

MINUTES

**Central Arizona Fire and Medical Authority
Central Yavapai / Chino Valley / Central Arizona Fire and Medical
Budget Work Study
Monday, April 15, 2019, 1:00 pm - 4:00 pm
Central Arizona Fire and Medical Authority
Administration, 8603 E. Eastridge Drive, Prescott Valley, Arizona**

In Attendance

Cyndy Dicus; Cynthia Gentle; Dane Beck; Darlene Packard; Dave Dobbs;
Dave Tharp; Julie Pettit; Laura Mowrer; Matt Zurcher; Scott A Freitag; Susanne
Dixson

Not In Attendance

Jeff Wasowicz; Nicolas Cornelius; Rick Mayday; Todd League

NOTICE OF MEETING

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Chino Valley Fire District, Central Yavapai Fire District, and Central Arizona Fire and Medical Authority Board of Directors and the general public that the Chino Valley Fire District, Central Yavapai Fire District, and **Central Arizona Fire and Medical Authority** will hold a special meeting open to the public on **Monday, April 15, 2019 at 1:00 p.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 - CHINO VALLEY FIRE DISTRICT
Chair Dicus called the Chino Valley Fire District (CVFD) Board to order on April 15, 2019 at 1:07 p.m. Board quorum present.
2. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL YAVAPAI FIRE DISTRICT
Chair Zurcher called the Central Yavapai Fire District (CYFD) Board to order on April 15, 2019 at 1:07 p.m. Board quorum present.
3. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
Chair Pettit called the Central Arizona Fire and Medical Authority (CAFMA) Board to order on April 15, 2019 at 1:07 p.m. Board quorum present.
4. PLEDGE OF ALLEGIANCE
Chair Pettit led the Pledge of Allegiance.
5. NEW BUSINESS
 - A. Analysis of Central Yavapai Fire District Fiscal Year Ending June 30, 2018 Audit and Review of Equity of the Respective Agencies
Chief Tharp provided an analysis of the CYFD Fiscal Year ending June 30, 2018 audit and a review of the equity of the respective agencies. All the information provided is contained within the CYFD audit that is on the website: www.cazfire.org. This information was previously provided to the other Fire Boards.

B. Budget Work Study

Chief Bliss provided the financial history and forecast. He explained that revenue is received from property taxes, some rollover funds from the previous fiscal year, and other revenue such as fire district assistant tax (FDAT), fire protection agreements, etc. Expenditures are grouped into categories such as maintenance and operating (M&O), contingency, and capital (long term 10-year plan). The property tax revenue cannot increase more than 5% annually on existing property, and we are currently just over our 2009 net assessed values (NAV). The combined net assessed value increase was forecasted at 6.34% and the actual value increased 7.70%. New construction growth for both Districts is about 3%. There is a gap between full cash values and limited property values of about 23-24%.

Chief Bliss explained the NAV forecasting is based on the assumption that both agencies will continue to see an increase; however, it may be smaller. There are signs that the median home values are leveling off, and we are also seeing a decrease in new building permits. Staff has been repairing the gap between revenue and expenditures over the past five years. Expenditure projections are based on ongoing/regular increases of 3% for equipment, services, wages, and PSPRS increases. There has been a slow shift in capital reserve funding. There may be some room for workforce expansion and wage and benefits; however, PRCC costs have increased which might limit expenditures.

Areas of concerns include costs increasing faster than projections such as workers' compensation, PRCC, and wage and benefit needs (demand for services requires additional personnel). We are currently projecting a CYFD tax rate of \$2.6151 which is slightly under last year's projections.

Chief Bliss explained that some staffing issues in Chino were addressed by the SAFER Grant, and with increased construction, the tax rate may be reduced slightly.

Capital Reserve projections are increased due to adding some IT and building items.

Chief Bliss presented the draft 2019-2020 Budget and explained that the M&O budget increased substantially; capital outlay was decreased, and contingency is 5% of the M&O. He explained that the other revenue sources are provided. NAV increased by 7.7011%, and PSPRS did not increase for the first time in 16 years. The funding is consistent with 80/20% split between CYFD and CVFD.

Challenges that we are facing include an increase in costs for PRCC, but this may not be a recurring increase. State mandated mental health (The agency has to cover 36 visits per incident per employee.), and workers' compensation. Chief Tharp explained that employees are allowed to choose their specific counselor. The Agency can request an independent medical examination (IME) to be certain that the employee is receiving the treatment they need; however, those are very expensive. There is a new line item of \$16,000 for mandated mental health care.

Chief Bliss stated that staffing levels need to be addressed in all areas. The budget addresses administration and support services, and operations needs to be addressed in future budgets--Prescott Valley stations are at the low point of reliability. There is ongoing discussion regarding wage and benefits.

PSPRS remains highly unpredictable, and we have unfunded pension liabilities. Towns and cities utilize sales tax; however, we are limited to property taxes. Our only recourse is to pay the current bill which is a 20-year amortization. This amortization cannot be compared to a 20-year loan. It decreased 1% this year, but we don't expect to see that again.

Chief Freitag explained that if sales tax revenue is outperforming, there are extra funds that can be used to pay down the debt. Our only option is to increase property tax which would be significant. We have been paying about \$500,000 extra

annual; however, it is still not making a difference even though we chose the 20-year amortization over the 30. It's not possible to pay it off and keep it there; it's based on new hires and retirees. PSPRS is basing their calculations on everyone dying at 72; not realistic. Chief Freitag suggested staying with the amortization schedule.

Chief Bliss has explained that the wildland payroll has increased the liability, but is not realistic.

Chief Bliss provided a cost breakdown of the M&O Budget and explained that there is a line item for five SAFER Grant positions' wages and an offset of the majority of the cost from the grant. The previous wage scale adjustments have some carryover costs; and healthcare subsidy increase is included. The paramedic assigned increased from 5,000 to 6,100. Labor is asking that amount to be adjusted to \$6,500 which would be an additional \$47,000.

Chief Freitag explained that last year firefighters were below the 50th percentile and a step was removed; recently the second step was removed. This budget removes one more step for firefighters.

Chief Bliss continued and stated that the cost for new support and administration positions are offset with decreases in expenses from an outside vendor and revenue from Prescott Valley Police Department. The new mental health mandate is added and a wage and benefit study. We had tried to work with other organizations to conduct a study, but it has not happened. The Union will also assist. There is an increase in PAUWIC and an offset by grant revenue. There are also increases to costs for PRCC, facilities, fleet supplies and services, and operations.

Chief Bliss informed the Board that he will answer additional questions at the regular April Board meeting and ask for direction from the Board for additional medic stipend. He continued and reminded the Board that there are potential workers' compensation costs which may allow for items to be added or may cause other items to be cut; the projected rate increased 66% over last year.

It was explained that there are only two companies that can provide bids for workers' compensation insurance and one (CopperPoint) will not bid. A risk pool is an option, but that would require another larger organization joining. Another option would be to go the self-funded route with a stop-loss insurance plan that would provide protection at a pre-determined amount. There is risk being self-funded, but you have more control.

There was a discussion regarding creating a risk pool; towns and cities and school districts have their own pools and have been doing this for decades, but they do not want to accept the risk associated with fire agencies. We have the ability to create our own risk pool, we just need an insurance policy that will provide stop gap coverage. Every year we pay \$400,000+ in premiums, but we only have \$200,000 of claims.

Director Pettit asked that numbers be provided to the Board for consideration of creating a risk pool. She also asked that staff reach out to Yavapai County to see if there are any options joining their risk pool.

Chief Bliss explained that there is a 30% increase currently in the budget for workers' compensation. He asked for the CAFMA Board to provide direction at the next meeting regarding the Union's requests, and he requested any Board Member with questions to contact him.

Chief Freitag invited Directors Gentle and Beck to meet with staff for a detailed budget explanation.

Chief Bliss mentioned that the \$6,100 versus \$6,500 for paramedic pay would change the tax rate from \$2.6151 to \$2.6217.

Chief Tharp reminded the Board that they will be asked to approve the tentative budget at the May Board meeting; after that point, the budget cannot be increased.

6. ADJOURNMENT

Motion to adjourn the meeting at 2:33 p.m.

Move: Darlene Packard Second: Matt Zurcher Status: Passed

Yes: Cyndy Dicus, Cynthia Gentle, Dane Beck, Dave Dobbs, Darlene Packard, Julie Pettit, Matt Zurcher

Chino Valley Fire District Clerk / Date

Central Yavapai Fire District Board Clerk / Date

Central Arizona Fire and Medical Authority Clerk / Date

DRAFT