



Approved by the Board on 6/21/17

Sedona Fire District

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

REGULAR BOARD MEETING

Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room

Wednesday, May 17, 2017

2:30 PM Executive Session / 3:30 PM Special Meeting / 4:30 PM Regular Meeting

~ MINUTES ~

I. CALL TO ORDER/ROLL CALL

A. Salute to the Flag of the United States of America and Moment of Silence to Honor all American Men and Women in Service to Our Country, Firefighters, and Police Officers.

Mr. Montgomery called the meeting to order at 2:34 PM and led the Pledge of Allegiance and moment of silence.

Board Present: Ty Montgomery – Chairman; Corrie Cooperman – Clerk; Tim Ernster (Citizens' Committee Chairman), Abe Koniarsky, Dave Soto – Members
Committee Present: David Watters, Co-Chairman; Gary Johnson; Betty Johnson; Greg Eberlein
Others Present: Fire Chief Kris Kazian; Assistant Chief Jeff Piechura; Division Chief Ed Mezulis; Fire Marshal Jon Davis; Finance Director Gabe Buldra (JVG); Tricia Greer, Recorder to Board; Bill Whittington, Board Attorney; Ron Eland – *Red Rock News*; Core Construction representative; 2 Citizens

II. EXECUTIVE SESSION – 2:30 PM

A. Vote to go into Executive Session relating to the following items pursuant to:

1. **ARS 38-431.03(A)(3) Legal Advice; ARS 38-431.03(A)(4) Instructions to Attorney; and ARS 38-431.03(A)(1) Personnel Matters – Fire Chief's Contract.**

Mr. Montgomery moved to go into executive session pursuant to ARS 38-431.03(A)(3) for legal advice; ARS 38-431.03(A)(4) for instructions to attorney; and ARS 38-431.03(A)(1) for personnel matters regarding the Fire Chief's contract; Board Clerk Corrie Cooperman seconded and the motion was unanimously passed.

Mr. Montgomery reconvened the public session at 3:30 PM *and moved to direct the attorney to proceed as instructed in executive session; Board Member Tim Ernster seconded and the motion unanimously passed.*

III. SPECIAL BUSINESS MEETING – 3:30 PM

- A. **Discussion/Possible Action: Presentation of Findings and Recommendation of Citizens' Advisory Committee regarding Funding Capital Projects and Possible General Obligation Bond.**
- B. **Discussion/Possible Action: Acceptance of Committee's Final Report.**
- C. **Discussion/Possible Action: Dissolution of SFD Citizens' Advisory Committee.**

Board Member Tim Ernster, who served as the Chairman of the Citizens' Advisory Committee, delegated the committee's findings and report be presented today by Co-Chairman Dave Watters. (**Note:** The entire presentation can be accessed here: <http://www.sedonafire.org/wp-content/uploads/2016/05/ADDENDUM-15-Presentation-of-Recommendation-to-the-Governing-Board-5-17-17.pdf>.)

Mr. Watters reported the SFD Citizens' Advisory Committee Members were citizens – Tim Ernster (Board Member and Committee Chairman); David Watters (Co-Chair); Gary Johnson; Lonnie Lillie; Caryn Maxwell; Eugene McCarthy; and Wendy Tanzer; and SFD staff members – Greg Eberlein, Betty Johnson, and Pat Ojeda.

Over 2 months and 10 meetings, the committee spent 30 hours learning about the district, how property taxes are levied, and how the district gets the funds from property taxes. The committee toured SFD fire stations and was

given information from public finance experts, architects, engineers, and staff regarding the overall condition of 5 district stations. They were provided significant detail on the proposed Capital Improvement Plan (CIP) and district needs over the next 10 years including station re-builds and re-models, apparatus/vehicles, operational equipment, and telecommunications. Numerous hours were spent outside of meetings reviewing information, researching, and preparation. Through the history of the district, most of its fire stations were not designed for 24/7 crews; in fact, only the newest – Station 6 – was; some stations have already reached end of useful life, specifically, Stations 4 and 5; Stations 1 and 3 need significant repairs and renovations to extend their life for another 25 to 30 years. The committee did not break new ground with this process, as many of the capital projects reviewed by the 2017 committee were previously identified by the 2007 Citizens’ committee; in 2007, that committee contemplated \$19.7 million in capital expenditures, and the only project completed from that list was Station 6; the Communications Center was on that list, but is no longer applicable, as the district has now partnered with the Cottonwood Center. Mr. Watters referred to several relevant quotes from the 2007 Minutes of 2007. (Please see the PowerPoint on our website.)

An overview of the projects considered with high-range estimated costs:

• Station 4 demolition and replacement station	\$ 4,945,096
• Station 5 relocation and replacement station	\$ 2,619,864
• Station 3 structural, HVAC, drainage, concrete apron repairs	\$ 1,045,000
• Station 3 living quarters	\$ 998,000
• Station 1 renovation creating efficiencies/ADA compliance	\$ 2,646,544
• Build new maintenance facility on site Station 1	\$ 1,034,127
Subtotal of Facilities	\$13,288,631
With 15% Soft Costs	\$15,281,925
• Apparatus/Vehicles and Equipment Replacement Funding	\$ 7,700,000
• Telecommunications System Funding	\$ 3,017,000

Although SFD qualifies per state statute to bond up to \$30 million, the committee is not recommending that amount. The initial amount of \$15 million was only an early estimate as a place to start the discussion, but after going through the process, the committee realized the need to bond more. The median home in Sedona is valued at \$345,162 – the additional cost to this taxpayer for an \$18 million versus \$15 million bond would be \$184 over 25 years, which is just \$7.36 annually. The needs of the district dictated the bond amount recommended.

Funding options considered:

- *Pay as you go.* The committee considered funding all these projects within the mil cap rate of \$3.25 – the cost burden would be shouldered by current taxpayers while absolving future taxpayers from paying for the resources they would use. The increased taxes, regardless of which pay/go model chosen would create significant financial challenges for taxpayers. (See PowerPoint charts.) The pay/go option is highly susceptible to changes in Assessed Values (AV) which could negatively affect the district’s future financial picture. Pay/go does not require vote by the public, but there would be less certainty of completion given all the variables over the next 10 years. Attempting to fund the capital improvement plan via pay/go would likely force the mil rate to the maximum of \$3.25 for 3 to 6 years and cause delays in CIP completion.
- *Lease Purchase.* This would be a hybrid version of pay/go spreading the debt over 20 years versus the bond of 25 years. It is funded within the mil rate and a downturn in the economy would compromise the ability to fund critical emergency services. Interest rates are higher than bonds.
- *Bonding.* The long-term costs of paying for the bond are increased for the taxpayers, but the committee believes the amount when spread out over 10 years is acceptable and provides SFD necessary assets for the next 30+ years. Voters must approve the bond, giving them a voice in capital needs of the district. The bond creates much more sustainable financial structure and the cost difference between \$15 million and \$18 million are relatively insignificant, relative to the impact on long-term forecast and budgeting.

The committee preferred the concept of spreading the costs over a longer period of time and bonding provides a more fair distribution of repayment for current/future residents. It protects the community from a reduction in

services if the AV drops. The debt payback schedule is fixed so costs remain constant and create predictability in future tax levies. The difference in cost illustrates the value of bonding the district's capital needs. (See PowerPoint charts.) The bond cost is less than pay/go in the first 4 to 5 years. After 10 years, the bond is more expensive than the back-loaded pay/go version by \$26.37 and cost more than the front-loaded pay/go by \$55.82.

In projecting future mil rates for median Sedona homes (see chart), although the graph appears to show the bond line continuing on the same trajectory into the future, it does not and actually flattens out. Finance Director Gabe Buldra commented with the bond, the overall tax rate will exceed \$3.25 due to the bond tax, but, ultimately, would cap out the operating budget at \$3.25; the bond cost would not increase in future years because it is a fixed repayment of the bond debt; when projecting out past Fiscal Year 2027, the line levels off. For example, Fiscal Year 2026 shows a mil rate of \$3.07 and a bond rate of \$0.167 combined and in Fiscal Year 2027, the mill rate is projected at \$3.14 and bond rate of \$0.162 combined.

The committee agreed the proposed Capital Improvement Plan should be implemented. It also strongly believes the level of service provided by SFD is the minimum needed to serve this district. Even during economic downturn, fire and EMS services must continue including Telecom and fleet needs that support district operations.

The committee came to consensus recommendations, as follows:

1. That the elected Fire Board call for a November 2017 Bond election in an amount not to exceed \$18 million. The amount is based on the Committee's determination that proposed capital projects are necessary and are considered to be high priorities. The amount requested assumes a few years of conservative to marginal growth of Assessed Value (AV). If AV shows better than expected growth, a consideration for the amount of bonds issued may be reduced by the Governing Board, as appropriate, and the District has ability to consider purchasing fleet, equipment, or Telecommunications projects through the operating budget. The Committee believes very strongly that the capital needs of the District are real and that the community deserves an opportunity to voice their opinion via the ballot box. If the community approves the Bond, the Committee recommends this Board and future Boards follow wishes of the community as expressed in the election.
2. That the elected Fire Board and staff continue to find efficiencies and cost savings so as to require the minimum amount of bond sales to complete capital projects, as proposed. Consideration should be given if timing and circumstances allow, projects for building may be combined and carried out at the same time; this could provide an estimated cost savings of 5% - 10% in combined total costs.
3. That the elected Fire Board and staff annually review the priority and/or importance of each proposed project with the understanding that "lower" priority projects may be delayed or canceled if economic circumstances dictate. The needs that are "higher" priority will remain regardless of economic factors. In challenging economic times, the District would evaluate the deferral of purchasing needed capital items, including fleet and operational equipment, and making them last longer or allowing for a greater tolerance for the cost of increasing maintenance, which is simply being good stewards of funding and the public trust.
4. The projected cost estimates recommended in the Bond are allocated for projects for which we were able to plan. The Bond dollars are not specifically earmarked for specific projects because we realize circumstances may change and priorities may shift. The Committee understands the language of the approved bond and legislative restrictions may dictate future needs which were unanticipated at the development of this recommendation. The Committee recommends following the advice of bond counsel for best practice language allowing appropriate flexibility over a 10-year period.
5. That the elected Fire Board and staff continue to actively pursue alternative funding such as grants and other revenue opportunities.
6. When implementing capital projects such as fire stations, utilization of a Construction Manager at Risk (CMAR) delivery process would likely provide best overall value for taxpayers. The Committee encourages the Board to take a strong look at implementing CMAR in major construction and remodel projects.
7. That this Board and future Boards approve appropriate annual funding in capital reserves following best practice procedures so that 10 years from now, capital funding will be available to replace future needs without going to another bond. An exception to this recommendation might be fire station replacements when those are needed in the future.

Furthermore, the committee recommends 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.

Findings of the committee:

- There are 15 findings outlined in the Final Report and provide more specific reasons as to why the recommendations for each project are being supported by the committee; many of the findings are supported by addendum details.
- We encourage anyone to watch SFD YouTube to watch meetings and see discussions that took place.
- We encourage anyone to reach out to the committee members, Governing Board, or Fire Chief for information or to express concerns.
- Citizens should read the full Final Report with the recommendations at <http://www.sedonafire.org/wp-content/uploads/2016/05/5-17-17-Final-SFD-Recommendation-of-CAC-1.pdf> in order to make an informed decision.
- Regardless of the result of the election, fire and EMS services must continue and operational needs will remain. If the bond is not passed, the district will have to find another way to meet the needs.

The committee spent many hours learning about capital needs and looked at the differences between wants and needs, and based on that, the committee recommends a hybrid approach to fund capital needs – specifically, to bond the majority of station rebuilds and remodel costs, to bond some of the apparatus and telecommunication needs, and to use pay/go for any remaining capital expenditures, as below:

	BOND	PAY GO
Station 4 demolition and replacement station	\$ 4,945,096	
Station 5 relocation and replacement station	\$ 2,619,864	
Station 3 Structural, HVAC, Drainage, and Concrete Apron	\$ 1,045,000	
Station 3 living quarters		\$998,000
Station 1 renovation to entire building to create	\$ 2,646,544	
Build new maintenance facility on site Station 1	<u>\$ 1,034,127</u>	
Subtotal of Facilities	\$12,290,631	\$ 998,000
With 15% Soft Costs	\$14,134,225	\$ 1,147,000
Apparatus/Vehicles and Equipment Funding	\$ 1,920,000	\$ 5,780,000
Telecommunications System Funding	<u>\$ 1,945,775</u>	<u>\$ 1,071,225</u>
Grand Total	\$18,000,000	\$ 7,998,225

The committee recommends the Board consider an \$18 million bond for Sedona Fire District’s capital needs.

Mrs. Cooperman thanked the committee and said she was impressed with the detail they went into regarding district needs. She asked about which interest rate was higher between the bond and lease purchase; Mr. Watters said the lease purchase’s rate is higher; Mr. Buldra added that we do see savings on bond interest, which will be realized based on SFD’s credit worthiness, which should be strong. He said the biggest savings with bonding over lease purchasing has to do with the amortization over many years of liability and debt; lease purchases are limited to 15 years, sometimes 20 on stations, whereas the bond is amortized over 25 years. Mr. Montgomery asked for some rationale in showing a bond of \$18 million and \$8 million in pay/go expenses and asked why not bond for the entire amount. Mr. Watters said it was a philosophical decision with the consensus recommendation largely around Telecom and fleet, which under normal circumstances, had SFD not gone through the giant depression and past decisions, would have just been funded through the budget; however, we are behind significantly in some areas and the committee decided to bond buildings, rebuilds, and most renovations considered high priority and to give a boost to getting apparatus and Telecom on track sooner than later, with the rest being spread out over 10 years in pay/go. The Station 3 living quarters was the most contentious discussion, and the majority wanted to make it happen, but felt pay/go was better than bonding. Mr. Watters pointed out these are the committee’s recommendations, but the Board can take any or all of it or reject the parts with which they disagree.

Mr. Buldra added we cannot bond an unfunded liability such as PSPRS, and shorter-life items such as Telecom items can be bonded depending on how the language is written, but we are concerned with paying off those assets quicker than amortizing over 25 years; we want the best use of the bond funds and those are mostly items that will last the life of the repayment of the bond. Chief Kazian said we can bond for those, but the committee wrangled with the question, should we. Mr. Watters agreed and stated one point to make is to look at this from the community's perspective; could the committee have recommended a \$25 million bond to cover all the CIP – maybe, but a failed \$25 million bond at the ballot box gets the district nothing and could cause pain to current taxpayers only. The committee believes this is a reasonable and passable compromise. Chief Kazian said an \$18 million bond is a palatable balance in mil rate and AV, and allows us to continue to provide services the community needs. Mr. Watters pointed out Core Construction gave us a range in estimates for station projects, and the committee chose to use the high-range estimates because it is hard to guess what true costs will be when the projects move forward, but to encourage the district to find cost efficiencies and end up on the low side.

Chief Kazian pointed out Addendum #13 to the is the proposed Capital Improvement Plan and where the items are located; the last page shows a proposed amount of \$1.6 million in a capital improvement fund (depreciation account) at the end of the process; in doing our due diligence, currently, the fund sits at about \$350,000, so we are proposing it be at \$1.6 million and continue that best-practice process of funding to cover future needs in a constant, static way to provide long-term sustainable approach to capital needs – but with the understanding there will always be unknowns that come up. He also pointed out the lease purchase option still creates the need to pay through the mil rate and pay/go option increases taxes; if you look at Addendum #10, page 3 clearly shows if we did funding by increasing the mil rate much earlier, you would see a 19.59% increase in the budget; that is an unacceptable amount and means only today's taxpayers would be funding it. Mr. Ernster asked staff to explain Page 2 of 9 on Addendum #10 and what happens to the mil rate versus the mil rate on Page 6. Mr. Buldra explained Page 2 is all the capital needs funded through the tax rate, so levying excess capacity available each year for capital funding whereas on Page 6, the bond is funding \$18 million of capital and being taken out of the operating budget, so it no longer needed to be part of the mil rate cap of \$3.25.

Mr. Ernster asked to clarify that at the end of the 10-year period, the mil rate is \$3.15 versus pay/go at \$3.25 for 6 or 7 years; Mr. Buldra said, yes, that is a function of amortizing over the life of the bond. Chief Kazian said when you take the bond rate and add it to the actual mil rate, through Fiscal Year 2026, we would still be under the statutory cap of \$3.25 and not until FY 2027, go above with the combined rate of the two. He said the mil rate is just a mathematical multiplier based on AV; he said if we had 5% growth in all those years, the mil rate and bond rate would be under \$3.00 and maybe even \$2.75. Mr. Buldra stated the misconception about the tax rate – whether it is \$3.25 or \$2.75 – is we are still levying the same dollars based on AV.

Mr. Soto said the example shows what the homeowner will pay, but they are not the only ones paying for this bond; Mr. Watters replied the commercial and vacant land property owners would also pay – homeowners at 10%, commercial at 18%, and vacant land at 15%. Mr. Soto also commented that he understands the 10% to 15% “soft costs” would include temporary housing for crews and apparatus during station construction, which was another reason the committee chose to use the high estimates; Mr. Watters confirmed same.

Chief Kazian asked the Board to review the committee's recommendations and be prepared to discuss and possibly take action at the June meeting; this would also give time for the public to reach out to the Board and staff to ask questions; he stated the Board might require a special meeting during the first week in July if the technical side of the issue – bond attorneys and information – takes more time; we have until July 10th to call the election. Mr. Montgomery stated his preference would be to take care of it at the June 21st Board meeting. Chief Kazian thanked staff, especially Receptionist Jodi Fowler, for putting the binders together and the committee for doing a great job. Mr. Watters conveyed to the Board that SFD has a great staff that was very responsive to requests. ***Mr. Montgomery moved to formally receive the recommendation of the committee; Mrs. Cooperman seconded and the motion was unanimously approved. Mr. Montgomery then moved to dissolve the Citizens' Advisory Committee, Mr. Ernster seconded, and the motion unanimously passed.*** Mr. Montgomery then granted a brief recess at 4:32 PM.

IV. REGULAR BUSINESS MEETING – 4:30 PM

A. Badgepinning Ceremony for New SFD Firefighters.

Chief Kazian introduced 3 new Firefighters who are replacing vacancies – not additional firefighters – and also welcomed their families. He then recognized each Firefighter, as follows:

- Joshua Combs – Born in California and moved to Prescott Valley and graduated high school there; he served in the Navy for 6 years and deployed twice to Afghanistan; after honorable discharge, he went to college to train as a Firefighter, where he is 2 classes away from an Associate’s degree and plans to finish his Bachelors; he and his fiancé, Amy, are planning an October wedding; his grandparents, parents, and brothers are present.
- Jeff Hamm – Started in the fire serviced in Casa Grande and served as a firefighter, paramedic, engineer, and worked up as a captain at Tolleson; he has a Bachelor’s degree with honors in Fire Science, and spent time in private industry as well; Jeff and his wife, Elizabeth, enjoy traveling and outdoor activities.
- Geoffrey Butler – Originally from Tempe, Arizona, and now lives in Chandler with his wife (Jeanine) and 2 children. Jeff worked at Tucson Fire, Blue Ridge FD, and also at Lifeline Ambulance; he has a Bachelor’s degree in Communications from ASU and is currently working on a Fire Science Associate’s degree from Mesa Community College; he likes traveling; his parents are also at this meeting.

Chief Kazian then gave the Oath of Office and family members pinned the badges.

B. Public Forum:

1. Public Comments.

2. Executive Staff Response to Public Comments.

No requests to speak.

C. Discussion/Possible Action: Proposed FY 2017/2018 and Projected FY 2018/2019 SFD Budgets; Board and Staff Discussion; Approval to Publish.

Finance Director Gabe Buldra presented the budget information for proposed Fiscal Year 2017/2018 and distributed hard copies of the draft budget. He asked for tentative adoption of the budget to post the required 20 days with the intention to hold a public budget hearing and adopt the budget at the June Board meeting.

The district received estimated Assessed Value (AV) with increases from Coconino (5.48%) and Yavapai (5.40%) Counties and based on inflationary reasons, ambulance fees were on realized collections and projected rate increase. He said the tax rate will be based upon the Board’s decision on contingency fund allocation. The budget includes the 0.3% COLA for staff. Since the last meeting, SFD got a quote from our current Workers Comp carrier, Copperpoint, based on e-Mod, of a reduction of \$118,000. Chief Kazian said there has been discussion about a Workers Comp risk pool concept, which needed more participants to make the numbers work; not enough agencies committed to launch the risk pool; it is not “dead” but is off the table for this year; he said our reduction of \$118,000 is a product of the formula Copperpoint uses through its governance by the Department of Insurance looking at SFD’s safety and work loss ratio.

The budget includes State-mandated significant increases in PSPRS per the actuarial report, but the Governor signed a bill to change amortization from 20 to 30 years; an emergency clause allows organizations to take advantage starting July 1, 2017; we have no details yet and need more information before final adoption. Once the Board approves the budget for publication, it cannot be increased but may be decreased without having to re-post.

Under Personnel, we have added funding for additional positions including an IT Technican, Administrative position, Community Risk Management position, and realized the need in ambulance billing to increase funding through the job description. Chief Kazian pointed out the IT position is in the current budget, but has been unfilled due to the lack of qualified candidates; there are actually 2 additional positions – the Fire Inspector/CIP employee and an Administrative “pinch hitter” to fill some gaps. From the Operational side, there was more investment in training and increased allocation and funding for fleet maintenance for outsourcing one position. On the Administrative side, there are additional costs for bond-related expenditures. Currently, we have 2 proposals on liability insurance coverage – one from our current provider at \$97,000 (which is what is listed in the budget) and another lower bid (as well as another one expected), although our current provider offers more coverage.

Mr. Buldra said the proposed budget for FY 17/18 is \$16.994 million, which is based on a tax rate of \$2.54 and using the current assumption of funding without a bond; until a decision is made on the bond, we will continue current projections. Chief Kazian clarified the \$1.3 million is not enough to fund capital needs, and if a bond does not pass, that number would have to be at least \$2.5 million going forward to fund the Capital Improvement Fund. Mr. Buldra said this budget has the contingency allocation set at \$200,000; Finance Specialist Pam Wester found that, historically, SFD spent an average of about \$200,000 yearly from contingency; he said the Chief feels \$200,000 is a reasonable amount. He showed additional slides with the same budget, but higher and lower contingency allocations. Mr. Ernster asked if Chief Kazian is recommending the contingency fund be set at \$200,000. Chief Kazian said he is comfortable with that amount and it is adequate; he said the only downside would be if the bond does not pass, \$300,000 may afford us more options. *Mr. Montgomery then moved to tentatively adopt the budget and authorize staff to publish the proposed budget, as provided by law, and hold a public hearing on June 21st; Mrs. Cooperman provided a second and the motion was unanimously approved.*

D. Update by Board: Fire Chief's Annual Evaluation.

Mr. Montgomery stated Chief Kazian's annual evaluation was completed on May 10th and he received an excellent review; he congratulated Chief Kazian on his 5 years of service and his hope for the Chief's continued service at SFD. Chief Kazian thanked Mr. Montgomery for his kind words and said it is a great honor.

D. Consent Agenda – Discussion/Possible Actions:

1. **April 19, 2017 Regular Board Meeting Minutes.**
2. **April 11, 2017 Special Meeting Minutes.**
3. **April 11, 2017 Executive Session Minutes.**
4. **City of Sedona Police Department and Sedona Fire District Telecom Support Intergovernmental Agreement Renewal.**
5. **Purchase Order #11025 to Page, Wolfberg & Wirth LLC in the amount of \$12,000 for documentation training to SFD Operational staff on December 4, 5 & 7, 2017.**
6. **Purchase Order #11024 to Staples Business Advantage in the amount of \$14,590.75 to replace the 28-year-old chairs in the Station 1 Training Room.**
7. **Purchase Order #10883 in the amount of \$18,292.88 to CDW Government, LLC for the second year payment of a three year Microsoft Enterprise agreement.**

Mrs. Cooperman moved to approve the Consent Agenda, as presented, and Mr. Soto provided a second; the motion was then unanimously approved.

E. Staff Items:

1. Financial Report and Updates – Finance Director Gabe Buldra.

a. Discussion/Possible Action: Review and Approval of April 2017 Finance Report.

Finance Director Buldra presented the April Financial Report. He went through each section; year-to-date, we are ahead in revenues at \$13,889,000; and, currently, \$1.4 million under budget on expenses year-to-date. He pointed out the year-over-year cash position ended the month of April at \$6.9 million compared to \$5.4 million last year, which is about a \$1.9 million increase in fund balance. Based on projections, he sees that trend continuing through the end of the fiscal year, which will allow us to put some money in the capital fund and also allocate some to financial reserves; he believes the \$200,000 contingency is more than adequate, and we will have the money available in the general fund for reserves for unforeseeable events; the district has the ability to draw on other funds. *Mrs. Cooperman moved to approve the April 2017 Financial Report; a second was given by Mr. Ernster and the motion was unanimously approved.*

2. Monthly Staff Report – Fire Chief Kris Kazian.

- a. **Incident Counts by Station.**
- b. **Call Summary and Response Times Year to Date.**
- c. **Rescue Incidents.**
- d. **Community Risk Management Update.**
- e. **SFD Training Report.**

- f. **Donations to SFD.**
- g. **Update of Grant Activity.**
- h. **Update of Recent/Upcoming SFD Activities, Incidents, and Events.**
 - i. **Special Recognition – Sedona Fire District 60th Anniversary and Picnic on May 20th.**
 - ii. **Cottonwood Public Safety Communications Center.**
 - iii. **Workers Compensation Pool.**
 - iv. **Correspondence/Thank You Letters to SFD.**

Chief Kazian reported:

- SFD is about 90 calls behind last year at this point.
- Cumulatively, we are trending much better in response times. Mrs. Cooperman commented our citizens appreciate the effort being made by our firefighters to get the response time down close to 6 minutes.
- SFD had 10 rescue hike-outs in the month of April compared to 8 last year.
- Grants are pending, and staff will begin hearing the results soon. He noted the Citizens' Advisory Committee recommended SFD continue to pursue grant funding to help relieve the burden to taxpayers.
- Fire Marshal Jon Davis reported he and Administrative Assistant Carla Dufort were certified in car seat installation last week. He said SFD has been holding steady for the last few months in plan reviews, but now, there have been dramatic increases over the last few weeks – doing about 185 inspections last month. Fire Inspector Rick Evans completed the Arson 2 class. Chief Kazian said the City of has had more permit requests year-to-date this year than all of last year.
- Appreciation was given to Training Officer Michael Duran and Division Chief Ed Mezulis for getting the new firefighters up-to-speed, as well as the TRT training, wildland preparedness, incident safety officer class, etc. SFD has a high expectation in training. He added that HR Specialist Keona Freeman is taking HR classes and other Administrative employees are also taking classes in their areas of responsibility.
- With the resolution this year for Workers Comp (discussed earlier under the budget), this item will be removed from next month's agenda.
- Previous volunteers and employees of SFD will celebrate SFD's 60th Anniversary at a picnic on Saturday, May 20th; families are invited to this fun event. Chief Kazian has been posting "flashback" photos of decades of service; he referred to *#sfdproudlyservng60years* to see the pictures on Facebook.
- There is nothing to report this month regarding Cottonwood Public Safety Communications Center.
- New Firefighters badge-pinned tonight have 3-week orientation to complete and will start shifts soon.
- SFD had 11 candidates participate in Engineer testing and 11 passed; Senior Staff is spending a few days giving all candidates feedback on testing.
- HR announced open enrollment for annual benefits is keeping staff busy.

3. Discussion/Possible Action: Emergency Dispatch Services Agreement as of July 1, 2017, by and between the City of Cottonwood and the Sedona Fire District.

Chief Kazian requested we table this item for now, as some of the partner agencies had questions and concerns; SFD is fine with the IGA and our legal has approved it with no substantive changes. Mrs. Cooperman noted the agreement includes a 5% rate increase for this year and next; Chief Kazian said when the Sedona Regional Communications Center was operating, our costs increased greater than 5% per year; he said some agencies want more negotiation, but he said it is a good assumption that it will be 5%. This item will be on the June agenda.

4. Discussion/Possible Action: Purchase Order #10173 to Tierra Verde Builders in the amount of \$37,125 for Station 4 Weight Room Project.

Assistant Chief Jeff Piechura informed the Board that over the past 8 months at Station 4, there have been floor failures under the weight room and it is not due to dropping weights, but rather, caused by a floor not designed for that usage. He said OSHA looked at it 2 years ago, and told us to move the weight room downstairs; however, we did some remediation using shock pads; since then, we are having floor fracturing, and it is important to move it to the first floor. The station crews can do a light remodel to accommodate the move; additionally, the popcorn ceiling has a very small, but reportable, amount of asbestos which needs to be capped with drywall and paint. The weight room floor is an OSHA violation and concern; the proposed move would include moving the all-terrain

vehicle (UTV) out of a side bay – which was previously used for the weight room – to outside requiring a cover because it is in good condition and needs to be protected from the elements.

Mrs. Cooperman commented as she looked at the “price tag” of \$37,000 for this project, she was concerned as Station 4 is slated for demolition in about a year; replacing that station is a high priority for the district; she asked about housing the UTV at another station; Chief Piechura said Station 4 crews utilize the UTV on Schnebly Hill Road on a regular basis. Chief Kazian suggested there may be an option to enclose the UTV a little better than just a cover – he has seen large garden-shed like structures that may work, although it would take up parking spots, which are at a premium. Mr. Soto suggested it might be less expensive to park it under the existing covered patio; Chief Piechura said that area is used for dining and grilling, and there is a block wall that separates the space from the parking area; he thinks there may be more options available, knowing the building is coming down soon, rather than remodeling. Chief Piechura said staff has been waiting for contractors to bid for about 5 months.

Mr. Montgomery commented there are items of concern listed in your report – asbestos and structural problems; he agreed Station 4 is the number 1 priority on the facility list; whether we get a bond approved or not, it must be replaced. He said if we know our intention is to break ground on a new station in 12 months, then we better come up with a temporary stop-gap to solve problems. Chief Kazian stated he understands the Board’s concern and that staff has struggled with this project for months; even if the bond is approved, it would most likely be late March/early April to sell bonds and get started; he wants to make sure we proceed correctly. He continued by saying Station 5 is a high priority only because we are looking to work in tandem with State Parks; it may be possible to combine those 2 projects for greater cost savings. We want to make sure our people are safe in the building and there may be other alternative solutions; he appreciates the Board questioning the request, but is also concerned with the station, its condition, and finding alternate solutions for funding.

Mr. Ernster noted the report indicates this problem was identified several years ago, and asked why it was never made into a budget request, since it is unbudgeted. Chief Piechura said prior to his arrival, there were a lot of other critical priorities hitting facility requests; before recently, it was not perceived as urgent to replace, but now the floor is failing and there is a hazard; he suggested approving up to \$15,000 to find alternate, “band-aid” ways to address critical issues. Chief Kazian added that under facilities, staff prioritizes projects throughout the year to work for efficiencies, and we do not have “excess money” to address shifting priorities.

Mr. Montgomery commented there is an urgency that needs to be addressed, and we are out of compliance with OSHA with the floor collapsing; he wants to fix the problems, but in a more cost-effective way than \$37,000. Mrs. Cooperman supports what Mr. Montgomery said and thanked staff for bringing the figure down to a far more acceptable range. Attorney Bill Whittington stated this particular agenda item is quite specific naming the purchase order number and what is being requested; he said the Board would either have to approve the P.O. or add this as an emergency agenda item to be ratified. Mr. Montgomery recommended adding an emergency agenda item to be posted within 24 hours indicating why this decision was made; Mr. Whittington said we would have to declare on the record tonight why it is an emergency; the law says the Board can take action on agenda items and any items reasonably related to that. Mr. Montgomery said we cannot wait 30 days to come back for another meeting. There was a brief discussion about getting the Chief’s check-signing authority at a higher level more in line with other fire districts around the state, and that Mr. Buldra will work on revising financial policies. Mr. Montgomery added an emergency item to agenda to address the floor under the Station 4 weight room and ***moved to authorize an amount not to exceed \$15,000 for the repair and movement of the weight room at Station 4 and housing the UTV; he stated the reason for this emergency action is the station is not in OSHA compliance and there is a danger to staff from the room as it is currently set up; a second was given by Mrs. Cooperman and the motion unanimously passed.***

V. FIRE MARSHAL’S SAFETY MESSAGE

Fire Marshal Jon Davis reminded everyone it is wildland fire season; he said SFD has a grant-funded Firewise and wildland preparedness video available for public view; other helpful information is available on-line at www.firewise.org and by calling Sedona Fire at 928-282-6800. This weekend, SFD will be hosting a yard clean-up drop-off site at Station 4 from 8:00 AM to 5:00 PM on Friday/Saturday/Sunday.

VI. ADJOURNMENT

The meeting was adjourned at 6:05 PM.

Original signed by Corrie Cooperman

Corrie Cooperman, Clerk of the Board

:tg