

## MINUTES

**Central Arizona Fire and Medical Authority  
Central Yavapai / Chino Valley / Central Arizona Fire and Medical  
Budget Work Study  
Wednesday, April 14, 2021, 1:00 pm - 3:00 pm  
Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive,  
Prescott Valley**

### **In-Person Attendance**

Cyndy Dicus; Cynthia Gentle; Dane Beck; Darlene Packard; Dave Tharp;  
Kathy Goodman; Matt Zurcher; Owen Mills; Pete Gordon; Rick Anderson;  
Scott A Freitag; Susanne Dixon

### **Remote Attendance**

Dave Dobbs

### **Not In Attendance**

Lorette Brashear; Nicolas Cornelius

## **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 **Wednesday, April 14, 2021 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. Members may attend in person or via remote methods of communication.

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CHINO VALLEY FIRE DISTRICT

**Chair Dicus called the Chino Valley Fire District meeting to order at 1:04 p.m.**

2. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL YAVAPAI FIRE DISTRICT

**Chair Zurcher called the Central Yavapai Fire District meeting to order at 1:05 p.m.**

3. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY

**Chair Zurcher called the Central Arizona Fire and Medical Authority meeting to order at 1:05 p.m.**

4. PLEDGE OF ALLEGIANCE

**Chair Zurcher led the Pledge of Allegiance.**

## 5. PRESENTATIONS

- A. Stifel, Nicolaus & Company, Inc.  
Certificates of Participation (COPs) as a Possible Financing Tool for PSPRS Unfunded Liability

**Chief Tharp introduced the team from Stifel and explained the purpose of the presentation.**

**Director Dobbs joined at 1:08 p.m. via Zoom. Chief Freitag joined at 1:14 p.m.**

**Stifel presentation by Mike LaVallee, Managing Director - Phoenix, joined by Mark Reader, and Claude Lockhart via Zoom. Michael Townsend, Vice President of PSPRS, and Clark Partridge, also from PSPRS, were available via Zoom to answer any questions.**

**There were inquiries by the Board regarding total payroll, negotiations with rating agencies, real property encumbrances, and the voluntary call option in 2031. There was an inquiry made by Local 3066 Vice President Bob Curry that resulted in confirmation that the optional contingency reserve fund is interest earning.**

**Chief Freitag reminded the Board that the Tier 1 and Tier 2 legacy costs will exist for a long time. Chief Tharp reminded the Board of the original plan presented years ago, and noted that fluctuations are, and will continue to be, common.**

**Chief Freitag noted that certain factors are assumed, including payroll increases and mortality tables, and therefore cannot be counted on as fact during decision-making.**

**Clark Partridge, PSPRS Financial Consultant, provided an overview of all State pension plans, as well as an explanation of what has occurred in the past, what they are doing presently, and the future plan to fix PSPRS issues. See attached presentation.**

**The Board took a recess at 2:55 p.m.**

**The meeting reconvened at 3:01 p.m.**

- B. United Yavapai Firefighters Local 3066  
Wage and Benefits for Fiscal Year 2022

**Local 3066 Vice President Bob Curry introduced himself, as well as trustees Jaron Kirk and Cody Rafters, and Local 3066 President Ben Roche, to the Board. He presented requests prompted by the Wage and Benefit Study that are currently being discussed with Senior Staff, and explained which items have already been agreed upon between both parties. See attached sheet.**

## 6. NEW BUSINESS

- A. Budget Work Study

**Chief Rose presented the new budget projections, explained the changes, and noted current and future challenges. Chief Tharp provided a brief history of Net**

**Assessed Value (NAV) percentages and how the Agency projects results, explained why the Agency is conservative in forecasting, and how legislative changes can impact tax revenues. See attached presentation.**

**There were inquiries regarding pursuing a small tax increase to increase the Capital Reserve Fund, knowing there are large capital expenditures in the near future, whether or not the current plan is a zero-cent plan, whether or not the Prevention Division is self-supporting, and where possible Certificates of Participation (COPs) fit into the budget.**

**Chair Zurcher and Director Mills both recommended moving to a half-cent or higher budget in order to build up the Capital Reserve Fund. Chief Rose noted that the Chino Valley tax rate is already maxed out at 3.25, so the increase would fall to Central Yavapai. Chief Tharp stated that Staff can draft and present budgets showing the requested increases.**

**Director Beck received clarification that the budget presented is a zero-cent tax rate increase budget, and also requested a detailed forecast of proposed expenditures prior to the April 26, 2021 Board meetings.**

**Director Mills asked about revenues generated by the Prevention Division, and stated that he would like to see how the revenue collected compares to expenses. Chief Freitag responded that a study was undertaken a few years ago in order to set current fees, but an escalator was not built in at that time. He has already tasked Prevention with reviewing their current fee schedule and recommending adjustments. Director Mills recommended rolling all Prevention expenses into the next fee schedule, to which Chief Freitag specified that public education expenses are considered part of community service and are not covered by the fee schedule.**

**Director Zurcher inquired as to whether Staff is recommending moving forward with a COP. Chief Freitag replied that Staff recommends moving forward; however, Staff's concerns are in line with the Board's concerns, namely the future of PSPRS. Chief Tharp asserted that if financial stability is the goal, then the Agency must work to get a handle on PSPRS.**

**Chair Zurcher expressed concern regarding the real property lease, not knowing what future Fire Board members may decide.**

**Director Anderson declared that PSPRS has no incentive to make changes, and that he is in favor of the COP plan.**

**Clerk Packard expressed concerns regarding the real property lease portion, specifically in relation to station ownership for the next 17 years.**

**Director Mills received clarification regarding what the annual PSPRS payment would be if we move forward with a COP.**

**Chair Zurcher inquired as to whether moving forward with a COP would affect the proposed budget. Chief Tharp that the amount is already budgeted, the Agency would just be sending the payments to a different place.**

Director Anderson inquired of Chief Tharp as to what amount he would be comfortable with having in the reserve account. Chief Tharp stated that \$10 million, 1/3 of CAFMA's operating budget, would allow the Agency to cover about five months out of the year. One cent is equal to \$80,000.00. Director Anderson asked if money could be earmarked. Chief Tharp replied that the Agency could budget the money for the Capital Fund. Chief Freitag mentioned the money CAFMA is supposed to receive from the legalization of marijuana in the state, and noted that that money could potentially be earmarked.

Director Gordon asked for clarification on the “lease” terminology, and if it was simply collateral on a loan.

**Chiefs Tharp and Rose will be available for Board questions.**

7. ADJOURNMENT

**Chair Zurcher adjourned the meeting at 4:07 p.m.**

Move: Darlene Packard Second: Owen Mills Status: Passed

Yes: Dave Dobbs, Darlene Packard, Cyndy Dicus, Matt Zurcher, Dane Beck, Cynthia Gentle, Pete Gordon, Owen Mills, Rick Anderson