

MINUTES

**Central Arizona Fire and Medical Authority
Central Yavapai / Chino Valley / Central Arizona Fire and Medical
Budget Workstudy Session
Monday, April 9, 2018, 10:00 am - 1:00 pm
Central Arizona Fire and Medical Authority, Administration - 8603 E Eastridge Drive, Prescott
Valley**

In Attendance

Cyndy Dicus; Darlene Packard; Dave Dobbs; Dave Tharp; Jeff Wasowicz;
Laura Mowrer; Matt Zurcher; Scott A Freitag; Susanne Dixon; Todd League;
Tom Steele; ViciLee Jacobs

Not In Attendance

Julie Pettit; Nicolas Cornelius; Rick Mayday

NOTICE OF MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Central Yavapai Fire District, Chino Valley Fire District and Central Arizona Fire and Medical Authority Board of Directors and the general public that the Central Yavapai Fire District, Chino Valley Fire District and **Central Arizona Fire and Medical Authority** will hold a meeting open to the public on **Monday, April 9, 2018 at 10:00 a.m.** The meeting will be held at **Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive, Prescott Valley, Arizona.** The Board(s) may vote to go into Executive Session on any agenda item, pursuant to A.R.S. §38-431.03(A)(3) for discussion and consultation for legal advice with Agencies' Attorney on matters as set forth in the agenda item. The following topics and any variables thereto, will be subject to Board consideration, discussion, approval, or other action. All items are set for possible action.

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL YAVAPAI FIRE DISTRICT
Board Chair Packard called the Central Yavapai Fire District (CYFD) Board meeting to order on April 9, 2018 at 10:03 a.m.
2. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CHINO VALLEY FIRE DISTRICT
Board Chair Dicus called the Chino Valley Fire District (CVFD) Board meeting to order on April 9, 2018 at 10:03 a.m. Director Dobbs attended telephonically.
3. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
Director Wasowicz called the Central Arizona Fire and Medical Authority (CAFMA) Board to order on April 9, 2018 at 10:04 a.m. Director Dobbs attended telephonically.
4. PLEDGE OF ALLEGIANCE
Chair Dicus led the Pledge of Allegiance.
5. BUDGET WORK STUDY
Chief Bliss explained that this meeting is for discussion and for the Boards to provide direction to Staff. He provided a presentation outlining the larger items that affect the budget and explained the assessed value limitations caused by Prop 117. The current property net assessed values are just below the 2008 values. Forecasting is also hindered due to Prop 117; last year's forecast was 5%; however, we actually received a 6.5357% increase. Chief Bliss stated that new growth was about 2% for both Districts. Going forward the forecast is going to be increased a little based on continued growth to 5.3%, but it's still conservative.

Chief Freitag agreed with Chief Bliss that we do not want to rely on the new growth every year.

Chief Bliss estimated CYFD at 4.5% plus 1% new growth and CVFD at 3.5% with 1% new growth. The combined forecast of 5.3% is determined by a weighted value of the net assessed values for both Districts.

Chief Bliss reviewed past budgets and explained that both Districts were spending more than tax revenue collected in 2014 by spending savings; CYFD more so than CVFD. The current plan is to shift capital spending to not impact the tax rate too severely. The basis for the projections include increased costs of equipment, outside services, PSPRS, etc. We may include workforce expansion; this depends on increases in other costs.

Projections made in 2014 showed CYFD hitting the maximum tax rate (\$3.25) this year; however, with a funding plan and CAFMA; that did not happen. The tax rate is starting to level off and there is an expectation that it will start decreasing in a few years.

Chief Bliss explained that the Capital Reserve balance and the Capital Replacement Plan are a combination of both CYFD and CVFD. This does not include CVFD's bond fund which was utilized for the two new engines in Battalion 6. Previous administration's plan was to zero out the Capital Reserve account. It was clarified that CVFD brought significant funds into the savings account; however, they still had bond funds from 2008. CVFD had \$2.7 mil bond capacity, and they allowed distribution of \$1.5 mil in 2013. Their capacity is now down to \$1.2 mil. CVFD is using the bond funds as outlined for facilities and engines; with the refinancing of bonds, CVFD's bond debt service rate decreased.

Chief Bliss added that we have been able to bring the Capital Reserve balance up. We are moving more of the capital purchases toward the tax rate versus savings to correct a significant problem that CYFD had with prior budgeting; however, this is about a 10-year process. Based on current construction patterns we'll need a station near 89A; however, there isn't a timeline yet. Chief Bliss stated that staff would like to start a savings plan for the future station. Chief Polacek has been in contact with the developer for possible land. Chief Freitag explained that the Town of Prescott Valley has been keeping staff in the loop. The Jasper development build-out will be 10-15 years, and we are looking for a regional partnership with City of Prescott to cover that area. Chief Freitag has been trying to initiate communications with the developer.

Chief Bliss explained that PSPRS was a significant challenge last year, and it limited other areas. If we decide not to move forward with the plan this year, next year's projections will look worse.

Chief Tharp mentioned that the projection made in 2013 showed the Capital Reserve account starting at \$6.5 mil and would be down to \$295,000 by this next Fiscal Year 18-19. They projected \$2.5 mil in capital reserve spending each year. The new administration determined that \$2.5 mil cannot be spent every year; the expenditures need to be moved more to the tax base. Standard and Poor's recommended that the account be stabilized at about \$5.5 mil; if it could increase over time, that would be better. We may have to dip slightly below that due to economic circumstances. Staff would feel better with \$5.5 to \$6 mil in savings.

Chief Freitag explained that there are two large tax collections per year; this savings is utilized so that we don't have to pay interest on warrants.

Chief Bliss stated that \$5 mil is the floor; we prefer more toward \$8 mil.

Chief Bliss handed out budgets for all three agencies and explained that the summary and revenue pages are most helpful. Budget changes over \$1,000 are indicated in red, and staff moved utility costs to the facilities budget. Chief Tharp explained that all expenses will be detailed when processing invoices. Chief Bliss explained that this year's budget was prepared by reviewing last year's actual expenditures.

Director Jacobs voiced concern with utility companies' projected rates and offered to obtain

information while she is attending an upcoming meeting.

Chief Bliss will provide the actual costs at the April Board meeting. He explained that he contacts some companies such as our propane supplier, and we pre-buy in order to receive a discounted rate.

Chief Tharp explained how the base budgets are prepared and how there are marginal increases; however, we do not add an overall percentage to everything.

Director Jacobs asked if it would be beneficial to ask for budget billing. Chief Tharp explained that we monitor utility bills on a monthly basis and follow up when there is a significant change.

Chief Bliss explained the NAV increased overall by 6.5080%; healthcare was increased only 3.5%, and funding is consistent with the 80/20% split. CVFD's projection continues at \$3.25 for quite a while. CYFD's rate is at \$2.5988; slightly lower than last year's projection of \$2.6158. Both Districts are sticking to the long-term budget plan that was presented in the 2014-2015 process.

PSPRS continues to be a challenge with a 5.88% increase; we have increased the projection to 5% year-to-year. This year's amount is \$550,000 which is a 15.68% increase over last year.

Chief Tharp explained that we continue to apply for SAFER Grants to assist with funding; the CYFD SAFER Grant ended in 2016. We are writing another grant in which they will pay 75% of the wages for the first year and 50% the second year. The Agency will be required to pay full wages the third year. We are looking at Fiscal Year 2019-2020; however, if the grant is awarded before then, the Board could approve using contingency funds.

Chief Bliss reviewed some additional new costs such as the election (\$105,000) for both district's elections; CAFMA does not have elections. Annual licensing fees for new software (CAD/RMS) is at \$25,000; PRCC increased dispatch services at \$29,966; increased unemployment of 2% or \$20,000. Unemployment used the lower Chino Valley rate instead of a weighted amount when CAFMA was created. ASRS has a .3% or \$4,500 increase, and the one new finance position and one facilities/warehouse position totaling \$76,000. The facilities/warehouse person would be qualified to assist facilities, and they would also work in the warehouse part time. The proposed wage scale changes will cost about \$300,000.

Chief Bliss provided a review of wages and explained that the wage steps increased 2% last year.

Chief Tharp explained that this is not a 2% adjustment to the wage scale; this is more equitable, but many may not feel it is a fair adjustment as those at the higher end of the scale will not receive as much of an increase due to the adjustment targeting the bottom of the pay scale to increase starting wages.

Chief Bliss explained that our beginning wage scales are below the 50%. He will provide a list of agencies that were used for comparison at the April meeting. The higher ranks will get a small increase; the top end of scales is not increasing. Firefighter starting pay will still be about 2.5% low compared to other agencies.

Director Jacobs asked for a listing of the agencies and their pay plans that were used for comparisons. She stated that she is opposed to dropping the second step, because new firefighters would be hired at the same rate that a firefighter with two year's experience is being paid.

Chief Bliss explained that a new firefighter would be hired at Step 2 (\$14.71 per hour) with new scale. The person that is currently at Step 2 would be moved to Step 4. Everyone on the firefighter scale would be moved up. There are 13 steps at 2.5% and then there are 12 steps at 1% (longevity). The person that is on longevity will still get 2 steps, but they will be at 1% each. He mentioned that there aren't a lot of members on longevity due to promotions.

Chief Tharp explained this is for firefighters, engineers, and captains; paramedics receive an additional \$1.72 per hour differential; hazmat, TRT, and peer fitness personnel receive an additional \$.82 per hour for their extra qualifications.

Director Jacobs stated that those rates need to be increased.

Chief Tharp stated that we are already projecting a \$2.59 tax rate, and this is a three-year plan to hold the tax rate steady. We may be considering that for next year; but it can't be fit into this year's budget.

Director Jacobs believed that there are other areas in the budget that could be toned down to allow for the assignment pay increase.

Mike Kontz stated that labor has worked with staff to find other solutions and felt this was the most fiscally responsible without increasing the tax rate and to keep in the bounds of what the Board had set. He stated that there is a plan for the next five years; Staff has been extremely accommodating with all that has been brought forward. He stated that the assignment pays are low at \$5,500 compared to others at \$8,000-\$10,000; however, many agencies do not allow for hazmat and TRT. He appreciates the Board's support.

Chief Bliss explained that the assignment pays affect some, but not all and the firefighter wage affects all.

Mike Kontz stated that employees were surveyed to determine what they wanted. The number one item was increased wages; second was assignment pay; third was the insurance stipend. There are a lot of firefighters working second jobs to make ends meet.

Director Steele confirmed that PSPRS costs increase with the wage increase.

Chief Bliss stated that the proposed wage increase includes benefits at \$320,000. He is still waiting on worker's compensation rates, and there are usually a few items that will change between now and May. The current worker's compensation company is Benchmark 7710; CopperPoint refused to provide a quote. Chief Tharp explained that we tried to create a worker's compensation risk pool; however, a few agencies pulled out last year once they were given a \$100,000 discount by their provider. which killed the opportunity to create the trust. It is still an opportunity, but until the agencies see an increase in their bill, they will not want to join. Our premium was increased last year by \$138,000. The only options for fire agencies are Benchmark and CopperPoint as worker's comp insurance must be within the State of Arizona.

Chief Freitag explained that school districts will not let us join their risk pool due to our high risk.

Chief Bliss expects to have a quote from 7710 within the next few weeks.

Director Jacobs asked where the funds for the \$17 mil budget were coming from.

Chief Tharp stated the ACE lawsuit caused over spending for legal expenses last year; there was no carryover; going forward we anticipate that to change. He explained that some years we collect more than budgeted due to individuals paying back taxes; those funds can be carried over to the next year. We won't know if there is any carryover until Fiscal Year 2017-2018 closes.

Director Jacobs voiced concern with only \$5,000 budgeted for CYFD legal expenses.

Chief Tharp advised that based on prior years, \$5,000 is usually enough. There are four different attorneys working on the ACE suit at varying levels; there is an anticipation that the lawsuit will settle with a refund. He stated that the budget amount can be adjusted at the Board's discretion; however, he feels that the legal issues of the organization will significantly die off this year. He said that reviewing CVFD's bill of \$35 to \$250 per month falls within \$5,000.

Director Jacobs asked if Attorney Cornelius provided a projection for next year.

Chief Tharp confirmed that he has not asked Attorney Cornelius; however, \$200 per month should cover routine items; the majority of legal expenses should be CAFMA's. It was explained that CAFMA has a line item for their specific legal expenses and CVFD and CYFD have their specific line items. The ACE lawsuit legal expenses are budgeted by CYFD; the Board may adjust this amount if they choose. However, when the suit is settled, there may be a refund of legal expenses. There is also \$20,000 in contingency for CYFD if necessary.

Director Jacobs asked for an explanation of CEO Fire Chief (70-13L*9) line item.

Chief Bliss explained that the Fire Chief is different due to the Board's approval. Chief Freitag explained that his contract is listed as 1%.

Director Jacobs asked for information regarding the Fire Chief and Finance Chief cars.

Chief Bliss stated that after reviewing the needs, the current Tahoes will go to Fire Prevention and two new staff cars will be purchased. He continued and mentioned that the purchase of one engine was delayed this year in order to utilize a discount when purchasing two engines next year.

Chief Freitag confirmed that the cars were a change to the Capital Expenditure Schedule - we can buy the two cars for the cost of one Tahoe.

Director Jacobs asked if we received the brush removal grant. Chief Bliss stated that there may be a decrease in the grant, but it's not confirmed. When we are awarded a grant, there is a revenue side and an expense side.

It was confirmed that the telephone system will be purchased out of this year's budget.

Director Jacobs asked if IT has everything they need.

Chief Bliss explained that the TriTech and Alpine licensing fees are included in the \$25,000; the overall budget increased largely due to licensing requirements. There was \$200,000 for CAD for last year; this year \$150,000 is an upgrade for microwave equipment that has been in place for about 10 years. The \$11,000 is to address tower site repairs such as fence or road maintenance.

Chief Polacek explained that a ballistic vests and helmets grant application was denied; those funds were directed to swat teams. The hazmat equipment was increased \$2,500 to cover meters. Ballistic vests and helmets are about \$750 per set; they have a 10-year life expectancy.

Director Jacobs asked if vests and helmets could be added to next year's budget.

Chief Polacek is still reviewing grant opportunities; however, it's difficult without a grant writer. The current response model includes police arriving on scene first.

The meeting was adjourned for a short break at 12:18 p.m.

The meeting reconvened at 12:41 p.m.

Director Zurcher left the meeting.

Chief Bliss advised that the turnout budget increased \$10,000; one set is about \$2,500, and we are buying about 30 sets. Turnouts have to be replaced very 10 years.

Director Jacobs questioned budgeted items for Fire Prevention - Chamber Mixer and PV Economic Development.

Chief Tharp explained that we host Chamber mixers as part of the rotation of businesses; it's

for refreshments. Chamber quarterly meetings include PV Economic Development in which Chiefs Freitag, Tharp, and Chase represent the organization.

Director Jacobs questioned why the agency is paying for Chambers, PV Economic Development, Prescott Newspaper, and Rotary, and stated she does not agree with taxpayers paying for those things.

Chief Freitag stated that the Rotary line item should be zeroed out. We take part in PV Economic Development Foundation and both Chambers to show our support.

Chief Bliss explained that PV Newspaper is listed in advertisement.

Director Jacobs acknowledged the importance of the \$4,000 for newspaper advertisements for jobs, annexations, etc., but asked if the subscriptions could be cancelled. She also questioned the \$1,100 listed under routine.

Director Wasowicz left the meeting.

Chief Tharp explained that the overall advertising budget reflects what we spend; the \$1,100 designated "routine" could be due to costs not being allocated accurately; but it was a necessary cost.

Director Jacobs asked who was providing the background check services for \$400 and if the number was based on how many new hires we expect?

Chief Freitag confirmed that DPS will be performing the background checks.

Human Resource Manager Brookins stated that DPS is charging \$25 each for operation's member and \$5 for each non-operation's member; she added that non-operations members are only state-level checks.

Director Jacobs asked if dues could be reduced. The Rotary Club will be removed and the newspaper amounts will be reviewed.

Director Steele apologized for not being more involved due to vision problems.

Director Jacobs asked if separate numbers could be provided prior to the regular April meeting for increases to assignment pay for July 1, 2018.

Chief Bliss asked Director Jacobs for suggested amounts.

Chief Freitag asked Director Jacobs if she would be okay with calculations based on half the difference between the current medic annual pay of \$5,500 and the \$8,000. She agreed and asked for them prior to the meeting.

6. ADJOURNMENT


Chino Valley Chair Dicus adjourned the meeting at 1:08 p.m.

Central Yavapai Fire District Date
Board Clerk

Chino Valley Fire District Date
Board Clerk

Central Arizona Fire and Medical Authority Date
Board Clerk

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Central Yavapai / Chino Valley / Central Arizona Fire and Medical - Joint Budget Meeting - 4/23/2018



Darlene Packard 04/24/2018



Dave Dobbs 05/09/2018



Jeff Wasowicz 05/17/2018