

CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
FIRE BOARD
REGULAR SESSION

May 17, 2016

MINUTES

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Board Clerk Pettit called the Central Arizona Fire and Medical Authority (CAFMA) Board of Directors' meeting to order on Tuesday, May 17, 2016, at 4:00 p.m. at the Town of Prescott Valley, Library Auditorium, 7401 E. Civic Circle, Prescott Valley, Arizona.

Members Present: Board Clerk Julie Pettit, Board Members Dave Dobbs, Darlene Packard, and Bob Page

Members Absent: Board Chairman Steve Rutherford

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

Others in Attendance: Attorney Nick Cornelius

Board Clerk Julie Pettit presided over the Board meeting due to Chairman Rutherford's absence.

2. PLEDGE OF ALLEGIANCE

Board Chair Pettit led the recitation of the Pledge of Allegiance.

3. PRESENTATIONS

A. Swear In Two CAFMA PSPRS Local Board Members into Respective 2 and 4 Year Terms

Board Chair Pettit swore in Ron Litchfield to a two-year term and Mike Kontz to a four-year term of the Local Public Safety Personnel Retirement System (PSPRS) Board.

Chief Tharp mentioned that Board Chair Pettit is the Local PSPRS Board Chair and these two members were elected by their peers. There will also be two members elected from the public that will complete the five-member board.

Board Chair Pettit confirmed that a notice will be published to solicit applicants.

4. CALL TO THE PUBLIC

Chair Pettit opened the meeting for public comments.

There were no comments from the public.

5. CONSENT AGENDA

All matters listed under Consent Agenda are considered to be routine by the Central Arizona Fire and Medical Authority 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 April 6, 2016 Special Session Minutes of Central Yavapai Fire District, Chino Valley Fire District, and Central Arizona Fire and Medical Authority Board Meeting
- B. Approve Regular Session Minutes of April 19, 2016
- C. Approve Executive Session Minutes of April 19, 2016
- D. Discussion and Approve Cooperative Intergovernmental Agreement with Arizona State Forestry Division

Board Member Page made a motion to accept the consent agenda. Board Member Dobbs seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

6. OLD BUSINESS

- A. Discussion and Possible Approval of Chief Freitag's Employment Contract

Chief Freitag stated that this will be handled in Executive Session and then public session following.

7. NEW BUSINESS

- A. Approve PSPRS Agreement to Participate in Supplemental Defined Contribution Plan (401a)

Chief Tharp stated that the Board approved the PSPRS participation agreement last month. Due to time constraints and Chief Tharp being an authorized signer on the account, he signed the document. He is asking for

Board approval to participate in the 401a Plan and will present the Board meeting minutes with this document to complete the process.

Board Member Packard made a motion to approve the PSPRS Agreement to Participate in Supplemental Defined Contribution Plan (401a). Board Member Dobbs seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit

NAYS: None

B. Approve Resolution 2016-05 for Purchase of Real Estate at 8603 Eastridge Drive, Prescott Valley, Parcel 103-05-009P

Chief Freitag stated that the Central Yavapai Fire District (CYFD) and CAFMA Boards approved the purchase of the real property (8603 Eastridge Drive) last month; however, the title company requires a formal resolution. The CYFD Board approved their resolution so we can close this week. The initial purchase price is divided into two payments with one being due now and the second payment due next fiscal year from CAFMA. We had a civil engineer, an asphalt contractor, and two roofing companies inspect the property. We were able to obtain a \$30,000 credit for concerns that were noted. Minor roof repairs will be completed in July to avoid leaks. General roof maintenance will be performed after all construction work is complete.

Attorney Cornelius stated that it is not necessary to read the resolution as long as the Board has reviewed it and understands its content.

Attorney Cornelius read a portion of Resolution 2016-05 into record.

Board Member Packard made a motion to accept the resolution as read. Board Member Dobbs seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit

NAYS: None

C. Discussion Regarding Purchase of Portable Radios for Chino Valley Fire District Using Bond Funds

Chief Freitag asked that this item be removed from the agenda as legal counsel and Motorola are working on the documents.

D. Discussion and Possible Action Regarding Lease Purchase Agreement and Professional Services Addendum with Motorola for Portable Radios for Central Yavapai Fire District

Chief Freitag asked that this item be removed from the agenda as legal counsel and Motorola are working on the documents.

E. Discussion and Approval of Fire Protection Agreement

Chief Freitag explained the differences in the fee structures between CYFD and Chino Valley Fire District. Currently, Chino Valley residents pay a \$50 administrative fee and CYFD residents pay an administrative fee of 25% of their base contract. Chino Valley used to pay the 25% fee; however, that was changed to \$50 to encourage annexing into the District. Chief Freitag mentioned that property owner's such as Drake would pay a significant fee using the 25% calculation.

Chief Tharp explained the potential impact to Chino Valley residents if the administrative fee is set to 25% versus the \$50 flat fee.

One hundred contracts or 63% would have a reduced fee.
Forty-one contracts or 26% would pay \$.01 - \$99.99 more.
Twelve contracts or 8% would pay \$100 - \$199.99 more.
Three contracts or 2% would pay \$200 - \$299.99 more.
Two contracts would have a significant increase over \$300 including Drake Cement which would have about a \$7,200 increase.

Chief Tharp stated that is counterproductive to what we were trying to accomplish; we are not trying to cause a burden. He emphasized that CYFD went to the 25% fee to provide an incentive to members to join the District. He mentioned that Chino Valley residents may have personal property such as a manufactured home, but they may not own the physical land. The property owner may not want to annex.

Chief Freitag explained that Drake is unable to annex because of their location, and he does not support increasing their rate by \$7,000.

Board Chair Pettit asked why there has not been a cap for members that cannot annex. Chief Tharp stated he did not believe that was ever considered.

Chief Tharp mentioned that if we go to a flat fee of \$50 we may lose \$8,800; the budget will need to be adjusted.

Chief Freitag stated that if the fee is changed and Drake has a significant increase, they may cancel their contract causing a potential \$25,000 loss.

Board Member Packard asked if the fees could remain the same; Chino \$50 and Central 25%.

Chief Tharp voiced concern related to charging different fees for Battalion 3 and Battalion 6 residents and/or commercial properties.

Board Member Dobbs asked if the fee could remain the same due to two different taxing entities.

Attorney Cornelius stated that the best scenario is to have one fee across the entire Fire Authority.

Board Chair Pettit asked the Board if they would table the item to allow for further research.

Chief Tharp stated that the contracts are effective July 1; therefore, time is limited.

There was an extensive discussion and staff was directed to schedule a special work study session on June 6 or 7 to review the administrative fee options.

F. Discussion and Approval of Resolution 2016-06 and Fee Schedule

This item will be discussed at the special work study session.

G. Discussion and Possible Action for Membership into Arizona State Retirement System (ASRS) and Social Security 218 Paperwork

Chief Freitag explained that Chief Tharp had spoken with Arizona State Retirement System (ASRS) in January regarding moving Chino Valley and Central Yavapai members to CAFMA and was informed that it was a straight forward process. When he contacted them for clarification and to move forward with CAFMA, he was informed that it would take 12 to 14 months to obtain the 218 Agreement allowing members to continue to contribute to Social Security. Under ASRS the 218 Agreement is owned by the individual agency. Whereas for PSPRS, the 218 Agreement is owned by the State, and therefore already in place for operations' members.

Two options were developed to resolve this situation. Option A included entering ASRS on July 1, 2016 with no interruption of service; however, we could not enter into a 218 Agreement. Therefore, the employees would no longer pay into Social Security. The District would implement 401a plan with matching up to 6.2% (current Social Security percentage) of employees' wages. If the employee only paid 3%, the agency would only match 3%. Option B would be to continue paying into Social Security and withhold a reduced amount post tax to be placed into a savings account for ASRS until

the 218 Agreement could be finalized. The amount withheld post tax would be used to buy back the service once the 218 Agreement was in place. Even though we would buy back the service time, this would still impact member's retirement. He also explained that there is an ASRS long-term disability policy that would cost \$8,500 and the buyback would require additional funds. There were two employee meetings; one to ask questions and the second meeting for employees to discuss issues and present their request to senior staff.

Chief Freitag stated that based on ASRS employees' input staff is requesting Option A with entering into ASRS on July 1, 2016 and the District matching employee contributions up to 6.2% into a 401a account. Employees are not impacted related to ASRS and their pension and there are no additional costs to the Authority.

Chief Freitag explained that a resolution was created as this is a significant change and to provide documentation for future Boards.

Chair Pettit asked if Labor had any concerns. Union Representative Beard stated that members were affected with both options; however, they came to a consensus.

Chief Freitag read a portion of the Arizona State Retirement System, Political Subdivision Supplemental Retirement Plan, Resolution 2016-07 (For Agreement with the Arizona State Retirement System) into the record.

Board Member Packard made a motion to accept the resolution as read. Board Member Page seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

Chief Freitag read a portion of the Arizona State Retirement System, Social Security Coverage, Resolution 2016-08 (For Agreement with the Arizona State Retirement System) into the record.

Attorney Cornelius instructed the Board to include the remainder of the paragraphs in their motion which have not been read but have been reviewed by the Board.

Chief Tharp explained that this resolution authorizes the Fire Chief to complete the documents, and we are not participating in the 218 Agreement.

Board Member Page made a motion to accept the resolution as read. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

H. Discussion and Approval of Resolution 2016-09 and Nationwide 401a Plan Documents

Chief Freitag explained that this relates to the previous item. Resolution 2016-09 states that in lieu of contributions into Social Security, the Authority will create an employer sponsored 401a plan with a match up to 6.2% (current Social Security rate). Resolution 2016-10 is the adoption of the Nationwide 401a plan.

Chief Freitag read a portion of Central Arizona Fire and Medical Authority Resolution 2016-09, Adoption of Arizona State Retirement System Provisions for Public Employees of the Central Arizona Fire and Medical Authority.

Board Member Dobbs made a motion to accept the resolution as read. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

Chief Freitag read a portion of Central Arizona Fire and Medical Authority Resolution 2016-10, Adoption of Nationwide Retirement Solutions 401(A) for Public Employees of the Central Arizona Fire and Medical Authority into record.

Board Member Page made a motion to accept the resolution as read. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

I. Discussion and Approval of Tentative Fiscal Year 2016-2017 Budget

Chief Freitag explained a few changes to the budget and stated that the tentative Central Yavapai supporting budget was approved. Chino Valley's tentative budget will be presented at the following meeting.

Due to the purchase of the administrative building, the budget has increased; however, the tax rate has not changed. The funds will be disbursed from capital reserve, and we will need to determine a solution for continued funding of the capital reserve account.

The proposed change for the Fire Chief's salary is included and the Prescott Regional Communications Center (PRCC) fees increased by \$23,000 due to internal changes. Central Yavapai's and Chino's budgets have increased slightly due to election costs. The County lost State election funding so the fees are being assessed to the Districts. Central's election costs went from \$25,000 to \$75,000 and Chino's increased from \$5,000 to \$21,000.

Board Chair Pettit asked for clarification of the PRCC fee increase. Chief Freitag explained that there was a police lieutenant that was the police liaison for the police agencies. The partners were sharing in the cost of 50% of his salary. We provide a fire liaison, and they have agreed to add some of those salary costs. We need to track the amount of time spent before submitting a cost estimate. The bill we received outlined that there is a deputy chief position which significantly increased personnel related expenses. The deputy chief is over PRCC as a director. Other costs came from an updated contract for the maintenance and updates for the dispatch console. We were unaware of these items and were not given an explanation until after the fact. We are thankful to Prescott Valley Police as they made the call for clarification and then contacted us. Chief Freitag stated that he expressed concern to Chief Light that this is the second time in a short period that we had received a bill with significant increases and a budget changes without prior notification.

Board Chair Pettit confirmed that the PRCC increases total about \$50,000 and asked if the fees are capped.

Chief Freitag stated that based on the contract our only recourse is to speak to the City Manager or Prescott City Council. He explained that we have to be 365 days out of the contract renewal to negotiate and all partners must be in agreement.

Board Chair Pettit asked for a copy of the contract. Chief Freitag stated that a copy will be distributed to all Board Members.

Chief Tharp confirmed that once the tentative budget is approved it cannot be increased; it can only be decreased.

Board Member Page made a motion to approve the Tentative Fiscal Year 2016-2017 Budget of \$23,979,347 as presented contingent upon the Chino Valley Fire District Board's approval of their budget at the subsequent meeting. Board Member Packard seconded the motion. **MOTION CARRIED**

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

J. Update / Discussion Regarding Joint Powers Authority, Property, and Personnel

Chief Freitag asked if the CAFMA June Board meeting could be moved to 3:30 p.m. As of July the Central Yavapai and Chino Valley Board meetings should be shorter. Chino Valley Chair Ducote has a conflict with meeting prior to 6:00 p.m. on Tuesdays. Central Yavapai's Board recommendation is to start Central Yavapai's meeting at 4:00 pm on Tuesday, CAFMA at 4:30 p.m., and Chino Valley's meeting at 6:00 pm.

The CAFMA Board is in agreement with adjusting meeting times. CAFMA's June meeting will begin at 3:30 p.m.

Chief Freitag mentioned that everything is on track for July 1 including personnel benefits, operation changes, etc. As of July 1 all members will be wearing CAFMA uniforms.

8. VOTE TO GO INTO EXECUTIVE SESSION

- A. Personnel Issue Pursuant to A.R.S. §38-431.03(A)(1) Regarding Contract Negotiations Between Fire Chief Scott Freitag and Central Arizona Fire and Medical Authority
- B. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Resolution 2016- 05 for Purchase of Real Estate at 8603 Eastridge Drive, Prescott Valley, Parcel 103-05-009P
- C. Benefit Issue Pursuant to A.R.S. §38-431.03(A)(5) Regarding Pension Option for Arizona State Retirement System (ASRS) Members
- D. Legal Advice Pursuant to A.R.S. §38-431.03(A)(3) Regarding Fire Protection Agreements

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

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

Board Chair Pettit recessed to go into Executive Session at 5:24 p.m.

Board Member Dobbs made a motion to return to Open Session. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

Board Chair Pettit reconvened into Public Session at 5:40 p.m.

9. OLD BUSINESS CONTINUED

A. Discussion and Possible Action Related to Chief Freitag's Employment Contract as Discussed in Executive Session

Board Member Page made a motion to accept the contract as written and discussed with the addendum. Board Member Packard seconded the motion.
MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

10. NEW BUSINESS CONTINUED

A. Discussion and Possible Action Related to Resolution 2016-05 for the Purchase of Real Property Located at 8603 Eastridge Drive, Prescott Valley, Parcel 103-05-009P as Discussed in Executive Session

No further discussion required.

B. Discussion and Possible Action Related to Pension Option for Arizona State Retirement System (ASRS) Members as Discussed in Executive Session

No further discussion required.

C. Discuss and Possible Action Regarding Fire Protection Agreements as Discussed in Executive Session

No further discussion required.

11. ADJOURNMENT

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

AYES: Dobbs, Packard, Page, Pettit
NAYS: None

Chair Pettit adjourned the meeting at 5:43 p.m.


Clerk


Date