



Sedona Fire District

2860 Southwest Drive, Sedona, Arizona 86336
Telephone (928) 282-6800 FAX (928) 282-6857

SFD CITIZENS' ADVISORY COMMITTEE MEETING
Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room
Thursday, May 11, 2017 / 9:00 AM

~ MINUTES ~

I. Call to Order/Roll Call

Committee Chairman Tim Ernster called the meeting to order at 9:00 AM.

Committee Present: *Board Member* – Tim Ernster; *Citizens* – Lonnie Lillie; Gary Johnson; Gene McCarthy; Caryn Maxwell; Dave Watters; *Staff* – Captain Pat Ojeda

Committee Absent: Wendy Tanzer; Firefighter Greg Eberlein; HR Manager Betty Johnson

Others Present: Fire Chief Kris Kazian; Tricia Greer – Recorder to Committee

II. Pledge of Allegiance to the United States of America

Committee Chairman Tim Ernster led the Pledge of Allegiance.

III. Call to the Public

A. Public Forum:

1. Public Comments.

2. Staff Response to Public Comments.

There was no request to speak.

IV. Approval of Minutes

A. Discussion/Possible Action: Minutes of May 8, 2017

David Watters moved to approve the Minutes of May 8, 2017; Caryn Maxwell seconded and the motion was unanimously approved.

V. Open Dialogue/Review of Information Previously Presented/Questions

Fire Chief Kris Kazian asked if the Committee Members had any questions regarding previous information or the financial worksheet, which has been revised per the Committee's direction by Finance Director Gabe Buldra. There were no questions; he said SFD staff will still be available to answer committee questions after this process is concluded, as well.

VI. Discussion/Possible Action – Review of 5/10/17 Funding Worksheet to committee members

Chief Kazian said the committee's report, as well as all its research and findings, will be in a 3-ring binder with addendums. The committee reviewed the worksheet the committee had completed at the last meeting regarding funding options of the \$26 million in capital projects identified, as well as the financial presentation from Finance Director Gabe Buldra.

On the first slide – Example #1, 10-Year Projection with “No Bond”, Chief Kazian said if we decide to fund all the capital projects identified, this would require us operating beyond the maximum mil rate in the last 2 fiscal years which the law does not allow; on Example #2 under “No Bond” with a mil rate cap means SFD would have to be at the cap of \$3.25 in fiscal year 2021 and on; if the assessed value (AV) did not reach the assumptions of 2.5 to 3% increases in growth, we would be unable to accomplish the capital needs using this method; Chief Kazian said the percentage increases listed at the bottom are initially large,

but would reduce over time, but would be concerning to taxpayers. In Example #3, “No Bond with early funding”, which means going to a higher mil rate quicker including a 20% jump the first year; Mrs. Maxwell said a 20% jump would not be tolerated by the taxpayers. Mr. Watters pointed out on this example, we would end up being \$1.45 million short of the \$26 million in capital projects; he said this scenario would cause the Board to have to decide what projects to not fund. The slide for the \$15 million bond option is the same as was presented to the committee on Monday. The next example is \$17 million bond with the accompanying increases. Then, the \$18 million bond option shows a 2.18% increase, which Mrs. Maxwell said was tolerable, and it includes the bond interest, mil rate, and overall budget change – with lower budget amounts because the capital reserves are not as high; the mil rate ends at 3.14% and gives opportunities with lower AV years and the ability to increase the mil rate if AV goes down – Chief Kazian noted this means taxpayers’ levy would be the same – it is just multiplying 2 numbers to get to the same number.

The next slide was the bond cost comparisons for a median priced Sedona home of \$345,000 at the time Stifel did the estimates; their estimation is the total cost would be \$59.35 for that home in a \$15 million bond, \$67 for \$17 million bond, or \$71.22 on an \$18 million bond. Chief Kazian asked if another paragraph explaining this “apples to apples” comparison of pay/go versus bonding would be appropriate. Gary Johnson stated when he read it, the arithmetic did not make sense to him; he said he should be able to take the estimated annual cost of \$60 and multiply it by 25 because it says total cost over the life of the bond; it does not tell him that it is being compared to what it would cost using pay/go; committee consensus was it did need further explanation.

Chief Kazian reviewed all the slides, and the group discussed how an \$18 million bond would mean lower payments than borrowing \$15 million. He said there are significant cost savings, depending on which model is selected, for the taxpayer. Mrs. Maxwell pointed out, again, that people living here now would not have to take the whole burden of paying for the projects, but rather, would spread out the costs over the next 25 years for future residents sharing the costs. Chief Kazian wants to be clear and transparent to taxpayers how they would be affected. Mr. Johnson said the intent of the bond would be to bridge the gap in funding and speculated it is safe to say the bond will put the district in the position so that 10 years down the road, subject to unknown variables, there should be adequate funding to maintain the Capital Improvement Plan. Chief Kazian said that is a finding in the report, although a future board could unwisely decide it is a bad idea for whatever reasons, although as Chief, he would highly recommend against that because it would put us back in the same position as now with some future chief and citizens’ committee asking why they did that; Mrs. Maxwell recommended using the word “sustainability” to explain best practices need to be maintained. Committee consensus was to include a recommendation that the current Board establish – and future Governing Boards maintain – a best practice financial policy to authorize necessary funds to create a sustainable Capital Improvement Fund.

Chief Kazian said the members that were not present at the last committee meeting could vote on items in Mr. Watter’s worksheet (from the last meeting) if they disagreed with the committee’s votes. Mr. Ernster commented that some of Mr. Johnson’s comments on the report were incorporated into this version. Mr. Johnson expressed a “gut feeling” of concern for the \$18 million selected for the bond, but understands the district is behind and how that figure was reached. He said hearing the committee’s inputs have helped answer his questions. Chief Kazian clarified the committee is talking about a \$15 million station repair/replacement “price tag” and, additionally, Fleet and Telecom being funded at about \$3 million; this approach is a “hybrid” of funding the \$26 million needed over the next 10 years for capital needs. Captain Pat Ojeda said he empathizes with Mr. Johnson’s concerns, and initially, the group discussed \$15 million, but as each meeting progressed, the committee could see the needs, and adapting the recommendation to \$18 million was thinking about the community and how they would respond; he said as he looks at the numbers, as presented, it makes sense overall to the financial security of the organization and future growth.

VII. Discussion/Possible Action – Consideration of all fact-finding conducted by committee and draft report of summary and recommendations to be presented to the Sedona Fire District Governing Board for long-term capital project funding needs; Approval of Final Report

Chief Kazian presented the draft report on the overhead and the committee reviewed it paragraph by paragraph, agreeing to changes in explanations and wording, as well as language each committee member felt would more easily explain to the public the recommendations and needs. The committee agreed to add a signature page for each committee to sign.

Mrs. Maxwell moved to approve the Sedona Fire District Citizens' Advisory Committee Report, as amended today, with recommendations to the Governing Board including calling for a Bond election in November 2017 in an amount not to exceed \$18 million; Mr. Watters provided a second, and the motion was unanimously approved.

Chief Kazian said staff would finalize the report and distribute it to the committee; if the committee has any further concern or suggestions regarding the report, please send those to Ms. Greer. He said the Committee's presentation and recommendations to the Board, led by Mr. Watters, will be from 3:30 to 4:30 PM on Wednesday, May 17th. Chief Kazian said he would appreciate as many of the Committee Members as possible to be present to answer any questions the Board may have. Mr. Watters asked if the committee members would be able to address the public; Chief Kazian answered affirmatively as it will be agendaized; he also said this topic would be on the Agenda of the June 21st Board meeting for the Board to formally call for a bond election, and he would encourage the committee to attend, but it would not be mandatory.

VIII. Discussion/Possible Action: Recommendation to SFD Governing Board regarding Dissolution of SFD Citizens' Advisory Committee

Chief Kazian commented this is the committee's opportunity to agree that their work is done; the recommendation could be to dissolve the committee and it would be listed on the May 17th Board agenda for formal approval. After the Board takes formal action, this committee's work will be done and the members will be free of Open Meeting Law requirements. *Mr. Lillie then moved to recommend to the Governing Board to dissolve the SFD Citizens' Advisory Committee and Mr. McCarthy seconded; the motion was unanimously approved.*

IX. Discussion/Possible Action: Future Meeting Date, Monday, May 15, 2017, 1:00 PM, if needed
Committee consensus was that the tentatively scheduled meeting would not be necessary.

X. Adjournment

The meeting was adjourned at 11:00 AM.

Original signed by Tricia Greer

Tricia Greer, Recording Clerk to the Committee

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