

CENTRAL YAVAPAI FIRE DISTRICT  
FIRE BOARD  
REGULAR SESSION

January 19, 2016

MINUTES

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Chairman Rutherford called the Central Yavapai Fire District Fire Board meeting to order on Tuesday, January 19, 2016, at 2:00 p.m. at Town of Prescott Valley, 7401 E. Civic Circle, Prescott Valley, Arizona.

Members Present: Board Chairman Steve Rutherford, Board Clerk Bob Page, Board Members ViciLee Jacobs, Darlene Packard, and Tom Steele

Members Absent: None

Staff: Fire Chief Scott Freitag, Assistant Chief of Administration Dave Tharp, Administrative Manager Susanne Dixson, Administrative Assistant III Laura Mowrer

Others in Attendance: Attorney Nick Cornelius

2. PLEDGE OF ALLEGIANCE

Chairman Rutherford led the recitation of the Pledge of Allegiance.

3. PRESENTATIONS

A. Swear in Public Safety Personnel Retirement System (PSPRS) Local Board Member

Clerk Page swore in new Public Safety Personnel Retirement System (PSPRS) Local Board Member Lee Beaudette.

B. Prescott Valley Town Council Report

Prescott Valley Town Council Member Stephen Marshall provided the Board with recent Prescott Valley building permit information.

C. Fiscal Year 2015 Audit Presentation by HintonBurdick CPAs and Advisors

McKay Hall with HintonBurdick CPAs and Advisors presented Fiscal Year ending June 30, 2015 audit with a power point presentation to the Board of Directors. Chairman

Rutherford stated that the Board of Directors had not previously viewed these documents.

Mr. Hall confirmed that they issued an unqualified or a clean audit opinion. He explained that the auditors found the information to be materially correct, therefore stating that the financial statements are reliable. He mentioned that the financial audit does not test the internal controls. If internal control issues come to light, the auditors will make recommendations. He stated there were no findings or recommendations noted this year. There had been two small control issues last year and they were addressed.

Mr. Hall reviewed some of the audit highlights and explained that the total net position of \$298,362, difference between assets and liabilities, of the District decreased from last year due to changes in accounting standards (GASB 68 and 71) which require a reporting change. The District has been participating in a state pension program, and they previously were not required to disclose the long-term financial obligation; the state was previously required to report this information. Fire districts are now required to report pension obligations. There was a net position decrease of \$20,988,248. This is the amount required to pay off all future liabilities for all future years as of the end of June 30, 2015. This is only a financial reporting change; this does not affect the operation of the District. Of the \$20 mil, \$19.4 mil is a change due to the new reporting requirement of GASB 68.

Mr. Hall mentioned the capital assets decreased by \$740,000 net of depreciation of \$1,207,200.

Chairman Rutherford asked that an agenda item be included for February to discuss the accounting changes. Mr. Hall explained that the restatement adjustment on Page 47 of the audit explains the accounting changes.

Mr. Hall stated that there were some capital assets acquired, capital projects completed, and furniture and equipment purchased. The net affect was a decrease in capital assets of \$740,000. Chairman Rutherford confirmed there was \$1.2 mil in depreciation expense.

Mr. Hall mentioned that the long-term debt was \$36,541,000 in which \$23,237,000 was from net pension liabilities. He mentioned that the General Fund equity (assets-liabilities) balance had decreased over the last three years. This is due to significant capital asset changes. The variance in liability is expected in normal operations. Therefore the cash fund is trending downward because of capital asset purchases.

Chief Tharp explained that over the last two or three years the District has had a significant amount of carryover; we are slowly reducing that amount. In lieu of excess cash sitting in the General Fund and being carried over each year, we have opted to spend those funds on capital purchases or on expenditures for emergency services of the District. That is why you are seeing this downward trend. Going forward, you will see

a leveling of the cash and general fund, because the \$4.5 mil that we were carrying is now down to about \$1.5 mil as we had anticipated.

Chairman Rutherford confirmed that the downward trend of capital reserve was planned. Chief Tharp explained that the savings were built in anticipation of the economic downturn so that the funds were available to alleviate having to layoff personnel or reduce services. We were to slowly use the savings once the impact was over and only solicit tax funds that are actually required to not have a large carryover at year end.

Mr. Hall pointed out that the unassigned fund balance of \$1.3 mil is for current responsibilities. He explained that the expense and revenue amounts are closer this year and he expects that to continue in the future.

Mr. Hall thanked Chief Tharp and Finance Manager Spingola for their assistance with the audit. Chairman Rutherford also thanked staff.

#### 4. CALL TO THE PUBLIC

Chairman Rutherford opened the meeting for public comments.

There were no comments.

#### 5. CONSENT AGENDA

All matters listed under Consent Agenda are considered to be routine by the Central Yavapai Fire District Board and will be enacted by one motion. There will be no separate discussion on these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately for discussion and possible action.

- A. Approve December 15, 2015 Board Meeting Minutes
- B. Approve General Fund Financial Statements
- C. Approve Bond Debt Service Financial Statements
- D. Approve Purchasing Agreement with Eloy Fire District
- E. Approve CYRTA Facilities Use Agreement with International Society of Fire Service Instructors (ISFSI)

Clerk Page made a motion to approve the consent agenda items 5A through E. Board Member Steele seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

6. CORRESPONDENCE

A. Letters from the Public

Chief Freitag explained that District members and the Firefighter Angel Program were able to assist a family that had a house fire in December. Chairman Rutherford explained that all expenses were paid through donations and District funds.

Chairman Rutherford mentioned a thank you note that was received for Engine 53 B-Shift.

B. Monthly Division Reports from the Fire Chief and staff in regard to current activities of the Fire District and the status and progress relating thereto

Chief Freitag added that he attended several meetings: Arizona Fire Chiefs' Association, Arizona Fire District Association (AFDA), Arizona Fire Marshal's office, and State Forester.

Chief Freitag explained that Training Chief John Feddema was appointed to the statewide training committee. This committee is responsible for the Arizona summer fire school. Normally new members are provided a mentor for their initial year; however, John was assigned to curriculum without a mentor. That says a lot for the respect of Central Yavapai and our employees.

Chief Freitag explained that the State Fire Marshal's Office will be moved to the State Forester. This is important as the State does not currently report data to the National Fire Incident Reporting System (NFIRS). The State Forester is working on this issue. By not providing statistics, we are unable to obtain federal funds. Chief Freitag stated that he ran a career section round-table meeting at the AFDA Conference to discuss those items.

Chief Freitag had a conversation with State Forester Jeff Whitney and several Arizona fire chiefs and recommended a committee be formed under one of our representative organizations. This committee would provide one consistent voice to express the fire agencies' needs to the State Fire Marshal's office. This committee will be formed under Arizona Fire Service Institute (AFSI) which is the umbrella organization made up of Professional Fire Fighters of Arizona (PFFA), AFDA, and Arizona Fire Chiefs. This organization represents everyone and they also run the Center for Public Safety which is where the training is held. The committee creation will be placed on the February agenda. Chief Freitag stated that we hope to be involved in that so that we have a voice for this area. The State Forester will also be addressing state-wide training issues.

Chief Freitag participated in a panel discussion regarding fire authorities, consolidations, and mergers with Timber Mesa which is a merged organization), and Montezuma-Rimrock and Camp Verde Fire Chief Terry Keller which are working under numerous shared intergovernmental agreements. Partnerships were a consistent theme at AFDA. Most of the AFDA board members are working with other agencies or are trying to move in that direction.

Chief attended the opening day of the 52nd Legislative session as a guest of Representative Fann. This was an opportunity to talk with representatives working on PSPRS reform as well as other bills that directly impact us. Representative Fann and Senator Allen are sponsors of House Bill 2197 which addresses the issue of losing FDAT revenue when fire districts merge. Currently, without this bill, if Central and Chino were to merge, we would lose \$280,000 in FDAT funds.

Chief Freitag explained that Brian Jefferies presented on PSPRS reform at the AFDA Conference. The PSPRS Reform Committee struck a deal Friday. If the bill can get through the House and Senate prior to February 17, the proposition will be placed on May ballot along with Prop 123 for the schools. If that passes, PSPRS reform will be in place. Chief will forward a copy of the presentation to the Board Members.

If PSPRS reform passes, it is projected to reduce employer contributions by about 4% in the first year and begin stabilizing the system. Chief Freitag stated that he will be at the Senate and House when necessary; however, many members of PFFA are carrying this bill.

Chief Freitag explained that under the Tier 3 system, if the PSPRS reform passes, new employees hired in 2017 would come in under a defined benefit plan where both the employee and employer would pay 9%. There is also a defined contribution option under Tier 3 and it changes the split to 50/50 between employees and taxpayers. The reform also requires that the governance board makeup be split between employees and taxpayers so that poor decisions cannot be made to increase the cost for everyone.

Chief Freitag mentioned that MI Windows made a \$5,000 donation to the Firefighter Foundation.

Chief Freitag stated that dialogue continues between Central and Williamson Valley Fire District.

Chairman Rutherford confirmed that the District is working toward the joint powers authority due to the current FDAT penalty for mergers. Bill 2197 would remove the merger roadblock. Chief Freitag explained that when agencies merge, often times

they are needing financial assistance, losing the FDAT only causes more financial hardship.

Chief Freitag stated that Black Canyon Fire District has entered into a management agreement with Daisy Mountain Fire District. Therefore, Chief Mark Nichols will be administrating Black Canyon Fire District.

Chief Tharp introduced newly hired Chino Valley HR Assistant Karen Viscardi and Fire Prevention Administrative Assistant Pam Dellinger. There will be a swearing in ceremony after the Board meeting in February. He explained that the budget process has begun, and we are soliciting information from program managers. Chief Tharp confirmed that the District is fully staffed.

Fire Marshal Chase introduced Fire Inspector Chuck Dowdy. He also thanked his staff: Fire Inspector Ayars Mandy, Assistant Fire Marshal Smith, and Administrative Manager Dixson for their assistance with additional workload and training over the past year while the department was short staffed.

Chairman Rutherford mentioned that Chief Polacek was the only fire partner to attend a recent CAD meeting. He hopes that we will always have representative at these meetings.

Chief Freitag stated that we were successful in obtaining a grant from Firehouse Subs for hazmat testing equipment. Chief Davis stated that we are able to purchase three air monitoring meters for hazardous material calls. These meters will be utilized with joint Hazmat Team which includes Prescott Fire Department.

Chief Freitag mentioned that Chief Bliss will provide a report regarding Engine 54 motor swap. Chief Freitag also explained that to better align ourselves with the National Incident Management System (NIMS), we are making a change in Support Services to better define what that section does. Therefore, Support Services will change to Planning and Logistics to better describe what they do.

## 7. OLD BUSINESS

### A. Discussion and Possible Action Related to Training Center Drainage Issues

Attorney Cornelius stated that we received J2 Engineering proposal and it has been reviewed by engineering consultant Len Erie. Mr. Erie is preparing a written report that will be circulated to the Board. Attorney Cornelius shared Mr. Erie's opinion that the proposal is very comprehensive and a conservative approach to repairs. This item will be discussed further in executive session.

Chairman Rutherford believes the engineering proposal shows substantial improvements and is of high quality. His initial impression is very favorable.

B. Discuss and Possible Action Related to State Forestry Intergovernmental Agreement

Attorney Cornelius spoke with the deputy director of the State Forestry. Mr. Parrish has not been able to complete his review; however, he and Bill Sims are working together to finalize their comments. We expect to have the draft document soon.

8. NEW BUSINESS

A. Approve 2012 International Fire Code Amendment and Resolution 16-03

Chief Freitag stated that this amendment adds clarity to the fire code.

Fire Marshal Chase explained that he has spoken with local building departments. All departments are in agreement with the amendment regarding measuring square footage under roof of a residence. Fire Marshal Chase explained that if the overhangs are greater than four foot they are counted. The typical overhang of less than four feet will not be counted.

Board Member Jacobs made a motion to approve 2012 International Fire Code Amendment and Resolution 16-03. Board Member Packard seconded the motion.  
MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

B. Approve Resolution 16-01 and Single Owner Annexation - Mitchell-Lane LLC - Parcel 306-01-063

Chief Tharp explained that this is a single parcel annexation. This type of annexation occurs when a property owner wants fire protection, but their neighbors are unwilling to annex into the District. These are listed accordingly to ensure that there are contiguous borders.

Board Member Steele made a motion to approve Resolution 16-01. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

C. Approve Resolution 16-02 and Single Owner Annexation - Nordi LLC - Parcel 306-01-062

Clerk Page made a motion to approve Resolution 16-02. Board Member Jacobs seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

D. Approval of Fiscal Year Ending June 30, 2015 Audit

Chief Tharp explained that the District is required to submit multiple reports to Yavapai County, the State Fire Marshal's office, and to the State Library of Archives. The deadlines are January 31 or February 14; prior to the next regular Board meeting. He mentioned that the audit is a clean audit; however, the Board may have questions, and staff is willing to answer any questions. Chief Tharp recommended that the Board would approve the audit so the required reporting may be completed unless there is something egregious with the specific document, and that a further discussion will occur at the next board meeting.

Clerk Page made a motion to approve Fiscal Year Ending June 30, 2015 audit. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

E. Review and Approve Budget Schedule for Fiscal Year 2017

Chief Freitag informed the Board that three budgets will be created this year and the CAFMA budget will be the key document, and then those numbers will be split in the Chino and Central budgets. The purpose of multiple budgets is to ensure that the Board and public can see the savings created by the joint powers authority.

Chief Tharp explained that the Central Yavapai schedule is applicable to this Board; however, all three schedules were included to show that all schedules are going in conjunction with each other. The timelines are crucial to ensure that we start the fiscal year on time. Chief Tharp stated that a joint work/study session with all fire boards is tentatively scheduled for April 1 or the first week of April. We anticipate receiving the net assessed valuations (NAV) by the first or second week of February.

Clerk Page made a motion to approve Fiscal Year 2017 Budget Schedule for CYFD. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

F. Discussion and Direction to Staff Regarding Meeting Locations



The Board discussed options for rotating Board meeting locations between Prescott Valley and Chino Valley since the Central Arizona Fire and Medical Authority (CAFMA) Board represents residents of both Districts.

Chief Freitag stated that he will need to determine a schedule with the Town of Chino Valley if their facility will be utilized enabling recording of the meetings. He mentioned that the February meetings need to be held in Prescott Valley due to the retirement/promotion ceremony at CYRTA following the meetings. Additionally, there are some Chino Valley members retiring and promoting in April. The April meetings should be held in Chino Valley to assist with this ceremony.

Chief Tharp mentioned that if we want to utilize the Town of Chino Valley's facility and have the meetings recorded, we need to establish an agreement similar to the agreement that we have with the Town of Prescott Valley.

Chairman Rutherford suggested rotating the meeting locations monthly with the April meetings being held in Chino Valley. This should also provide time to develop an agreement with the Town of Chino Valley.

Chief Freitag stated that he will take the Board's recommendation to the CAFMA and Chino Valley Boards.

G. Discussion and Possible Approval of Yavapai Regional Medical Center Base Hospital Agreement

Chief Freitag explained that staff has been negotiating with YRMC regarding the base hospital agreement. YRMC's initial offer was an increase of 46% over last year. That equates to about a 300% increase drug box expenses of the last three years. In addition to the \$1,140 per drug box, they had proposed payment for any drugs exchanged including broken items at retail costs. We had significant dialogue with hospital personnel including the hospital president. We met in January and they offered a three-year agreement with a \$500 fixed drug box cost; no additional fees or charges. This also includes a 6-month window to negotiate the next contract. The drug boxes cost YRMC \$850 each which is similar to Banner and other healthcare systems in the state. YRMC is considering the \$350 difference as community service. Because our organization does not transport, the District cannot bill patients. Chief Freitag stated that he feels this is an appropriate agreement; therefore, there is no need to seek services outside of the local area.

Chief Freitag stated there will be future amendments related to online access for training requirements (run reviews) as crews are not always available for onsite training.

Chief Freitag confirmed that Central has ten drug boxes and Chino has four. We were paying close to \$800 per box this past fiscal year and their initial offer was over \$1,100 per box. The \$500 per box reduces the current expenditure.

Board Member Jacobs asked about the District experience with expired drugs. Chief Freitag stated that the last invoice that was received from YRMC listed 169 expired drugs in one quarter. Staff felt there was a discrepancy in this invoice. After discussions with John Amos and Larry Burns, staff was requested to disregard the invoice. Chief Tharp confirmed that the District is mandated to have documentation, and we have been compliant; however, there have been some discrepancies with YRMC records. He explained that currently there is an online system that assists with record keeping; however, with the new agreement, there is no billing for expired medications. Chief Freitag explained that going forward all expired medications will be tracked online with a date and time stamp.

Board Member Jacobs inquired if recent and past invoices are going to be reviewed for discrepancies. Chief Tharp explained that the fourth quarter of 2015 had discrepancies and prior invoices had been reviewed and adjusted. Chief Freitag stated that the hospital has made improvements of their internal system including the electronic reporting.

Board Member Jacobs made a motion to approve amendment 1 to the Base Hospital Agreement Option 3. Board Member Steele seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

9. VOTE TO GO INTO EXECUTIVE SESSION

- A. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) and Instruction to District Legal Counsel Pursuant to A.R.S. §38-431.03(A)(4) Re: Training Center Drainage
- B. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) and Instruction to District Legal Counsel Pursuant to A.R.S. §38-431.03(A)(4) Re: Intergovernmental Agreement with State Forestry

Board Member Jacobs made a motion to go into Executive Session. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

Chairman Rutherford recessed the meeting to allow the Board to go into Executive Session at 3:41 p.m.

Clerk Page made a motion to reconvene in open session. Board Member Jacobs seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

Chairman Rutherford reconvened the Public Session at 3:57 p.m.

10. OLD BUSINESS CONTINUED

A. Discussion and Possible Action Related to Training Center Drainage Issues Discussed in Executive Session

Per Chairman Rutherford there were no actions to be taken.

B. Discussion and Possible Action Related to State Forestry Intergovernmental Agreement Issues Discussed in Executive Session


Per Chairman Rutherford there were no actions to be taken.

11. ADJOURNMENT

Board Member Steele made a motion to adjourn the meeting. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele  
NAYS: None

Chairman Rutherford adjourned the meeting at 3:58 p.m.

2-16-16  
Date  
  
Bob Page, Board Clerk