



Approved by the Board on 7/19/17

Sedona Fire District

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REGULAR BOARD MEETING ~ AND ~ PUBLIC BUDGET HEARING Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room Wednesday, June 21, 2017 / 3:15 PM

~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.

Board Chairman Ty Montgomery opened the meeting at 3:15 PM. He deferred the Pledge of Allegiance until after the Executive Session.

Board Present: Ty Montgomery – Chairman; Corrie Cooperman – Clerk; Tim Ernster, Abe Koniarsky, Dave Soto – Members

Others Present: Kris Kazian, Fire Chief; Jeff Piechura, Assistant Chief; Ed Mezulis, Division Chief; Jon Davis, Fire Marshal; Betty Johnson, HR Manager; Dave Cochrane, Battalion Chief; Melissa Tomlinson, JVG (Finance); Bill Whittington, Board Attorney; Michael LaVallee, Stifel; Bill DeHaan, Bond Counsel; Tricia Greer, Recorder to Board; Approximately 45 citizens

II. EXECUTIVE SESSION

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

1. **ARS 38-431.03(A)(1) Personnel Matters; ARS 38-431.03(A)(3) Legal Advice; and ARS 38-431.03(A)(4) Instructions to Attorney – Re: Fire Chief’s Contract.**
2. **ARS §38-431.03(A)(3) Legal Advice; and ARS 38-431.03(A)(5) Discussion/Consultation with Designated Representatives Regarding Amendments to Memorandums of Understanding for July 1, 2016 – June 30, 2018 with Administration/Support Employees Association; and IAFF Local #3690-Sedona Chapter.**
3. **ARS §38-431.03(A)(3) Legal Advice; ARS 38-431.03(A)(4) Instructions to Attorney – Re: General Obligation Bond; Engagement Letter with Attorney William R. DeHaan of Greenberg, Traurig, LLP to serve as Bond Counsel for Sedona Fire District.**
4. **Reconvene Public Session for Discussion/Possible Action on Executive Session items.**

Mr. Montgomery moved to go into Executive Session pursuant to ARS 38-431.03(A)(1) for personnel matters, ARS 38-431.03(A)(3) for legal advice, and ARS 38-431.03(A)(4) for instructions to attorney regarding the Fire Chief’s contract; and ARS §38-431.03(A)(3) for legal advice, ARS 38-431.03(A)(5) for discussion and consultation with designated representatives regarding Amendments to Memorandums of Understanding for July 1, 2016 – June 30, 2018 with Administration/Support Employees Association and IAFF Local #3690-Sedona Chapter; and ARS §38-431.03(A)(3) for legal advice, ARS 38-431.03(A)(4) for instructions to attorney regarding a General Obligation Bond, Engagement Letter with Attorney William R. DeHaan of Greenberg, Traurig, LLP to serve as Bond Counsel for Sedona Fire District. Board Clerk Corrie Cooperman seconded, and the motion was unanimously approved at 5 to 0.

After Executive Session, public session was reconvened at 4:30 PM. Mr. Montgomery led the Pledge of Allegiance and observed a moment of silence to honor the 13 firefighters and 12 police officers across the nation who were killed in the line of duty during the last month, as well as 7 U.S. Navy sailors who perished on the USS Fitzgerald. Chief Mezulis also asked those present to keep one of our Firefighters who has been called to active military duty in their thoughts and prayers.

Mr. Montgomery then entertained a motion to approve the Executive Session items. *Mrs. Cooperman moved to approve the Fire Chief’s contract effective on July 1, 2017; Board Member Tim Ernster provided a second and the motion was unanimously approved.*

Mrs. Cooperman then moved to approve the Addendums to the Memorandums of Understanding with the Administrative and Support Employees Association and the IAFF Local 3690, as presented; Mr. Ernster seconded and the motion was unanimously approved.

Mr. Montgomery then directed the third Executive Session item be part of the bond discussion.

III. PUBLIC BUDGET HEARING – 4:30 PM

- A. Open Public Hearing for Proposed Fiscal Year 2017/2018 and Projected FY 2018/2019 SFD Budgets.**
- B. Public Comments regarding Proposed FY 2017/2018 Budget and Projected FY 2018/2019 Budget; Staff Response.**
- C. Discussion/Possible Action: Proposed FY 2017/2018 and Projected FY 2018/2019 SFD Budgets; Resolution #2017-04, Approval of Fiscal Year Budget 2017/2018 including the Salary Scale.**

Mr. Montgomery opened the public budget hearing and asked Fire Marshal Jon Davis if there were any requests from the public to speak regarding this item; Marshal Davis responded there were no public comment requests on the budget. Mr. Montgomery then closed the public forum on the budget and opened discussion by the Board and staff.

Chief Kazian stated the Board and staff had multiple meetings and budget workshops on the proposed budget at which they had discussed the details at length; he said staff is here to answer any remaining questions about the proposed budget. Staff worked hard to create this budget for Fiscal Year 2018 year to meet the needs of our organization. Mrs. Cooperman said for those members of the public who have not seen the previous meetings, Board and staff have been discussing this budget for the past 5 months and at last month's meeting, voted to publish the budget after thorough investigation and discussion.

Mr. Ernster then moved to approve Resolution #2017-04 for approval of the Fiscal Year 2017/2018 budget including the salary scale. Board Member Dave Soto provided a second. Mrs. Cooperman stated the salary scale includes a 0.3% Cost of Living Adjustment, which had been incorrectly reported in the Red Rock News as 3% and the newspaper had then printed a correction. Chief Kazian added that SFD uses the Social Security adjustment as an indicator for our COLA recommendation. The motion was then unanimously approved.

IV. REGULAR BUSINESS MEETING

- A. Public Forum:**
 - 1. Public Comments.**
 - 2. Executive Staff Response to Public Comments.**

There were no requests to address the Board on items other than the bond, which will be later in the meeting.

- B. Consent Agenda – Discussion/Possible Actions:**
 - 1. May 10, 2017 Special Board Meeting Minutes.**
 - 2. May 10, 2017 Executive Session Minutes.**
 - 3. May 17, 2017 Regular Board Meeting Minutes.**
 - 4. May 17, 2017 Executive Session Minutes.**
 - 5. May 31, 2017 Special Board Meeting Minutes.**
 - 6. Purchase Order #10612 to Danson Construction in the amount of \$16,500.00 for Ladder Installation to Access Station 6 Rooftop Communications Equipment.**
 - 7. Purchase Order #10839 to United Fire in the amount of \$14,922.88 for Self-Contained Breathing Apparatus Supplies and Equipment.**
 - 8. Community Services Agreement: Arizona Crisis Team, Inc. in place of Trauma Intervention Program.**

Mr. Ernster then moved to approve the Consent Agenda, items #1 through #8, as presented; Mrs. Cooperman seconded and the motion unanimously passed.

- C. Presentation/Discussion/Possible Action on the following items:**
 - 1. Funding Future Capital Items and Consideration of Bonding;**

2. **Resolution #2017-05, Call of Election for General Obligation Bond on November 7, 2017;**
3. **Engagement Letter with Attorney William R. DeHaan of Greenberg, Traurig, LLP to serve as Bond Counsel for Sedona Fire District;**
4. **Decision to Mail Optional Notice of Election to Voters per ARS Section 48-806.C regarding proposed Bond.**

Mr. Montgomery then opened the floor to public comments, as indicated verbatim below (with Chief Kazian's response to follow):

James Spackman – Cornville: *Good afternoon, gentlemen. My name is James Spackman. I'm from Cornville and I'm a taxpayer and I do not like what I see happening but I know you all have the best of intentions. The Governing Board has approved spending of 26 million dollars for capital outlays. 18 million of that through a bond issue and another 8 million through future property tax increases. Since the 2012/13 fiscal year, the Governing Board has approved more than 78 million for employee wages and benefits while approving only 7 million for capital outlays, less than 10% of personnel expenses. The approved capital outlays included 2.3 million for the new Chapel area Station 6. Much of that proposed 26 dollar million capital outlay has been allocated in favor of higher wages and benefits, maybe because... in favor...maybe because Sedona Fire Department is overstaffed by 30 to 40% when compared to other neighboring fire districts. Now the Governing Board wants taxpayers to pay the 26 million tab. As a US taxpayer, I say we've paid enough.*

Dwight Kadar – Sedona: *Thank you. My name is Dwight Kadar. I live in Sedona. And first of all, I'd like to thank the Chief for opening the dialogue on this with Bill Spring. Bill Spring is not here. He's vacationing in Coeur d'Alene. We thank you for giving us the opportunity to look inside the books and we're not happy with what we see under your watch, sir. Not at all. And it goes for you people. You've been a... you've been a rubber stamp. Take charge of this district. This is our money, folks. Thank you.*

Ken Quayle – Sedona: *My name is Ken Quayle and I live in Sedona. I was able to obtain a vehicle inventory, and I've noticed that it's approved and purchased 3 F150s for Station 1 ... 2 of them were for Telecom and 1 of them for Administration. I'm here to tell you that I can't believe that you have the nerve to try to float a bond for 18 million dollars for a department that is overstaffed and poorly run. And everybody is aware of this. Many taxpayers are very upset that you put a bond out for 18 million dollars to try and catch up for the deficit that's been created. Thank you for this opportunity.*

Thomas H. Graham – Sedona: *Board members, SFD personnel, hi Chief. I want to make just a few comments on SFD's newest station, Station No. 6 in the Chapel. It was finished in 2014, the construction, vehicle, and apparatus costs totaled \$2.5 million, personnel and overhead costs for the last 2 years totaled \$2.7 million. That's a total cost of \$5.2 million. And according to SFD Annual Reports, the total calls have been 455, that is less than one call per day and this comes out to an average cost per call of \$11,500. Does this Board think that district taxpayers will decide that this is a good use of their money?*

Dale Casey – Sedona: *Members of the Board, Chief, I have lived in Sedona for 25 years and have watched my property taxes continually go up every year. I am on a limited fixed income so every increase in the property taxes decreases what I have to spend in Sedona proper. The Sedona Fire District tax is the largest part of my property tax bill. This has to stop. Gentlemen, as members of this Board, you are here to represent the citizens of Sedona. Your job as my representative is to make sure my tax money is spent responsibly and is not wasted or spent foolishly. The following is an example of irresponsible spending. Our District Chief is paid more than Phoenix Fire Chief and the population of the district is roughly 14,000 people. Our District Chief earned a prior pension, is paid a current salary while earning a second pension. Triple dips. Our District Chief also lives in Scottsdale with family but claims to live in Sedona. I am opposed to the bond issue.*

Warren Woodward – Sedona: *Wow, this thing doesn't bend very well. So, I have some numbers... some stats under Chief Kazian's watch from 2012 to 2017... the area covered by SFD has not increased, the population protected has not increased, consumer prices are up 7%. SFD operations' employees are up 13%. SFD personnel expense are up 31%. SFD total expense up 47%, SFD property tax up 63%. So, wages and benefits are increasing 4 times faster, and property taxes are increasing 9 times faster than general inflation. No bond.*

Kat Bramblett – Village of Oak Creek: *Members of the Board, the fire department, and Chief Kazian, my name is Kat Bramblett from the Village of Oak Creek. The May 3rd issue of the Sedona Red Rock News had a wonderful article about the fire department. I'm sure you all saw it. But, it also had a scary perspective... a guest editorial about the certainty of more fires and the next big one... fear mongering... is gonna be here. Another article implied that the bond, if it occurred, would be a citizen initiative, and the process would be balanced and fair, where everyone gets a say. The author was referring to the Governing Board and the Citizens' Advisory Committee, who represent their constituency and that would be we the people who live here. This is partially true. Only 2 current members were elected back in 2010, the other 3 have been appointed. The recall election in 2012, notwithstanding, there's been no general election for the Board since 2010. Apparently, there's some preference to keep the members on the Board. The Board with a few minor exceptions has voted unanimously on all the spending brought before them. So much for being good stewards. It's more like you're being a rubber stamp. Thank you.*

Gene McCarthy – Village of Oak Creek: *Actually, it's the Village of Oak Creek. Members of the Board and Chief, fellow citizens, my name is Eugene McCarthy and I live in the Village of Oak Creek... been there for about 3 years and guess what? I'm a taxpayer. I was a taxpayer from where I came from. I'm a taxpayer here. I also have a history of 36 years in public service. That means the police department, the fire department, and Federal agencies. My 30 years with the Los Angeles County Fire Department introduced me to a variety of departments... small, medium, large... throughout this country as I traveled. I'm also a member of the Citizens' Advisory Committee and as the Citizens' Advisory Committee, we spent months and it was advertised... the meetings and when they were going to be... and so on... with information that is vital to you... absolutely vital for you to make a decision. I didn't see anyone in the audience. I think we did have 1, we had 1, and he left mid-meeting. I'd like to say to you that as a firefighter, when you go to work in the morning, you have no idea how your day is going to end. None whatsoever. Many of us who have been that long in the service have lost brothers and sisters. Because a station only has a few calls doesn't mean that the potential isn't there. And here, you have vast potential for major brush fire amongst homes. I recall 500 homes being burned, 300 homes being burned in Malibu fires because we couldn't get a handle on it and I came from one of the largest departments in this world. So, whether you're in a small station, medium size station... and when you drive by and you're looking at an engine parked in there, that doesn't mean that you've got fire service. You have to have personnel, you have to have the right training, you have to have the right equipment, the right kind of station, the right kind of communications, and so on... or, you're destined for problems... you may be destined for problems. So, I ask you... give consideration to this bond. It's your department. It's your community. Thank you.*

Bruce Bramblett – Sedona: *Mr. Chairman, members of the Board, and Chief Kazian and other members of the department, my name is Bruce Bramblett. I live in the Village of Oak Creek... a property owner out there. Chief Kazian, I was present at a Boys Club meeting a few weeks ago... held at Red's where you were a guest speaker...and appreciate that. You stated that you, your wife, and daughter reside in Scottsdale because you weren't able to find a suitable school in this area for your daughter. You keep a place here for work, and then return to Scottsdale, as I understand it. My point is that you, like most of the fire district employees do not reside in the district and many...if not most, could not be here in the case of a major emergency or in the instance of an All Call in the recommended 30-minute travel time, and those that do not live in the district, do not pay property taxes here. Anyway, thank you... thank you for your time.*

Jack Pierson – Sedona: *Hi. I'm Jack Pierson, a taxpayer. In the 1990s, the Uptown Station #4 had serious structural problems that were never addressed. A 2007 committee pointed out the same needs for renovation and replacement of buildings as now, but nothing was ever done. Instead they built more fire stations, a boon to the local construction industry, bought 2 600,000 dollar 10-story fire engines, plus the \$3,200 drone, and lots of Telecommunication equipment, so they could become a regional communications center. Thank you.*

Christine A. Letz – Sedona: *Good afternoon and thank you for letting me speak. I have been living in Sedona for 16 years, and I love it here. And I have the utmost respect for firemen and the police. I want you to know that... but, also, we as taxpayers and people who live here, we have to live within a budget, and many of us are retired, and we only have so much money coming in, and it doesn't go up. And it was... a lot of things have been shown to me from, you know, the research that's been done, that the Board has approved a \$17 million budget for the Fiscal Year of 2017 and 18... and that's an increase of \$1.1 million... almost 7% higher than the prior year. This*

budget is \$5 million... \$5 million, 4,000...I'm sorry, \$5.4 million higher than the Fiscal Year 2012/2013 actual spending...an increase of 47%. The proposed budget includes additional support staff positions, and we kind of don't understand why. I know that if an emergency happens, you're needed and we all want you and there's no doubt about that...but, it is a small community and emergencies here are really, really at a limit compared to the bigger cities. And I thank you for letting me speak.

Jim McCabe – Sedona: *Good afternoon. My name is Jim McCabe. I've been living here 7 years. I'm a full-time resident of Sedona. I honor and respect the great job and service that the SFD provides to the community. What I don't honor and respect is the mismanagement of funds by the Governing Board and Chief Kazian. More disturbing is that they are not taking responsibility for the financial mess created. It's not like you couldn't see the necessity for these repairs coming. It's just that you didn't prioritize them. If you would, I don't think we'd be in this... I don't think we'd have the structural damage and problems we have now. These buildings could have been renovated and not replaced. I think what we're talking about here...I'm definitely against this bond. What we're talking about here is accountability. I worked for a corporation or corporations my whole life... over 30 years. We were accountable to the shareholders. You're accountable to the taxpayers and I don't see any of what I've read, heard, or see accountable to the taxpayers who live here. I'm insulted and I think that you need to do a better job.*

Jerome Gatto – Sedona: *My name is Jerome Gatto. I'm from Sedona. My comments... and I thank you for listening, are in focus to fiscal responsibility. Those fiscal responsibilities stretch to our district employees... some of which are Battalion Chiefs, Captains, and a Secretary are making over 100,000 dollars a year. Some of our employees are not even living in the district. And as such, they won't be receiving any of the increases that may take place in a bond issue. And I ask you to carefully think about your fiscal responsibility to the taxpayers and the people of Sedona. Thank you.*

David Blauert – Sedona: *Chairman, Kris Kazian, and the Board, as you know, I've been here before on that side of the table, was recalled from actions I was doing during that period of time, but I've got some good questions here because I know the rule unless the law has changed. It...we see our fire trucks and ambulances parked in front of grocery stores all the time. It's illegal in the State of Arizona to carry food in ambulances and fire trucks. And also, it...the...they got what we've been reported 3 refrigerators. Where are we...I mean, what's going on here, guys? Let's try to be responsible and that's a lot of waste and I hope you get ahold and enforce the law, at least. Thank you.*

Andrea Kadar – Sedona: *Ladies and gentlemen, thank you. I'm Andrea Kadar. I live in Sedona. I'd like to address calls for service in 2015 and 2016. Let's talk about that for a minute. Station 1, which is here, Station 3, which is in the Village, handle approximately 75% of the approximate 12 calls per day. 3 out of 4 of those calls are for emergency and transport services. Station 4, which is Uptown, and Station 5, which is in Oak Creek Canyon, handle less than 2 calls per day. And, yet, the Board wants taxpayers to spend almost 9 million dollars to demolish or re-locate and replace them. Ladies and gentlemen, 9 million dollars of our taxpayer money. I'm a reasonable woman, but I don't think that's reasonable. I will vote no.*

Mary Morris – Village of Oak Creek: *Thank you for holding that. I'm Mary Morris. I live in the Village of Oak Creek and I'm a Sedona Fire District taxpayer. When I first heard the rumbling that the Sedona Fire District was looking into submitting a bond issue in addition to the current budget, and since my property taxes have increased dramatically in the last few years, I decided to do some research, and what I found was disturbing as far as how our expenses compare to other districts that are comparable to ours in Yavapai County. What we looked at was the fire district populations. Sedona is relatively small with just 22,000 compared to Central Yavapai with 55,000, to Verde Valley with 21,000. So, that was one factor to consider. Square miles covered... pretty comparable... Sedona 168 square miles, 150 in Central Yavapai, smaller in Verde Valley...104. The 2016 budget for Sedona, 16 million; for Central Yavapai, who has more than twice the population, 16.7 million and Verde Valley is smaller, of course, at 4.6. The amount of budget against personnel expense was 12 million for Sedona and 12.1 for Central Yavapai. The number of employees, 94 in Sedona; 126 in Central Yavapai, 43 in Verde Valley. The cost per employee, \$127,000 in Sedona compared to \$96,000 in Central Yavapai and \$97,000 in the Verde Valley. Calls per day, respectively, Sedona 12, Central Yavapai 30, Verde Valley 7. The cost per person that Sedona taxpayers are paying is double to triple the cost per person for fire services versus comparable districts. This doesn't make*

any sense. I can't urge you strongly enough to stop burning our money, withdraw this excessive bond, and bring spending under control. Thank you.

Diane B. Simmons – Village of Oak Creek: *Good afternoon. My name is Diane Simmons. I live in the Village of Oak Creek. Beginning in late January, the Sedona Fire District's media campaign has been a snow job with a coyeness about whether or not there would even be a bond. This immediately struck me as misleading, since SFD has revealed it had already committed \$25,000 for a Citizens' Advisory Committee and \$57,000 for architects' consulting fees. This campaign has been helped by the Sedona Red Rock News. The bond issue sounds like a done deal to me, but I'm still voting no. Thank you.*

Cynthia Hauserman – Uptown Sedona: *My name is Cindy Hauserman. I live in Uptown Sedona. First of all, I'd like to thank everybody for the excellent and efficient manner in which you've come to the rescue of the citizens and families in my neighborhood in Uptown Sedona...many times. Also, the scholar athletes who I have coached and we've had to call for help to the high school. My husband and I have raised our family here, and have served our community in various fashion over the years. Our neighborhood is very close-knit, and we take care of each other. We break bread together. We have block parties together and we rely upon Station No. 4 when we're in distress. And when we dial 9-1-1, that's who comes running, thankfully. We have a lot of elderly in our neighborhood, as well, and there are times...weeks where they have to call, week after week after week, and we've all been very thankful for the fire department. Our family has lived in various cities across this great country, and we have never paid so little in property taxes. (Note: Audience outbursts.) We come from the East Coast. Well... and you also see that your services, education, everything we want to build a better America comes from our tax money. Listen, hey, I'd much rather be the person that pays than the people that are getting tax breaks who don't even need it. If I may... honestly, please? (Note: Chairman Montgomery had to gavel the audience to order at this point.) I mean, just a little decency and manners... We want to contribute to our community, we want to invest in America, we want the right to vote for ourselves on this bond. Thank you.*

Gretchen Vorbeck – Village of Oak Creek: *I would like to suggest... I live in the Village of Oak Creek... that we consider what type of human being decides to work at the fire district. I would also like to suggest that there's something more important than money in our lives. It is a fact that our taxes are lower than many other counties and states in America. I wasn't going to speak because I have a reason to be sad. My daughter died of smoke inhalation. The fire house was closed that was 3 minutes from her house. The other fire... fire department had to come and my daughter, Bridget, died on the way to the hospital. I would like to suggest that you stay and listen to whatever facts are presented, and you find out what is true before you make a decision. I heard and I don't know if this is true, but I want to know if it's true, that if someone has a house that's around \$600,000 in this area that their taxes would go up \$100 a year. I don't know if that is true, but I want to find that out. And I really feel badly for people that have such hardened hearts that they don't think of a human life before they think that a fireman might be eating lunch in a truck or whatever it is. When I was driving from New England to here, after my daughter died, I was sitting outside of a restaurant weeping on a bench, a fireman I didn't know came up to me, and he said, what is bothering you? What's wrong? And I just... every now and then... my daughter died 11 years ago – every now and then, you cry when your daughter has died. He asked me to explain the situation with Bridget's death and I explained it... and he wanted me to know... he said, what's your name? I told him and he said, Gretchen, I want you to know, your daughter did not suffer, she died of smoke inhalation; she was asleep; the smoke carried her away and she died peacefully. If she had burnt in a building, I don't know how I could live with that. So, I just want you to think... I'm not mad at you... because I understand people get facts from other places. But, please, inform yourself; don't get angry and leave. Please. Think of even your dog. Would you want your dog to die in a house fire? Isn't it worth \$100 extra a year or whatever it is? And a child... my daughter died at 42. She was a wonderful woman, and that's one reason that Station 6 is there because I was Director of Operations in the recall, and I knew the Chapel area needed to have a fire station. Even if one person a year needs it... OK. I'm through. OK. Thank you.*

Wendy Tanzer – Village of Oak Creek: *My name is Wendy Tanzer. I live in the Village of Oak Creek. Board, as you know, I was a member of the Citizens' Advisory Committee, whose representative has already made its recommendation of approving a General Obligation Bond in an amount not to exceed 18 million dollars. The content of this notebook is an overview of what we reviewed before reaching our conclusion. Clearly, we covered a great deal of territory before making that recommendation and our reasoning was and remains sound. For both*

the good of the district and for the good of the taxpaying citizens, not unlike a mortgage, this bond will permit capital expenditures to be spread out over the life of the bond issuance. At the same time, it ensures that future residents pay their fair share for the benefits they will enjoy. This district would not be in the position it's in now had prior Board decisions been to increase capital reserves, instead of artificially lowering the mil rate, spending down the district's entire capital reserves, and virtually crippling its ability to meet all of those "should have dones" that are floating across the internet.

*Sadly, the district is in this position and the steps necessary to alleviate the financial predicament have been parsed ad nauseum. It is incredibly unfortunate that so much misinformation is already circulating throughout the district in what I trust will be a futile effort to once again, drag this amazing fire district and its personnel, through the muck. Personally, I find the intentional misrepresentation of what this district is trying to accomplish, thoroughly reprehensible. But, sometimes, there's just no accounting for the depth to which some people choose to sink in an attempt to prevail. If this weren't such a serious matter, I might find it amusing that so many of the same opinions that brought about this predicament are, once again, attempting to sway our voters with abjectly false information. It would serve those people holding those opinions well to remember, their agenda was rejected, not once, but twice before; first, during a monumentally and historically successful effort of recall, and then when they were soundly defeated in the ensuing special recall election. The bond decisions you are about to make here tonight are not easy and will affect our district for decades to come. It is incumbent upon each and every one of you to make the best possible decision... mostly you don't need a mic with me anyway... thank you. It is incumbent upon each of you to make the best possible decision for our fire district in spite of whatever the fall-out may be. I sincerely believe it is the only way to guarantee the financial future of this district against any repeat of decisions that might threaten its financial stability regardless of who occupies the chairs you now sit in. The district needs... **(Note: Time was called by Marshal Davis.)** The district needs are what they are. It's either a bond or the mil rate. Please make the right call. Thank you.*

Chief Kazian then gave the Executive Staff response, as follows, verbatim:

Board Chair, I'd like to comment on a couple of things that were said, specifically, about me, my management, and a couple of other things if you could indulge me in that. Citizens here today and those that will be watching, I can tell you I sat in this room in 2012... a room packed just like this is, as I recall, lots of interested folks and what was happening here at the fire district. To see you here today and be engaged in what we're doing is what responsible government is all about. That is what I go to sleep on every single night...is responsible government. Transparent government. Open and honest, good government. That is me. Some of the things said today are a little concerning... that I've had bad management... I'll leave that for all of you to decide – a few of you expressed your thoughts on my management.

But, I've got to tell you there's a thing called "Alternative Facts". I heard about this once. I think it was on Fox News. Emails or videos... there's some stuff being circulated that I saw some of you put together. I appreciate that. Many, many of the comments that are in there are not true – not even a little true. That is problematic for me. We are trying to run a fire district here and it's based upon trust. And we can't trust each other if we don't talk to each other. I haven't seen many of you calling... none of you have called me. None of you have emailed me except for Mrs. Kadar, who I spoke to and exchanged an email with. I was asked not to call her at all. But, this is a counterpoint to what you have.

Chief Kazian presented a PowerPoint called "Separating Facts from Alternative Facts" and the slides follow:

Alternative Fact #1:
Many Sedona Fire District employees work in Sedona, but live in California...

FACT:

- SFD has **NO** employees who live in California.
- All of our employees reside in Arizona.

Alternative Fact #2:
90% of SFD employees do NOT live in Yavapai or Coconino County

FACT:

- 71% of employees live in Yavapai County
- 14% of employees live in Coconino County
- 15% live in Maricopa County – and...

Fun Fact: 23% of our employees live within the Sedona Fire District.

Alternative Fact #3:
The Fire Chief earns \$228,000 which is more than the City of Phoenix Fire Chief

FACT:

- Sedona Fire District Chief Kris Kazian's annual salary is \$158,442 (FY 2018).
- Phoenix Fire Chief annual salary is \$185,328.

Alternate Fact #4:

The Fire Chief lives in Scottsdale

FACT:

- The Fire Chief owns and lives in the home at 40 Mountain Shadows Drive located in West Sedona.
- The Fire Chief's wife and daughters live in a house the family owns in Phoenix.

Alternative Fact #5:

The Fire Chief is "Triple Dipping"

FACT:

- For serving nearly 21 years at a fire district in Illinois, the Chief is eligible for a pension.
- However, due to Illinois pension laws pertaining to minimum age, he is not eligible to collect pension until September 2020.
- He is paid for doing his job at SFD.
- The Chief is enrolled by SFD in a defined contribution plan commonly called a 401A.

Fun Fact: "Double dipping" (not usually referred to as "triple dipping") is getting a pension and a salary from the same employer at the same time.

Alternative Fact #6:

The Fire Chief's secretary's annual salary is over \$100,000

FACT:

The Fire Chief's Executive Assistant, a 23+ year employee, is paid \$69,689 annually.

Alternative Fact #7:

SFD has 52 vehicles in their fleet and many people get to take cars home for personal use

FACT:

- SFD has 40 vehicles plus 4 all-terrain vehicles.
- 5 people are assigned take-home vehicles based on job description (Fire Chief, Assistant Chief, Fire Marshal, Division Chief, and Telecom Manager).

Fun Fact: No one uses their district vehicle for personal use—except as authorized. In the Fire Chief's contract, it is explicitly allowed.

Bonus – Clarification:

SFD employees received a 3% Cost of Living Adjustment (COLA)

FACT:

Red Rock News originally reported it as a 3% COLA; however, it was clearly stated at the May 17, 2017 Board Meeting and in the Minutes that a 0.3% COLA would be given to employees for 2018.

Fun Fact: SFD uses Social Security as the indicator for COLA consideration.

After covering the above facts, Chief Kazian said: *I'm passionate about this place. I'm passionate for the truth. I'm passionate at what I do. I was passionate when I came here and I spoke and, Mr. Blauert, when you called me to take this job, I said I won't come until I speak to the community and make sure I'm going to be welcomed and that it's the right place for me to be and it was 5 years ago and it is today and it will be tomorrow.*

This bond initiative is not for anybody but you, the community. It's not for me. It's not for the staff. It's for the community. Community always comes first, will always come first and I hope and wish that each one of you will call me, will set up a meeting... we can meet at my house, we can meet at your house, we can meet at a restaurant. I will talk to any of you and I will answer questions.

This is the first 8 of "Alternative Facts". I heard many other things today... I've got my notes over here. I just want to be clear. I think there's enough facts out there. To the folks who spoke, I highly recommend you call me because I will correct your facts. I didn't find many of them to be actually correct or fully correct and I'd be happy to share with you the right numbers, so you can at least calculate and get the right percentages and details to decide how unhappy you are with me as the Fire Chief. I will begin to put things out to whoever gets them – or, at your meetings, if you'd like to request me to come and speak, I'd be happy to do that. I'm honored to be your Fire Chief. I can tell you that I work very hard each and every day for each and every one of you. And the people who work at Sedona Fire are equally dedicated to each and every one of you.

Mr. Montgomery said he hoped the audience would stay for the Bond presentation and, contrary to what some people said, no decision has yet been made as this is the time to make that decision. Chief Kazian then began the General Obligation Bond presentation, which can be accessed in its entirety on our website at <http://www.sedonafire.org/wp-content/uploads/2016/05/6-21-17-FINAL-Bond-Presentation-To-SFD-Board.pdf>; staff has held months of meetings, technical data, research, and an abundance of consideration was put into what the amount should be. As mentioned today, not to exceed \$18 million was the amount recommended; he said this Board is not yet committed to that amount. He said he has come up with alternate solutions and there are financial impacts to whatever decision is made.

Chief Kazian said the goal is good financial stewardship of our budget and mission. There are \$26 million in capital needs identified through the lengthy Citizens' Advisory process and will present them by priority – high, primary, and secondary; high priority has an immediate need for completion and directly impacts emergency services; primary priority will help the emergency response, but is subordinate to high priority items; and secondary priority is for issues that should be considered when funding is available, and will enhance operations and efficiencies, but are not, realistically, going to impact emergency responses.

Station 4 in Uptown is a high priority and must be done. The committee talked about the site challenges and cost estimates. Station 5 in Oak Creek Canyon is a high priority and must be relocated; we are in negotiation to partner with Arizona State Parks to co-locate at Slide Rock State Park; we currently have ingress/egress challenges onto Highway 89A, and certainly, being at the State Park will create some concerns with multiple government agencies working together.

HIGH PRIORITY – PROJECT MUST BE DONE

Station 4 – Uptown Sedona

- Tear Down Existing Building
- Rebuild in Same Location
- Provide Temporary Housing On-Site During Construction
- Site Challenges – Small Footprint, Many Easements through Property
- Cost Estimate Is Based on Higher Estimate with a 10% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$5,686,860



June 21, 2017
Board Meeting



HIGH PRIORITY – PROJECT MUST BE DONE

Station 5 – Oak Creek Canyon

- Abandon Existing Build (Likely Sell Portion of Building SFD Owns)
- Rebuild at Slide Rock State Park in a Partnership With AZ State Parks
- No Temporary Housing Needed During Construction
- Site Challenges – Ingress/Egress Access to 89A, Restrictions and Processes Required Based on Parcel and Use Permit Covenants on Land
- Cost Estimate Is Based on Higher Estimate with a 10% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$3,012,844



June 21, 2017
Board Meeting



Station 3 in the Village of Oak Creek is a primary priority and we have structural, engineering, and mechanical issues that, while not immediately a hazard, cannot be ignored in the long term. This is a 10-year capital plan to understand future needs. Station 3 renovation to firefighter quarters includes quicker access for response, as well as ADA compliance issues.

PRIMARY PRIORITY – REALLY NEEDS TO BE DONE

Station 3 – Village of Oak Creek

- Structural, Engineering, and Mechanical Project
 - Roof Structure Sagging and Needs to be Fixed
 - 4 HVAC/Swamp Coolers- Only 2 Are Fully Functional
 - Drywall in Apparatus Bay Improperly Installed
 - Concrete the Apparatus Apron and Turning Areas
 - Address Improper Drainage on Property
 - ADA Compliance Issues in Public Restrooms
 - Repair Leaking Patio Deck
- Cost Estimate Is Based on Higher Estimate with a 10% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$1,201,750



June 21, 2017
Board Meeting



PRIMARY PRIORITY – REALLY NEEDS TO BE DONE

Station 3- Village of Oak Creek

- Renovation to Firefighter Quarters
 - Quicker Access to Apparatus Bay
 - Renovation of Kitchen and Day Room Area
 - Update of Work Spaces
 - Cost Estimate Is Based on Higher Estimate with a 10% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$1,147,792



June 21, 2017
Board Meeting



Station 1 in West Sedona needs renovations to firefighter quarters to create better access for emergency responses, firefighter work spaces, and on-going HVAC issues in the building. A secondary priority is Station 1 maintenance facility. This needs to be relocated for better efficiencies. Station 1 administrative offices need renovation to create efficiencies and better work flow.

PRIMARY PRIORITY – REALLY NEEDS TO BE DONE

Station 1 – West Sedona

- Renovation to Firefighter Quarters
 - Quicker Access to Apparatus Bay
 - Renovation of Kitchen and Day Room Area
 - Update of Work Spaces
 - Re-engineer Ineffective HVAC System
 - More Efficient Use of Multi-Purpose Room
 - ADA Compliance for 2nd Floor Public Training Room
 - Cost Estimate Is Based on Higher Estimate with a 10% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$1,972,250



June 21, 2017
Board Meeting



SECONDARY PRIORITY – SHOULD BE CONSIDERED IF FUNDING IS AVAILABLE

Station 1 – West Sedona

- Build A New Fleet Maintenance Facility
 - Facility that Can Fit the Modern Day Fire Apparatus
 - Better Storage and Warehouse Space
 - Create More Employee/Public Parking
 - Re-purpose Existing Space for Firefighter Gear Storage – Preventative Cancer Best Practice Initiatives
 - Cost Estimate Is Based on Higher Estimate with a 5% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$1,189,246



June 21, 2017
Board Meeting



SECONDARY PRIORITY – SHOULD BE CONSIDERED IF FUNDING IS AVAILABLE

Station 1 – West Sedona

- Renovation of Administrative Offices
 - Develop Better Work Space and Work Efficiencies in Existing Space
 - Create ADA Compliant Conference Room
 - Employee Kitchen/Breakroom for Admin Staff
 - Enhance the Efficiencies of Community Risk Reduction Operation
- Cost Estimate Is Based on Higher Estimate with a 10% Contingency and 15% Soft Cost Factor Included

Project Estimated at \$1,071,025



June 21, 2017
Board Meeting



In fleet, there are about \$7.7 million in capital needs, as well as some equipment such as air packs.

HIGH PRIORITY – PROJECT MUST BE DONE

Fire Apparatus – Heavy Fleet (Potential Bond Funded Option)

- Purchase of the Fire Engines Needed
 - (2) Type 1 Engines (2001, 2008)
 - (3) Water Tenders (3- 1999)

Estimated Total - \$2,000,000

Fire & EMS Apparatus – Heavy, Medium, Light Fleet

- Ambulances Planned for Refurbishment
- Other Fire Engines, Wildland Engines, Mini-Rescue and Heavy Rescue
- Fleet and Pool Vehicles
- Snow Cat

Estimated Total - \$5,700,000

Projects Estimated at \$7,700,000



June 21, 2017
Board Meeting



In Telecommunications, SFD has a very complex and challenging system based on communicating around the mountains and canyons – making sure emergency communications on the fire-ground and 9-1-1 systems are working properly is critical.

HIGH PRIORITY – PROJECTS MUST BE DONE

Telecommunication Equipment (Potential Bond-Funded Option)

- Various Technical Equipment, Technology Upgrades, Firefighter Safety
 - Microwave Systems, Radio Tower Replacement, Backbone Infrastructure Upgrades
 - Station F/F Alerting System, F/F Portable Radios

Estimated Total - \$2,000,000

Additional Telecommunication and Firefighter Equipment

- Phone and Email Upgrade, Servers
- Firefighter Radio Frequency Upgrade
- Hose, Thermal Imaging Cameras, Airpacks, Extrication Equipment

Estimated Total - \$1,600,000

Projects Estimated At \$3,600,000



June 21, 2017
Board Meeting



Chief Kazian stated we work hard to be fiscally responsible; every day, we spend every dollar with respect to the person who helped provide it. He encouraged people who do not believe that, to come by and talk to staff and to him to understand every purchase order we write must be explained – is it needed, why is it needed, and what if we do not do it. Our plan is always to be focused on the most efficient, effective emergency services in our community.

Chief Kazian said articulating the need for emergency responses should not be considered “fear-mongering”; the fact is we have emergencies and we have fire stations strategically placed in our fire district up and down Highways 89A and 179 to create efficient responses to emergencies. In SFD’s Annual Report, it clearly states calls indicated for each station are the calls initiated within that “still area”; in the case of Station 6 in the Chapel area, it states 225 calls, but Station 6 crews actually responded to over 600 calls last year because that station provides back-up coverage for other stations.

Utilizing a General Obligation Bond amortizes costs over a long period of time and shares the costs with future residents. Also, Chief Kazian said because we are recommending a bond does not mean we have done nothing in the past 5 years. He reminded the audience that in the last 5 years, the nation was coming off a serious recession, a recall election with a change of Board, built Station 6, transferred our communications to the Cottonwood Public Safety Communications Center (which saved \$3 to \$4 million, at least, in needing to build a new center and saved about \$400,000 per year in personnel costs), and we have been working on this 10-year capital plan and how funding capital needs would best be handled. This is why we are talking about a bond as it can be used to purchase long-term capital needs of a fire district.

Chief Kazian said the Board Members have the ability to increase the mil rate and buy these needed items, as provided by law. In the long-term, however, that might not be the best way. He said the “beauty of America” is being able to have a vote by the people to see if that is what the community wants. He then talked about some options for bonding.

A \$9.9 Million bond option would include rebuilding Stations 4 and 5, and 3 (structural); he then stated Michael LaVallee from Stifel was at the meeting to answer questions about bonding. In a \$9.9 million bond proposal per \$100,000 of Assessed Value (AV) of a home (typically, lower than cash value) would be an average annual tax rate of \$0.1475. He pointed out that, today, he would only be presenting facts about residential properties, but that commercial and vacant land owners would also be affected by the bond. \$0.1475 equals about \$1.23 per month per \$100,000. The mil rate would be close to the state-mandated cap of \$3.25 at \$3.1806 in Fiscal Year 2027.

A \$12.9 Million bond option would fund Stations 4 and 5, structural issues at Station 3, as well as Firefighter quarters at Stations 1 and 3. He also clarified the bond would be a 20-year payback once it is funded; then, if 5 years later, we use bond money to fund a capital project through a disbursement, that would be paid back over 20 years; so, if we fund something in the last year of our 10-year bond, the payback would straddle almost 30 years of repayment. In the \$12.9 Million bond, the average annual tax rate would be \$0.1654 per \$100,000 of AV – or in other words, \$1.38 per month per \$100,000. It would mean in Fiscal Year 2027, the mil rate would be at \$3.19.

A \$13.8 Million bond option would fund Stations 4, 5, structural at 3, Stations 1 and 3 crew quarters, and \$2 Million of the \$7.7 Million needed in fleet. That would be paid back at \$0.1775 in an average annual tax rate (or, \$1.48 per \$100,000 in AV). The mil rate would be projected at \$3.16.

A \$14.2 Million bond option would fund Stations 4, 5, structural at Station 3, crew quarters at Stations 1 and 3, and the maintenance facility at an annual average tax rate of \$0.1825 or \$1.52 per \$100,000. The mil rate would be projected at \$3.21. He said the rates are higher in this option because of the way we are funding items; Finance representative from JVG, Melissa Tomlinson, explained that we have more capital projects in this scenario and more of them would be funded from cash reserves rather than the bond – this is only a \$400,000 increase versus the \$13.8 Million scenario.

A \$17.9 Million bond option would fund all the needed capital items in one bond question including Telecommunications equipment and the Station 1 administration renovation. It would be funded through 3 disbursements of bond money and would be an average annual tax rate of \$0.2120 per \$100,000 AV, which

would be \$1.77 per month per \$100,000. That is less than \$7 difference per month per \$100,000 of AV from the \$9.9 Million option; on a \$1 Million home at AV, the difference between a \$9.9 Million bond and a \$17.9 Million bond would be \$70. On a \$500,000 home, it would be a \$35 difference and in a \$250,000 home, it would be about \$17.50 difference between \$9.9 Million and \$17.9 Million. In this option, most of the capital items are being paid through bond funds and not using cash reserves. The mil rate would be at \$3.15.

Chief Kazian said the Board has an option to split the \$17.9 Million to fund all the needed capital projects, but using two ballot questions – one of which would be to fund Stations 4 and 5, as well as structural issues at Station 3 at \$9.9 Million – and then, the remaining \$8 Million would be on another question for Telecommunications, fleet, and other projects. It is more expensive to do a 2-part question and if both passed, it would be about \$24 or \$25 more.

The timeline for the bond would require a decision by July 10th to notify the counties; this would be a mail-in ballot only. Ballots would be mailed in early October and the election would be November 7th. Chief Kazian said regardless of the allegations by audience members today, SFD is for sustainable solutions, fiscal responsibility, and driven for efficiencies. Sustainable solutions is a pillar of our daily operation and we must create a model to stand the test of time and provide effective emergency services for our community. He feels it is irresponsible to do anything less; fiscal responsibility is making sure we create a trust that is needed to further our mission in the community; and driven for efficiency is when our government is most capable of being effective, especially at the local level.

Chief Kazian does not know if the judgments being made regarding SFD are based on what is happening in today's world; it is vital for our success and our ability to serve the community because that is what we are dedicated to do. He then opened the floor for discussion and to answer questions.

A gentleman in the audience, Ed Hanley, asked to speak: he stated he appreciated the transparency of the Chief with the briefing; he suggested it would be helpful for citizens to get a copy of these facts on email. Chief Kazian stated all SFD Board meetings are videotaped, so that the community can watch them on our SFD YouTube page and the Minutes with documentation can be accessed on our website at www.SedonaFire.org. He said if individuals call or contact him, he would be happy to personally email those.

Board Member Dave Soto commented through all the scenarios, the mil rate ranged from \$3.15 to \$3.23, and stated the current mil rate is \$2.447. Mr. Montgomery asked what is the annual factor for inflation used to calculate; Chief Kazian said as a self-imposed number, we aim for about a 4% increase in our budget yearly as a growth factor; sometimes, it might be 2% or 5% and must be justified; he pointed out things occur outside of our control, such as the Court-mandated increases to PSPRS, which help raise the inflation percentage. The staff creates the budget and if it is justified, the Board must make a decision whether to approve it, and the public has a chance to comment, as set forth by law.

Mrs. Cooperman commented the Board has had many opportunities in previous presentations to ask questions; she said a few years ago, she sat here as the Board was being asked to make a decision on disbanding the Regional Communications Center and she thought that was the most important vote she would make during the tenure of being on the Board; however, now, she feels this is the most important – a vote for the bond would create fiscal solvency for the district, so that taxpayers would not come up against the \$3.25 mandated cap on the mil rate; it would address much of the deferred maintenance and serious facilities' issues. She said the bond also appeals to her because of the "intergenerational equity" financing approach, opposed to "pay as you go", as it allows for people who live here now and in the future to pay for services they will receive from the bond money. In "pay as you go", capital reserves are accumulated over time and people who paid for that accumulation might move out of the district before seeing the benefit.

Mrs. Cooperman stated she has given the size of the bond a tremendous amount of thought over the last few months and keeping with the intergenerational concept, she would like to see bonded items that will still be in use in 20 years – all the structural needs. She said moving Station 5 from lower Oak Creek Canyon to Slide Rock State Park would not only help our response times in the Canyon, but also lower the insurance rates for residents in the upper parts of the Canyon. She stated Station 4 in Uptown is structurally unsound and must be replaced.

Renovating crew quarters in both Stations 1 and 3 will help responses by providing quicker access to the fire engines, and creating a maintenance facility will be helpful as the current facility is not adequate to our needs. She stated all these items will cost \$14.2 Million and she stated she would also be open to the \$12.9 Million bonding option, which would exclude the maintenance facility.

Chief Kazian also reminded everyone that a bond cannot pay for Firefighters or Administration salaries; Mr. LaVallee from Stifel agreed and said it could possibly be used to pay an employee overseeing construction.

Mr. Montgomery stated the bond concept is “bricks and mortar”; his issue with the bond has been including “rolling stock”, even facility renovations and some Telecommunications – because it does not have a 20-year useful life. Upon a stated request for engineering issues from an audience member, Chief Kazian stated all the information presented to the Citizens’ Committee is available on SFD’s website under “Board Minutes” for May.

Mr. Montgomery agreed Stations 4 and 5 are “must do”, and noted the Garland Family Trust wants to end the longstanding lease which they generously granted through the years. He said those stations are not negotiable and we do not have the budget to deal with those; bonding offers a solution and noted that financing to build stations would punish current district taxpayers; therefore, he is leaning toward \$12.9 Million for structures.

Board Member Tim Ernster said he was the Chairman of the Citizens’ Committee; he said the concept for some of the improvements without a life of 20 years would be to structure a bond sale that would not exceed that period of time. Chief Kazian said that is correct and Stifel and the bond counsel would create a repayment schedule for items with a shorter life span to be paid in the beginning of the bond; in fact, we would not be allowed, by law, to finance improvements over 20 years for shorter lifespan items.

Mr. Ernster asked if in the \$17.9 Million option, are all the projects eligible for bond funding; Chief Kazian replied, “yes, they have all been run through counsel and Stifel and all meet the statutory requirements”.

Mr. Ernster then stated his disappointment in the audience members who spoke in opposition to the bond, but left the meeting before hearing the bond facts; he thanked the audience members who decided to stay. He stated the Citizens’ Committee went through months of meetings, a tremendous amount of information and research, as well as presentations and discussion about what items should be included; from his perspective, the Citizens’ Advisory Committee made a solid recommendation to the Board; he stated he supports the \$17.9 Million bond and the voters deserve the opportunity to decide; he is not opposed to breaking up the bond option into 2 questions.

Board Member Dave Soto commented after reviewing all the options, when Fire Station 4 was built, it was not built to accommodate today’s wider, longer, taller, and heavier fire apparatus, and it has taken a toll on that station; the engineering report indicates the damage that has been done. As he looks at options, the \$26 Million in capital improvements that need to be done is astronomical; he said the \$17.9 Million bond would leave \$8 Million to be paid off over time, and the 30 year period makes it affordable for most residents; he is leaning towards the \$17.9 Million bond option; he said technology moves faster than we can provide money for items we truly need, and a bond gives us the opportunity to pay for some of that technical equipment.

Board Member Abe Koniarsky stated his agreement in favor of the \$17.9 Million bond recommended by the Citizens’ Committee after many hours they spent analyzing data, touring stations, and it needs to be done.

Chief Kazian said the Board needs to consider the 1- or 2-question bond presentation. He asked Michael LaVallee of Stifel to explain in detail about the options. Mr. LaVallee stated Stifel is an investment bank that works with public agencies across the state and the country; he stated Bill DeHaan, bond counsel, is also present to speak to legality issues. He stated the Board would be allowed to have 2, 3, or even 4 questions on the ballot, but more questions can create more confusion. He said it could be split up into 2 questions with \$9.9 Million being the most critical amount and \$8 Million for the other high priority items; he said it would be important to make sure the voters understand that the \$9.9 Million is the higher priority; one of the risks is they vote for the \$8 Million, which is the smaller number, and for less urgent projects. Mr. DeHaan agreed that from a legal standpoint, 2 questions would be allowed.

Chief Kazian commented the Board would not have to base the 2 questions on \$9.9 Million and \$8 Million, they could opt for a lower amount as the second question, which carries the risk of the lower amount being selected. Mrs. Cooperman commented regarding the importance of keeping response times good and stated the \$12.9 Million – at a minimum – would keep our response times good and even improve them.

Mr. Montgomery stated he would be against 2 questions because of confusing the issues and the risk of the higher amount not passing; he indicated that if the bond does not pass, the district will still have to figure out a way to finance the stations, as those facilities are urgently needed and which, unfortunately, would punish current taxpayers. Mrs. Cooperman agreed that is her concern, as well, and she is not in favor of 2 questions.

Mr. Ernster then moved to direct the Fire Chief to move forward with the necessary steps to put a question before the voters for capital improvements funding through a bond in an amount not to exceed \$17.9 Million including approval of Resolution #2017 –05 for the Call of Election; Mr. Soto seconded. Mrs. Cooperman further commented she is concerned about that high of a bond number, as much as she appreciates her fellow Board Members honoring the committee’s recognition of the critical needs of our district; she does not want to vote “no” on a bond because she understands the necessity of a bond, and wondered if there was any “give” by the other Board Members. Mr. Soto said he feels confident in the amount not to exceed of \$17.9 Million to address the items described in the Citizens’ Committee recommendation to address the highest priority to get the organization back on track where it needs to be. He further stated that anything less than that amount will begin to affect the mil rate and the taxpayers in the community in order to pay for those items; the bond gives the ability to pay off the items over a longer period of time, to have a minimal impact on taxes.

Mrs. Cooperman said the reason she is for a hybrid approach in addressing structural needs is not only for intergenerational financing, but for the bond to pass; she is concerned the district risks no bond, if the Board approves the higher amount.

Board Attorney Bill Whittington interjected that the motion for \$17.9 Million bond and approval of the Resolution that, by reference, attaches the official language for the ballot, references \$18 Million – not \$17.9 Million; he thought it appropriate for the original motion to be amended to either go from \$17.9 Million to \$18 Million – or, to amend the official ballot, which is an Exhibit to the Resolution to reflect \$17.9 Million.

Mr. Montgomery said he agrees with Mrs. Cooperman in favor of a bond, but not for \$17.9 Million. Chief Kazian said if the Board is voting on the official Resolution with the ballot language, it would best be stated as not to exceed \$17.9 Million. Attorney Whittington then suggested working on the motion – he said the official ballot referenced as an Attachment to the Resolution refers to the number \$18 Million, but could be amended to state \$17.9 Million instead of \$18 Million. If so, he recommended the motion include an action item to amend the attachment to the Resolution to so reflect or restate to move up to \$18 Million; Chief Kazian again stated his recommendation is that the official ballot question should state \$17.9 Million. Mr. Whittington then said the motion as it stands has \$17.9 Million and approval of the Resolution, so the motion needs to include an amendment to the official ballot to reflect \$17.9 Million instead of \$18 Million. *Mr. Ernster added to his motion an amendment to the official ballot to reflect the \$17.9 Million bond amount; Mr. Soto provided a second. Mr. Montgomery then called for the vote which passed at 3 in favor (Ernster, Koniarsky, and Soto) and 2 against (Cooperman and Montgomery).*

Mr. Montgomery then opened the topic of the engagement letter with bond counsel, Bill DeHaan; he said this was legally reviewed in Executive Session and the Board now needs to approve the letter. *Mr. Montgomery moved to approve the engagement letter with Attorney William DeHaan with Greenberg Traurig LLP for legal services in the bond election process and future bond-related needs, as presented; Mr. Ernster seconded and the motion unanimously passed.*

Mr. Montgomery then stated the Board needs to discuss the option of mailing a formal voter pamphlet, which is not required by law for fire districts – or create a fact sheet to be posted on our website and to distribute to the community, which has been done by other fire districts in the state; Mr. DeHaan indicated to Mr. Montgomery that it is about a 50/50 split for fire districts. Mr. Ernster recommended the district do both in the interest of transparency to voters; he feels the pamphlet is important, and a fact sheet prepared by the district would also be

important in educating the public about the bond election and the critical needs of the district. Mr. Soto stated the voter pamphlet is essential in allowing voters the opportunity to voice their opinions and also in having a fact sheet on our website. Mr. Koniarsky agreed and stated the voters need to be informed and both options would help. Mrs. Cooperman said a fact sheet would include the amount of the bond, what it would be used for, how many years it would be in existence, and the costs to taxpayers per \$100,000 valuation of homes.

Mr. Montgomery sought clarification of the estimated cost for the voter pamphlet at about \$4,000; Chief Kazian stated he believes that is the quote received. Mr. Montgomery asked if that included postage; Chief Kazian said the county would send it out and costs would be shared across the agencies holding an election at the same time; he said it would also have to be translated into Spanish, which would be an additional cost. Mr. DeHaan said, yes, there would be a postage charge.

As to costs, Mr. LaVallee stated every district is different because of the number of registered voters; however, after the decision is made to create a voter pamphlet, we would get the actual cost from the county. Mrs. Cooperman stated for transparency, we want the voters to be informed and the fact sheet would provide that information with all the details and would not incur the costs that a voter pamphlet would. Chief Kazian found the email with the costs of the voter pamphlet and stated the estimate for printing, mailing, and Spanish translation would be \$3,995.

Mr. Ernster then moved to direct the Fire Chief to include as part of the bond election process, a voter pamphlet to be mailed to all the registered voters in the district. Chief Kazian commented there is money budgeted for bond election costs. Mr. Soto provided a second and the motion was unanimously approved.

D. Staff Items:

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

- a. **Discussion/Possible Action: Review and Approval of May 2017 Finance Report.**
- b. **Discussion/Possible Action: Discussion/Possible Action: Financial Effect of Hall/Parker vs. PSPRS court cases and associated eligible employee reimbursements for excessive contributions.**
- c. **Update of DHS Determination for Ambulance Rate Adjustment.**

Melissa Tomlinson with JVG was present on behalf of Finance Director Gabe Buldra who was unable to attend today's meeting. Ms. Tomlinson presented the May finance report, as follows: The tax levy was \$609,734, which is under-budget by \$448,000 and year-to-date, we are over-budget by \$290,000. Non-tax levy for the month was \$218,914 – over by \$38,000. Personnel expenses were \$915,640, which is under by \$58,573. Vehicles and equipment for the month were \$103,691. Utilities were \$19,176; managerial was \$58,332 – under budget by \$33,187; capital and contingency was \$66,825.

Year-to-date, our total revenue is \$14,717,786, which is over-budget by \$311,000 and this is, again, because of timing of our tax receipts and also because of wildland fire revenue. Personnel expenses are \$10,024,656, which is under-budget by \$691,000 – due to budgeting by month, although the variance should shrink in the month of June. Vehicles and equipment are at \$550,350, under by \$373,000; utilities and communication is \$110,000; managerial is at \$874,000; capital and contingency at \$1.2 Million. Year-to-date, our total expenses are under by \$157,000. She said SFD's cash position is up at \$6.5 Million compared to \$5.5 Million this time last year; this is a great position to be in currently with the PSPRS pay-outs coming, as well as more funding for capital reserves. *Mrs. Cooperman moved to approve the Finance Report for May 2017; Mr. Soto seconded and the motion passed at 5 to 0.*

Mr. Montgomery stated the Hall/Parker vs. PSPRS court decision was discussed earlier at a combined meeting of the PSPRS Local Board and the Governing Board, wherein the Chief was given consensus direction to handle the pay-out at the lowest interest cost to resolve the issue.

Ms. Tomlinson added Mr. Buldra to the meeting telephonically to present the DHS Report update; Mr. Buldra stated the findings and analysis from the State on the report prepared by JVG. He said they requested Advanced Life Support (ALS) and Basic Life Support (BLS) base rates of \$1,540.17 and a mileage rate of \$18.76; after the DHS did its analysis, they determined the base rate we requested was reasonable, but the mileage rate was high

given our mileage expense; they try to ensure agencies that apply for the general rate increase receive the amount of money they request; so, they lowered the mileage rate to \$13.01, but increased our ALS and BLS base rate to \$1,628.78. Mr. Buldra said the bottom line equation is assuming the same call volume as FY 2016, the district would realize an increase in ambulance revenues of \$150,000 in net collectable revenues because of the statutory adjustment applied to our gross revenues. He said JVG accepted the state's recommended rates and do not need to go to Hearing; DHS has posted for notice of waiver of hearing and within 30 days, the Director should sign the order changing our rates.

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. Cottonwood Public Safety Communications Center.**
 - ii. Correspondence/Thank You Letters to SFD**

Chief Kazian stated SFD responded to 393 calls in the month of May and response time was reduced. He noted we responded to a significant amount of rescues and hike-outs with 10 in May compared 1 last May. He stated this week, we are responding to an average of 2 hike-outs daily. No news yet in the submitted Grants; we have submitted for \$300,000 for apparatus and this is an alternate way we look at reducing the impact to the taxpayer. He noted the amount of calls per station in this report are only the calls that initiate in that response area; however, all station crews respond to calls in different response areas as back-up coverage. He said all the stations are busy protecting the district and keeping emergencies covered.

Mr. Soto asked if the pie chart of station incident counts could include the calls the stations respond to outside their still district; Chief Kazian commented that Assistant Chief Piechura is already working on that report; he asked the Board to let staff know exactly what they would like to see included in the Monthly Fire Chief Report. Mr. Montgomery suggested indicating those calls both ways – by still district and responses to other areas. Chief Kazian said some agencies talk about every run – every time the engine goes out of the station – that would be a run for that engine; he said for larger agencies, there could be a million runs with only 100,000 incidents; it depends on how it is tabulated. He said to be transparent and accurate, the report reflects the actual number of calls we have in each still district.

Chief Kazian asked Division Chief Ed Mezulis about any law regarding food on the ambulance, as was alluded to by a citizen earlier in the meeting; Chief Mezulis said there are no statutes that govern having food in ambulances or fire engines; however, common sense is used for firefighter food safety and the firefighters are careful.

Fire Marshal Jon Davis reported in Community Risk Management, staff is shifting focus to assembly occupancies and short-term residential where there is a higher life-loss potential. Chief Kazian reiterated that staff is continually looking at our operations and finding ways to improve the services we provide and use best practice after evaluating processes. Training is a very important part of improving our service as an organization. SFD hosted a fire statistics class here. Thank you cards are included as part of the Fire Chief Report recognizing the hard work and efforts of our personnel.

Chief Kazian asked Assistant Chief Piechura to give a dispatch update. Chief Piechura reported we ran a report on dispatch call processing from the time the Cottonwood Public Safety Communications Center receives a 9-1-1 call to the time we receive the call in the fire station, which has been reduced since last year by one minute; the report has been run quarterly since last year, and shows incremental improvements each time. He said SFD has been working closely with Cottonwood to build best practice and we are still working to improve the transfer time from law enforcement PSAPs to Cottonwood – over which we have no direct control, other than to try to get our law enforcement partners to help facilitate transfers quicker.

In Wildland, personnel have been out on fires around the state. He said staff is concerned about weather conditions of high heat and dry lightning with the potential for more wildland fires. Battalion Chief Dave Cochrane said to emphasize the importance of responding to wildland fires, our fire-line medic crew was on the Boundary Fire recently, and a firefighter doing structural protection fell off a ladder and broke his leg; our crew was there within 9 minutes and able to get the firefighter flown out to the hospital in just over an hour; in wildland fires, that is a very fast response and having medics assigned to wildland fires is currently being evaluated.

SFD personnel on the Fry Fire are part of our Technical Rescue Team and a Rapid Extrication Module making a regional and out-of-region difference in outcomes. Division Chief Mezulis added this will be the third fire season in a row that one of our medic teams hits the national stage because of excellent performance. Chief Kazian asked everyone to remain safe in this very hot weather; he noted a great outcome for the annual wildland fire yard clean-up in May with residents bringing in combustible brush from yards to create defensible space.

Chief Kazian also reported that yesterday, SFD provided a very quick response to a hot air balloon trailer fire and the balloon workers also reacted proactively by moving the trailer while it was on fire to get it away from a heavily wooded area; yesterday's weather would have created a very different outcome if not for quick thinking and a quick response.

3. Discussion/Possible Action: Purchase Order #11027 to James Vincent Group in the amount of \$59,000.00 for Annual Fee for Contract Finance Director; Approval of Engagement Contract with James Vincent Group for Finance Director.

Chief Kazian said this JVG contract is a continuation of our agreement for Finance Director services; the cost for the monthly fee is the same, but due to some structural issues with JVG and their ability to provide services which are sometimes outside the scope of what the monthly fee is priced; therefore, this includes an audit fee and additional cost for work being done on items such as the bond and running scenarios of issues. Mr. Buldra, via telephone, added that it really allows JVG a mechanism as a business to go above and beyond on a regular basis and recoup costs; he made it clear to the Board it is based on Chief Kazian asking for information or help – not on JVG arbitrarily deciding to work on projects to bill the district.

Mrs. Cooperman then moved to approve Purchase Order #11027 to the James Vincent Group in the amount of \$59,000 for external finance director services included in the contract; Mr. Ernster seconded and the motion was unanimously approved.

4. Discussion/Possible Action: Enrollment in PSPRS 401A Retirement Savings Program.

Mr. Montgomery stated the joinder agreement for a 401A through PSPRS is not an additional benefit paid for by Sedona Fire District, but is another avenue available for firefighters to contribute to their own retirement savings. Mrs. Cooperman said this is a straightforward program with no cost to SFD and helps firefighters better manage tax issues and retirement savings. Chief Kazian reiterated this is not an additional benefit provided by SFD by adding a 401A; it is a program run through PSPRS. *Mr. Soto then moved to enter the PSPRS 401A program with the terms and conditions outlined including the related Joinder Agreement. Mrs. Cooperman provided a second and the motion was unanimously approved.*

V. FIRE MARSHAL'S SAFETY MESSAGE

Fire Marshal Jon Davis reminded everyone that the temperatures are very high and some of our population are at risk for the effects of heat; he asked everyone to check on elderly individuals or those who live alone to make sure they are doing well and have power; hundreds of deaths are caused every year, primarily for shut-ins who have power failures and lose air conditioning.

VI. ADJOURNMENT

The meeting was adjourned at 7:15 PM.

Original approved by Corrie Cooperman

Corrie Cooperman, Clerk of the Board

:tg