will have some risk of tax disqualification. While none of the proposed alternatives is perfect, a remedy that sunsets the existing Plans (rather than attempting to “fix” them) may be preferable from both a legal and administrative standpoint. From a legal perspective the IRS is less inclined to audit a frozen Plan than an ongoing active Plan. We cannot represent that the IRS would never audit the Frozen Plans; however, we do note that (1) governmental sector audits are rare, (2) we are unaware of any instance in which the IRS has audited a plan covering volunteer firefighters; and (3) the New Plan statute could apply and receive a determination letter on its tax qualified status. From an administrative standpoint, post-transition administrative costs for this
alternative should be lower than current administrative costs in part because the Plans are pooled as a cost-sharing multiple employer plan, which requires a single actuarial valuation and allows for some economies of scale in other administrative costs.

This option seems to be the most practical in terms of the objectives of:

- Complying with federal requirements;
- Maintaining the employer’s flexibility to set their own benefits or providing flexibility to choose from among defined benefit tiers; and
- Minimizing administrative burden on the central organization by ultimately replacing administration of many individual Plans (i.e. 235, if all current Plans were included in the umbrella plan) with one pooled Plan, and on non-FPPA volunteer firefighter departments by shifting administration to the central organization.

Accordingly, we believe that this alternative presents the optimal solution if the desire is to remain in a traditional defined benefit format.

**Disadvantages**

There are several caveats to this approach. First, the central administrator would be required to administer the Frozen Plans to determine the offset amount. Because the Plans will be frozen however, the administrative burden should not be as great as with an ongoing Plan. Second, if the Frozen Plan is underfunded, the local government will be required to fund two Plans simultaneously. Third, for those Plans which are not close to fully funded, the frozen Plan will continue in force until it becomes fully funded and can buy-in to the multiple employer plan. Mathematically, the costs will be the same as under the current arrangement, with the possible exception of future administration fees of the central organization which would probably be significantly higher for the frozen individual employer Plans than for the pooled multiple employer umbrella plan.

<table>
<thead>
<tr>
<th>Alternative E:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This alternative develops a master plan document that each plan would adopt, which would provide full target benefit levels and be IRS compliant. The prior plans would be frozen and act as an offset to the target benefit levels.</td>
</tr>
</tbody>
</table>

| Would this alternative combine the Plans funds or administration? | The plans would be combined for funding and administration. |
| Would this alternative maintain local control over benefit levels? | Yes. |
| Would this alternative: | This option lessens IRC exposure and reduces administrative costs following a transition. |
| - Address IRC compliance issues? | |
| - Affect Plan funding? | |
| - Affect administrative costs? | |
| Would this alternative require contributions or benefits to change? | No, but departments may wish to pay down their unfunded liabilities more rapidly. |
F. Establish a “Cash Balance” DB Plan with Future Service Accruals

A final alternative is to establish a statewide “cash balance” defined benefit plan. A cash balance plan operates under many of the same principles as a defined contribution plan but is considered a defined benefit plan under the IRC. Each participant in a cash balance plan has a “hypothetical account” that accumulates annual credits. These credits are: (1) annual “principal credits” which would be a specified dollar amount for each participating employer; and (2) annual “interest credits” based upon a fixed or variable interest rate applied to the hypothetical account balance (The interest rate cannot be subject to the discretion of the employer.). Similar to the Length of Service program option, a cash balance plan would offer many of the same features as a traditional “defined contribution” plan, which cannot be established for volunteers because they have no “compensation”, as explained previously.

Cash balance plans are technically treated as defined benefit plans because the hypothetical account is a recordkeeping account only and the interest credits are fixed based on the Plan’s provisions, not the actual returns on Plan assets. At no time can the hypothetical account balance be less than the aggregate principal credits. To the extent that there is a deficiency in the principal and interest credits at the time of distribution (due to poor investment return or otherwise) the employers collectively are responsible for the deficiency. The benefit payable upon termination or retirement is the value of the hypothetical account. The following is an illustration of a typical cash balance formula calculation that could apply.

1. Opening hypothetical account balance as of January 1, 2017: $20,000
2. Interest credit at 5% (5% x $20,000), which is credited at the end of the year: $1,000
3. Principal credit (as selected by volunteer fire department): $3,000
4. Hypothetical account balance account at end of 2017 (1+2+3): $24,000

Upon retirement, the hypothetical account balance may be paid as a single sum or converted to an actuarially equivalent annuity form. Because cash balance plans are classified as defined benefit plans, the only limitation on the benefits payable is the annual limit under Section 415(b), which is currently $210,000 per year. At benefit levels comparable to those provided for volunteers, this limit is not likely to be approached.

The state legislation could contain a range of “benefit tiers” such that the individual local government can elect the level of principal and interest credits and fund accordingly.

Advantages

The cash balance plan can replace the current Plan which would be frozen or terminated. If the current Plans are terminated, the cash balance plan could allow for the “rollover” of funds from the terminated plan and then convert the rolled over amounts into additional benefits under the cash balance formula. In either case (freeze or termination) the cash balance plan would be deemed a “new” plan and could seek a determination letter untainted by deficiencies of the current Plan. This plan is similar to a Defined Contribution approach, but does not have the $3,000 Length of Service program limit, and maintains the advantages of the Offset approach.
described above. Consequently, if there is a desire to move to a “defined contribution” type format, implementation of a cash balance plan could be the preferred option.

Disadvantages

This approach has the same potential issues as adopting a traditional defined benefit plan with and offset formula (item E above). These include: (1) maintenance of the old Plans (unless terminated or outsourced); (2) funding of any deficiencies of the old Plans; and (3) the lingering tax-qualification defects of the current Plans.

| Alternative F: |
| This alternative develops a master plan document that each plan would adopt, which would provide full target benefit levels and be IRS compliant. The prior plans would be frozen and act as an offset to the target benefit levels. |

| Would this alternative combine the Plans funds or administration? | The plans would be combined for funding and administration. |
| Would this alternative maintain local control over benefit levels? | Yes. |
| Would this alternative: | This lessens IRC exposure and reduces administrative costs following a transition. |
| - Address IRC compliance issues? |
| - Affect Plan funding? |
| - Affect administrative costs? |
| Would this alternative require contributions or benefits to change? | No, but departments may wish to pay down their unfunded liabilities more rapidly. |
TITLE
Review Briefing Papers and Correspondence

EXECUTIVE SUMMARY
The Chief’s report includes a variety of general updates from the Monthly Report and more current topics of interest.

March Monthly Reports
- March Overview
- Administrative & HR Matters
- Fire Station 7 Loan Approval & Closing
- Special Recognition Presentation
- Fire Operations Division Overview
- Human Resources Overview
- Community Safety Division Overview
- Budget Overview

Chief’s Report
- City Cost allocation update - discussion/negotiations
- LFRA New hires
- Physical therapist analysis
- CEBT ins for surviving family members
- Staff vacancies
- Big T PTA meeting
- LETA opportunities
- Gallagher Amendment impact

Additional Topics For Board Update

BACKGROUND
This section of the agenda is intended to provide general information to keep board members apprised of various project status and department updates.

AGREEMENTS SIGNED DURING THE MONTH
N/A

STAFF RECOMMENDATION
N/A

FINANCIAL/ECONOMIC IMPACTS
N/A

ASSOCIATED STRATEGIC GOALS
N/A

ATTACHMENTS
- Chief’s Report PowerPoint Presentation
- Fire Chief’s Monthly Report
- March Operations, Budget & HR Statistics
- March Community Safety Division Statistics
LFRA Board Meeting
Chiefs Report Items
April 25, 2018
Chiefs Report Items (Information only items)

- City Cost allocation update - discussion/negotiations
- LFRA New hires
- Staff vacancies
- Physical therapist concept/analysis
- CEBT ins. for surviving family members
- Big T PTA meeting
- LETA opportunities
- Gallagher Amendment impact
- CEF fund transfer
Discussion Items

• City Cost Allocation Analysis
  • Initial results indicate LFRA cost allocation increased by 20.22% to $266,000 for a total allocation of $1,585,044 ($1,299,736 – City contribution; and $285,308 Rural contribution).
  • This figure is being negotiated between LFRA Staff (Fire Chief) and the City Manager. Fire Chief reviewing 600 page document regarding specific costs with each department.
Chiefs report

• New Hires
  • Firefighter position – Linda Crane
  • Emergency Management Specialist – Lenny Layman (current school district employee)
  • CSD Inspector position – Conditional offer extended.
Chiefs report

• Staff vacancies
  • On-going work comp vacancies, military leave, off-duty injury leaves, etc.

• Physical Therapist Concept
  • Info only at this point...
  • Background – need analysis
Chiefs report

• CEBT insurance for surviving family members
  • 24 months (free)

• Big T. PTA Meeting – 4/19

• LETA Opportunities
Chiefs Report

• Gallagher Amendment Consequences

• City of Loveland – Potential loss in overall revenue of $864,362 if assessment percentage drops from 7.20% to 6.11%

• Rural District – Potential loss of $267,398 if assessment drops from 7.20% to 6.11%
Chiefs Report

• CEF fund balance transfer
  • Currently, there is $1,966,572 in the Fire CEF fund balance. These funds were accumulated prior to 1/1/2018. All CEF’s, AKA, Impact Fees, are now going directly to an Impact Fee account in LFRA.
  • On May 1, LFRA will bring an ordinance before City Council requesting the transfer of the $1,966,572 from CEF’s to the Fire Impact Fee account.
  • This will allow all funds to be under one account, and alleviate confusion and the need to go before Council each time we need to use the funds for Capital projects.
**March Leadership Truism**

“Try hard to live a soul-friendly life. That may mean less technology and more nature.”

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**ADMINISTRATIVE & HR MATTERS**

- LFRA HR Manager Andrea Wright, has been busy with the implementation of the new HR software (UltiPro), which is significant in regards to our HR administrative duties and saving time in automating many functions. Compensation study underway.
- Checkout the new LFRA website! [www.lfraf.org](http://www.lfraf.org)
- Chief Miller participated in the Airport Master Planning meeting, along with the Airport Commission, and many stakeholders and staff. Great progress!
- Staff did a presentation for Leadership Loveland, and tour/practical demos at the Training Center. (see pics)

**FIRE STATION 7 LOAN APPROVAL AND CLOSING**

The loan for fire station 7 was approved and we closed on 3/30. With funding in place, we will begin asbestos mitigation and demo of the houses on the property soon!

**SPECIAL RECOGNITION PRESENTATION**

Fire Engineer, Trevor Twogood, was selected by LFRA Leadership as being the Elks Firefighter of the Year. He was honored in a ceremony on March 11 by the Loveland Elks Lodge. Congratulations, Trevor!

On March 28, LFRA presented the Fire Chief Meritorious Award to off duty PFA Firefighter Jenna Ladowski and Planet Fitness employee Lane Todd, for their efforts in saving the life of an individual that collapsed and went into cardiac arrest while working out at Planet Fitness. Through their efforts and the efforts of the entire emergency system (dispatch, EMS, Fire, etc.), the victim’s life was saved through CPR and use of the AED. The victim was able to attend the recognition event and thank his rescuers.

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**COMMUNITY SAFETY DIVISION**

by Division Chief Ned Sparks

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**FIRE PREVENTION**

- Code Enforcement - Thank you to the FIT’s for the assistance with the multiple fire investigations for the various fire incidents – great to see the training in action! In the process of hiring a new Fire Inspector which should start early-mid May – Thank You Chief Miller and Board for your support for the additional position. Special Events are heating up as the weather changes and the 4th of July Fireworks City contracts are completed.

**EMERGENCY MANAGEMENT**

- Operations & Maintenance - 120 applications received for the position of Emergency Management Specialist, 24 of the candidates were given a 4-question essay to complete. Seven candidates will be invited to a panel interview April 4th, the top three candidates will move forward to Chiefs interview April 5th. We hope to on-board the new employee in mid to late April.

- Planning & Documentation - Participated in planning for the 2018 county-wide table top exercise development and the 2019 county-wide full scale exercise. Completed the quarterly resource database update in WebEOC.

- Relationships & Public Outreach – Relationships & Public Outreach

  Held the initial planning meeting with AIMS for the development of the 2018 Young Women’s Xplore Fire Academy. Our CU student intern has completed a meeting for public input on the development of a proposal for wildland public outreach and risk reduction activities for our WUI area. Hosted a Homeland Security Advisory Council meeting with attendees from multiple jurisdictions and agencies.

  Children’s Day was held this month. The station 1 crews along with LPD provided a fun and educational day for several hundred kids and parents.

- Grants - The state conducted a monitoring of the EMPG, HMGP, CDBG-DR and Public Assistance grants. For the EMPG grant, no issues were noted by the monitoring team. On behalf of LFRA, two requests were submitted for the 2018 State Homeland Security Grant: Eight sets of body armor for the canyon battalion and one search and rescue camera for the SOT. We will find out in the next few months if these requests are awarded grant funding. Again, “Thank You” to Pat and the Admin staff for your assistance and expertise completing the grant applications!!
Fire Operations Division
by Division Chief Greg Ward

March 6, 2018

LFRA and Berthoud Engine 2 responded to an early morning barn fire threatening a residential structure. Engine 3 arrived on scene of a fully engulfed barn, with fire extending to the rear of the nearby house. Crews quickly extinguished the fire on the house and protected it from further damage. LFRA remained on scene for several hours completing the overhaul of the barn which required heavy equipment to access all of the hot spots. The barn was a complete loss.

March 9, 2018

A barn fire was reported just after 10PM on West Eisenhower Boulevard. Engine 1 responding from Station 2 was the first to arrive on scene of a fully involved barn fire, with another barn threatened. Multiple fire crews were able to contain the fire to the main barn structure and a car that was stored inside the barn. Both the barn and car were destroyed by the fire. LFRA Crews were on scene for several hours completing overhaul operations.

March 21, 2018

A house fire was reported in the Namaqua Hills Subdivision, just before 6:30AM. Responding crews found a well involved attic fire in a large house, a neighbor reported that the homeowners were out of town. Initially crews made an interior attack on the fire, but were forced to retreat due to the heavy fire involvement and structural stability concerns. The fire was brought under control with exterior hose lines in a defensive position, crews then transitioned back into an offensive operation working interior to fully extinguish the fire. A 2nd alarm was required due to issues with access, terrain, vegetation near structures and water supply - all challenges to firefighting operations in Namaqua Hills.

March 26, 2018

Fire crews from LFRA and surrounding jurisdictions responded to a detached garage fire on Poplar Street in Kelim. Engine 6 was the first to arrive on scene of a well involved garage fire behind the main residence on the property. Crews utilizing several hose lines were able to contain the fire to the garage and a car that was inside of the garage. The garage sustained heavy fire damage. A water tender shuttle was utilized for water supply due to the lack of fire hydrants in the area.
COMMUNITY KUDOS

March 5, 2018

Dear Fire Chief & Firemen,

As senior citizens we were so pleased with our request to check carbon monoxide and are grateful for Station 2 (Engine 2A Shift). Last Friday the firemen came to our house home and made sure we were safe!

Sincerely,
Rose Kitzman

Trevor Twogood, winner of the Elks Firefighter of the Year

Firefighter Zweigle, Fire Chief Miller and Police Chief Ticer at Kids Pak, through the Loveland Rotary Club

Leadership Loveland’s day at the Fire Training Center
LOVELAND FIRE RESCUE AUTHORITY
Operations Division - March 2018

TOTAL CALLS FOR SERVICE - 2018 YEAR TO DATE

<table>
<thead>
<tr>
<th># Incidents</th>
<th>Total Calls</th>
<th>City</th>
<th>Johnstown</th>
<th>Rural</th>
<th>Auto-Aid/Mutual Aid</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,977</td>
<td>1,659</td>
<td>69</td>
<td>195</td>
<td>61</td>
</tr>
<tr>
<td>Percentage</td>
<td>83.92%</td>
<td>13.35%</td>
<td>3.09%</td>
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TRAINING CATEGORIES - FULL-TIME STAFF TRAINING HOURS

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<thead>
<tr>
<th>TRAINING CATEGORIES</th>
<th>CURRENT MONTH</th>
<th>PREVIOUS MONTH</th>
<th>CURRENT YEAR TO DATE</th>
<th>PREVIOUS YEAR TO DATE</th>
<th>CURRENT MONTH</th>
<th>PREVIOUS MONTH</th>
<th>CURRENT YEAR TO DATE</th>
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<tr>
<td>ARFF</td>
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<td>Community Safety</td>
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<td>84.3</td>
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<td>28.3</td>
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<tr>
<td>EMS</td>
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<td>191.0</td>
<td>455.2</td>
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<tr>
<td>Firefighter</td>
<td>183.4</td>
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<td>673.5</td>
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<td>4.0</td>
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<tr>
<td>Fire Officer</td>
<td>148.0</td>
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<tr>
<td>Tech Rescue</td>
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<td>Wildland Fire</td>
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<td>Other</td>
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<td>TOTAL</td>
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<td>4,026.2</td>
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<td>160.5</td>
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TOTAL CALLS COMPARISON 2017 and 2018

LOVELAND FIRE RESCUE AUTHORITY
Operations Division - March 2018

TOTAL CALLS FOR SERVICE - 2018 YEAR TO DATE

<table>
<thead>
<tr>
<th>Total Calls</th>
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<td>Percentage</td>
<td>83.92%</td>
<td>13.35%</td>
<td>3.09%</td>
<td></td>
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</tbody>
</table>
## Development Review Statistics

### Conceptual Design Reviews

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<tr>
<th>City</th>
<th>County</th>
<th>Johnstown</th>
<th>Totals</th>
<th>Hours</th>
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<tbody>
<tr>
<td>City</td>
<td>Johnstown</td>
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<tr>
<td>Previous Month</td>
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<tr>
<td>YTD Total</td>
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<td>Previous YTD</td>
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### Building Permit Reviews

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<th>Totals</th>
<th>Hours</th>
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<td>City</td>
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<tr>
<td>Previous YTD</td>
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### Fire Protection Permit Reviews

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<tbody>
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<td>Totals</td>
<td>Hours</td>
<td></td>
</tr>
<tr>
<td>Fire Protection Permit Reviews</td>
<td>19</td>
<td>2</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Previous Month</td>
<td>15</td>
<td>5</td>
<td>3</td>
<td>23</td>
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<tr>
<td>YTD Total</td>
<td>48</td>
<td>8</td>
<td>5</td>
<td>61</td>
</tr>
<tr>
<td>Previous YTD</td>
<td>66</td>
<td>7</td>
<td>13</td>
<td>86</td>
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</table>

### Planning Project Reviews

<table>
<thead>
<tr>
<th>City</th>
<th>County</th>
<th>Johnstown</th>
<th>Totals</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Johnstown</td>
<td>Totals</td>
<td>Hours</td>
<td></td>
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<tr>
<td>Planning Project Reviews</td>
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<tr>
<td>Previous Month</td>
<td>17</td>
<td>6</td>
<td>1</td>
<td>24</td>
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<tr>
<td>YTD Total</td>
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<td>61</td>
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<tr>
<td>Previous YTD</td>
<td>67</td>
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</table>

### TOTAL REVIEWS YTD

<table>
<thead>
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<th>Johnstown</th>
<th>Totals</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Johnstown</td>
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<td>Hours</td>
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### PREVIOUS YEAR YTD

<table>
<thead>
<tr>
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<th>Hours</th>
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<tbody>
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<td>Hours</td>
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<td>PREVIOUS YEAR YTD</td>
<td>496</td>
<td>27</td>
<td>15</td>
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## Inspection Statistics

### Eng. Co. Safety Visit 2 & 3 Yr.**

<table>
<thead>
<tr>
<th>City</th>
<th>Rural</th>
<th>Johnstown</th>
<th>Total</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Rural</td>
<td>Johnstown</td>
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<td>Hours</td>
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<tr>
<td>Eng. Co. Safety Visit 2 &amp; 3 Yr.**</td>
<td>20</td>
<td>0</td>
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<tr>
<td>Safety Re-Visit</td>
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<td>N/A</td>
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<tr>
<td>YTD Total</td>
<td>39</td>
<td>7</td>
<td>N/A</td>
<td>46</td>
</tr>
<tr>
<td>Previous YTD</td>
<td>91</td>
<td>15</td>
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### Business Inspections

<table>
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<th>Total</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
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<td>Johnstown</td>
<td>Total</td>
<td>Hours</td>
</tr>
<tr>
<td>Business Inspections</td>
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<td>N/A</td>
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<td>22</td>
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<tr>
<td>YTD Total</td>
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<tr>
<td>Previous YTD</td>
<td>67</td>
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### New Bldg./Fire Protection

<table>
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<th>Total</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Rural</td>
<td>Johnstown</td>
<td>Total</td>
<td>Hours</td>
</tr>
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<tr>
<td>Previous Month</td>
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<td>80</td>
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<tr>
<td>YTD Total</td>
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<td>9</td>
<td>12</td>
<td>179</td>
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<td>Previous YTD</td>
<td>106</td>
<td>40</td>
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### TOTAL INSPECTIONS YTD

<table>
<thead>
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<th>Johnstown</th>
<th>Total</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Rural</td>
<td>Johnstown</td>
<td>Total</td>
<td>Hours</td>
</tr>
<tr>
<td>TOTAL INSPECTIONS YTD</td>
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<td>12</td>
<td>12</td>
<td>245</td>
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<td>173</td>
<td>49</td>
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</table>

### Fire Protection Permits Average days in review

- March: 100.0%

## CSD OTHER ACTIVITIES

### Hazmat Permits

<table>
<thead>
<tr>
<th>City</th>
<th>Rural</th>
<th>Hours</th>
<th>Mo. Total</th>
<th>Prev. Mo.</th>
<th>Prev. YTD</th>
<th>YTD Total</th>
<th>Highlights/Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Rural</td>
<td>Hours</td>
<td>Mo. Total</td>
<td>Prev. Mo.</td>
<td>Prev. YTD</td>
<td>YTD Total</td>
<td>Highlights/Projects</td>
</tr>
<tr>
<td>Hazmat Permits</td>
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<td>5.75</td>
<td>7</td>
<td>12</td>
<td>16</td>
<td>35</td>
</tr>
<tr>
<td>Developed impact fee collection process with Town of Johnstown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tents/Special Events*</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Burn Permits Issued</td>
<td>0</td>
<td>25</td>
<td>4</td>
<td>25</td>
<td>15</td>
<td>50</td>
<td>61</td>
</tr>
<tr>
<td>ICC Institute Training in Denver</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investigations</td>
<td>11</td>
<td>9</td>
<td>20</td>
<td>20</td>
<td>3</td>
<td>8</td>
<td>28</td>
</tr>
<tr>
<td>Service Call/Complaints</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Car Seats Installed</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>YFS Program</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Public Education Events</td>
<td>2</td>
<td>0</td>
<td>3.5</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Total Pub. Ed. Contacts</td>
<td>57</td>
<td>0</td>
<td>3.5</td>
<td>57</td>
<td>15</td>
<td>4</td>
<td>126</td>
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</tbody>
</table>

*This also includes Pyrotechnics permits

## Highlights/Projects

- Developed impact fee collection process with Town of Johnstown
- River Foks Inn site visit with County Building & Code Compliance to resolve life safety concerns
- ICC Institute Training in Denver
- Total Pub. Ed. Contacts
- Developed with Town of Johnstown
- This also includes Pyrotechnics permits
### PROPERTY & LIABILITY CLAIMS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># New Claims</td>
<td>Paid</td>
<td># New Claims</td>
<td>Paid</td>
</tr>
<tr>
<td>Auto</td>
<td>1</td>
<td>$0</td>
<td>4</td>
<td>$4,399</td>
</tr>
<tr>
<td>Building</td>
<td>0</td>
<td>$0</td>
<td>1</td>
<td>$0</td>
</tr>
<tr>
<td>General Liability</td>
<td>0</td>
<td>$0</td>
<td>1</td>
<td>$2,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>1</strong></td>
<td><strong>$0</strong></td>
<td><strong>6</strong></td>
<td><strong>$6,399</strong></td>
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### WORKERS' COMPENSATION CLAIMS

<table>
<thead>
<tr>
<th>Year</th>
<th># New Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 - Mar 31</td>
<td>4</td>
</tr>
<tr>
<td>2017</td>
<td>27</td>
</tr>
<tr>
<td>2016</td>
<td>21</td>
</tr>
<tr>
<td>2015</td>
<td>15</td>
</tr>
<tr>
<td>2014</td>
<td>14</td>
</tr>
<tr>
<td>2013</td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th># New Claims</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 - Mar 31</td>
<td>4</td>
<td>$837</td>
</tr>
<tr>
<td>2017</td>
<td>27</td>
<td>$38,845</td>
</tr>
<tr>
<td>2016</td>
<td>21</td>
<td>$127,347</td>
</tr>
<tr>
<td>2015</td>
<td>15</td>
<td>$45,204</td>
</tr>
<tr>
<td>2014</td>
<td>14</td>
<td>$38,009</td>
</tr>
<tr>
<td>2013</td>
<td>17</td>
<td>$13,510</td>
</tr>
</tbody>
</table>
Welcome to the nineteenth issue of the monthly budget report for the Loveland Fire Rescue Authority (LFRA). This report is designed to provide information related to fiscal accountability. It is available on the website and accessible to anyone that is interested. It is designed to assist the LFRA Board with monitoring the budget status for all resources that assist with delivering service to the citizens of the City of Loveland and the Loveland Rural Fire Protection District.

This report has been consolidated for ease of use to include the Budget Status section which highlights the budget status for revenues and expenditures for the Fire Authority Fund from year to date, through March, 2018. This report will be provided monthly rather than quarterly. The expenditures will be presented by program and account category at the department level.

March at 25% of 2018

- 34% of the revenue budget has been collected to date compared to 39% last year for the same timeframe.
- 28% of the expenditure budget has been spent compared to 28% last year for the same timeframe.

### Loveland Fire Rescue Authority

#### Summary General Fund Revenue and Expenditure

Month Ending 03/31/2018  25% of the Year

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Total Budget</th>
<th>Expenditure</th>
<th>Enc</th>
<th>Total Available</th>
<th>Total % Available</th>
<th>Total % Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>10,862,815</td>
<td>2,769,244</td>
<td>-</td>
<td>8,093,571</td>
<td>74.51</td>
<td>25.49</td>
</tr>
<tr>
<td>Supplies</td>
<td>483,246</td>
<td>54,065</td>
<td>64,770</td>
<td>364,411</td>
<td>75.41</td>
<td>24.59</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>3,743,366</td>
<td>1,062,922</td>
<td>174,475</td>
<td>2,505,969</td>
<td>66.94</td>
<td>33.06</td>
</tr>
<tr>
<td>Transfer to Fleet replacement fund</td>
<td>119,000</td>
<td>-</td>
<td>-</td>
<td>119,000</td>
<td>100.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>610,764</td>
<td>325,397</td>
<td>-</td>
<td>285,367</td>
<td>46.72</td>
<td>53.28</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>15,819,191</strong></td>
<td><strong>4,211,628</strong></td>
<td><strong>239,245</strong></td>
<td><strong>11,368,318</strong></td>
<td><strong>71.86</strong></td>
<td><strong>28.14</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segments</th>
<th>Total Budget</th>
<th>Revenue</th>
<th>Total Uncollected</th>
<th>Total % Uncollected</th>
<th>Total % Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses &amp; Permits</td>
<td>158,370</td>
<td>50,195</td>
<td>108,175</td>
<td>68.31</td>
<td>31.69</td>
</tr>
<tr>
<td>Intergovern</td>
<td>15,137,856</td>
<td>5,194,843</td>
<td>9,943,013</td>
<td>65.68</td>
<td>34.32</td>
</tr>
<tr>
<td>Charges For Services</td>
<td>30,000</td>
<td>750</td>
<td>29,250</td>
<td>97.50</td>
<td>2.50</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>750</td>
<td>8,972</td>
<td>(8,222)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>15,326,976</strong></td>
<td><strong>5,254,760</strong></td>
<td><strong>10,072,216</strong></td>
<td><strong>65.72</strong></td>
<td><strong>34.28</strong></td>
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March at 25% of 2018
## Loveland Fire Rescue Authority
### General Fund Revenue
#### Month Ending 03/31/2018, 25% of the Year

<table>
<thead>
<tr>
<th>Segments/Accounts</th>
<th>Total Budget</th>
<th>YTD Revenue</th>
<th>Total Variance</th>
<th>Total % Uncollected</th>
<th>Total % Collected</th>
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<tbody>
<tr>
<td><strong>Community Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Events</td>
<td>40,000</td>
<td>20,076</td>
<td>19,924</td>
<td>49.81</td>
<td>50.19</td>
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<tr>
<td>Miscellaneous</td>
<td>750</td>
<td>220</td>
<td>530</td>
<td>70.73</td>
<td>29.27</td>
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<tr>
<td>Building</td>
<td>75,000</td>
<td>22,044</td>
<td>52,956</td>
<td>70.61</td>
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<td>2,000</td>
<td>3,400</td>
<td>62.96</td>
<td>37.04</td>
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<tr>
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<td>25,620</td>
<td>-</td>
<td>25,620</td>
<td>100.00</td>
<td>0.00</td>
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<td>Firework Stand Review</td>
<td>12,350</td>
<td>-</td>
<td>12,350</td>
<td>100.00</td>
<td>0.00</td>
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<td>Rural Fire Inspection Fee</td>
<td>45,000</td>
<td>17,100</td>
<td>27,900</td>
<td>62.00</td>
<td>38.00</td>
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<td>HazMat &amp; Operations Permits</td>
<td>-</td>
<td>5,200</td>
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<tr>
<td>Special Permits</td>
<td>-</td>
<td>875</td>
<td>(875)</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td><strong>SubTotal : Community Safety</strong></td>
<td>204,120</td>
<td>67,515</td>
<td>136,605</td>
<td>66.92</td>
<td>33.08</td>
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<tr>
<td><strong>Station Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>9,153</td>
<td>(9,153)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Academy Training</td>
<td>30,000</td>
<td>-</td>
<td>30,000</td>
<td>100.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>SubTotal : Station Operations</strong></td>
<td>30,000</td>
<td>9,153</td>
<td>20,847</td>
<td>69.49</td>
<td>30.51</td>
</tr>
<tr>
<td><strong>Technical Response and Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (ARFF)</td>
<td>-</td>
<td>21,744</td>
<td>(21,744)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>SubTotal : Technical Response and Systems</strong></td>
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<td>(21,744)</td>
<td>0.00</td>
<td>0.00</td>
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<td><strong>Administration</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>-</td>
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<td>(11,500)</td>
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<td>0.00</td>
</tr>
<tr>
<td>Gifts/Donations</td>
<td>-</td>
<td>50</td>
<td>(50)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>268,544</td>
<td>222,728</td>
<td>45,816</td>
<td>17.06</td>
<td>82.94</td>
</tr>
<tr>
<td>Contribution - Rural Fire District</td>
<td>2,714,400</td>
<td>900,403</td>
<td>1,813,998</td>
<td>66.83</td>
<td>33.17</td>
</tr>
<tr>
<td>Other Agency Deployment</td>
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<td>13,789</td>
<td>(13,789)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Contribution - Loveland</td>
<td>12,109,912</td>
<td>4,016,609</td>
<td>8,093,303</td>
<td>66.83</td>
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<td>YTD Enc</td>
<td>Total Available</td>
<td>Total % Available</td>
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<tr>
<td>-------------------------------</td>
<td>--------------</td>
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<td>---------</td>
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<tr>
<td>Community Safety</td>
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<td>372,560</td>
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<td><strong>771,350</strong></td>
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<td>Station Operations</td>
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<td>6,788,630</td>
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<td>257</td>
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<td>131</td>
<td>7,259</td>
<td>84.83</td>
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<td>-</td>
<td>5,667</td>
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<td>157</td>
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<td>-</td>
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<td>-</td>
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<td><strong>7,053,387</strong></td>
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<td>Technical Response and Systems</td>
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<td></td>
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<tr>
<td>Special Operations</td>
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<td>32,684</td>
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<td><strong>15,166</strong></td>
<td><strong>18,638</strong></td>
<td><strong>133,396</strong></td>
<td><strong>79.78</strong></td>
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<td>Equipment Maint &amp; Replacement</td>
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<td></td>
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<td>1,200,084</td>
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<td><strong>SubTotal : Equipment Maint &amp; Replacement</strong></td>
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<td><strong>90,871</strong></td>
<td><strong>1,606,439</strong></td>
<td><strong>79.78</strong></td>
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<td>Administration</td>
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<td></td>
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<tr>
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<td>814,864</td>
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<td><strong>79,573</strong></td>
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### Loveland Fire Rescue Authority

**Employee Benefit Fund - 605**

Month Ending 3/31/2018, 25% of the Year

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Enc</th>
<th>Remaining Budget</th>
<th>% Budget Remaining Available</th>
<th>% Collected / Spent</th>
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<tbody>
<tr>
<td><strong>Fire Retirement Administration</strong></td>
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<td>(58.18)</td>
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<td>(6,460)</td>
<td>(19,380)</td>
<td>25,839</td>
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<td>1,003,836</td>
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<td>805,960</td>
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<td>(99,745)</td>
<td>(805,960)</td>
<td>905,705</td>
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<tr>
<td><strong>Dental</strong></td>
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<td></td>
<td></td>
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<tr>
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<td>83,588</td>
<td>76.57</td>
<td>(23.43)</td>
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<tr>
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<td>(8,909)</td>
<td>(71,538)</td>
<td>80,447</td>
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<tr>
<td><strong>Vision</strong></td>
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<tr>
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<td>20,949</td>
<td>4,857</td>
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<td>16,092</td>
<td>76.82</td>
<td>(23.18)</td>
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<tr>
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<td>903</td>
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<td>(1,683)</td>
<td>(13,506)</td>
<td>15,189</td>
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<td><strong>Other Benefits (Short Term Disability, Long Term Disability, Life)</strong></td>
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<tr>
<td>Revenue</td>
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<td>(19.31)</td>
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<tr>
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<td>(58,110)</td>
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<tr>
<td>Revenue</td>
<td>37,133</td>
<td>-</td>
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<td>37,133</td>
<td>100.00</td>
<td>-</td>
</tr>
<tr>
<td>Expenditure</td>
<td>37,133</td>
<td>-</td>
<td>-</td>
<td>37,133</td>
<td>100.00</td>
<td>-</td>
</tr>
<tr>
<td>Difference</td>
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<td>-</td>
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<tr>
<td><strong>Total</strong></td>
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<td></td>
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<tr>
<td>Revenue</td>
<td>1,573,690</td>
<td>342,721</td>
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<td>1,230,969</td>
<td>78.22</td>
<td>(21.78)</td>
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<tr>
<td>Expenditure</td>
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<td>465,815</td>
<td>968,494</td>
<td>139,381</td>
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<td>(91.14)</td>
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<tr>
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<td>(123,094)</td>
<td>(968,494)</td>
<td>1,091,588</td>
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</table>

Revenue is a combination of Employee contributions and Employer contributions.
Loveland Fire Rescue Authority  
Fleet Replacement Fund - 606  
Month Ending 3/31/2018, 25% of the Year

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Budget</th>
<th>Actual</th>
<th>Encumbrance</th>
<th>Remaining Budget</th>
<th>% Budget Remaining</th>
<th>% Collected / Spent</th>
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<td>LFRA Contribution</td>
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<td>738,477</td>
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<td>21.85</td>
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<td>Rural District Payment on</td>
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<td>Internal Financing</td>
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<td>0.00</td>
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<tr>
<td>Interest/Gains</td>
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<td>3,480</td>
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<td>30.41</td>
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<tr>
<td>Sale on Assets</td>
<td>60,000</td>
<td>90,200</td>
<td>(30,200)</td>
<td>-50.33</td>
<td>150.33</td>
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</tr>
<tr>
<td>Total Revenue</td>
<td>1,164,470</td>
<td>300,173</td>
<td>864,297</td>
<td>74.22</td>
<td>25.78</td>
<td></td>
</tr>
</tbody>
</table>

| Expenditures | | | | | | |
| Apparatus Replacements* | 291,467 | 403,285 | 140,802 | (252,620) | -86.67 | 186.67 |

* A Supplemental Budget request is in process to reappropriate $505,862 to the Fleet Replacement Fund

**Revenue Less Expenditure** | 873,003 | (103,112) |

Fleet replacement includes:
- One Spartan Type 6 engine to replace Engine 66
- Four Chevy Colorado trucks for the Community Safety Division