



# Sedona Fire District

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

**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Tuesday, March 7, 2017 / 9:00 AM**

~ MINUTES ~

## I. CALL TO ORDER/ROLL CALL

**Committee Present:** *Citizens* – Gary Johnson; Lonnie Lillie; Caryn Maxwell; Gene McCarthy; Wendy Tanzer; Dave Watters

*Staff* – Firefighter Greg Eberlein; Captain Pat Ojeda; HR Manager Betty Johnson

**Committee Absent:** SFD Board Member Tim Ernster

**Others Present:** Fire Chief Kris Kazian; Tricia Greer – Recorder to Board; Ron Eland – *Red Rock News*;  
1 Citizen

Acting Committee Chairman Dave Watters called the meeting to order at 9:00 AM. Fire Chief Kris Kazian welcomed everyone to the meeting and asked all to use the microphones for recording purposes. He said as Mr. Ernster is out of town, Mr. Watters will be Acting Chairman today. He said we encourage the public's participation in this process and will include a Call to the Public for comments.

## II. PLEDGE OF ALLEGIANCE TO THE UNITED STATES OF AMERICA

Mr. Watters led the Pledge of Allegiance to the USA.

## III. OPEN MEETING LAW REVIEW

Executive Assistant Tricia Greer (Recorder to the Committee) presented a review of the Arizona Open Meeting Laws, as this committee was appointed by the elected Fire Board and are, essentially, an extension of those elected officials.

## IV. ARBINGER TEAM TRAINING

Battalion Chief Jayson Coil informed the committee that SFD employees are undergoing leadership and organizational training through Arbinger and gave a brief overview of the program and its "outward mindset" philosophy, which will be utilized during this Citizens' Advisory Committee process.

## V. OVERVIEW OF FIRE DISTRICT HISTORY

Chief Kazian presented a PowerPoint program on the history of the district, mapping and station locations, fire service and EMS standards, call history, types of calls, capital projects, legislative concerns, and previous citizens' committee findings. (Note: This very informative program can be accessed on the SFD website at [www.sedonafire.org](http://www.sedonafire.org) – either to watch in the meeting video or to view.)

## VI. GENERAL OBLIGATION BOND – REASONS TO CONSIDER

Chief Kazian moved to the last item and asked if there were any questions. Mrs. Tanzer commented in the past, 5 and 10 year plans were made and regardless of the number of fire chiefs that changed during that time, the bottom line is there was money set aside that subsequent Boards decided to use in a different manner – setting SFD up for the current situation. She asked would money be specifically allocated so that a future Board that might not agree with the decisions made by this Board be available for them to spend down yet again, or would the assets be used as planned; Chief Kazian responded if this Board moved forward with a General Obligation Bond (GOB), it would decide the specific amount to allocate, and if it is approved by the voters, that amount would be restricted to the types of capital items eligible to be purchased under the GOB. A future Board, however, could decide there

was no need for the remaining amounts designated in the GOB and not exercise that purchase, which means that bond would never become a debt to the citizens. Mrs. Tanzer asked, though, could a future Board just lower the mil rate and use the funds elsewhere; Chief Kazian said that is not an option because it has to be used for capital.

Chief Kazian said exploring our options, including a GOB, is part of doing our due diligence to talk about a successful plan for the district moving forward into the next two to three decades, and this committee will have the opportunity for much greater discussion in its subsequent meetings. He said we will need to understand all the pros and cons of “who/how/why”.

## **VII. CALL TO THE PUBLIC**

### **A. Public Forum:**

#### **1. Public Comments.**

#### **2. Executive Staff Response to Public Comments.**

No one requested to address the Committee.

## **VIII. ADJOURNMENT**

The meeting was adjourned at 12:03 PM.

*Original signed by Tricia Greer*

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Tricia Greer, Recording Clerk to the Committee



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**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Thursday, March 16, 2017 / 9:00 AM**

~ MINUTES ~

## I. CALL TO ORDER/ROLL CALL

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Gary Johnson; Lonnie Lillie; Caryn Maxwell; Gene McCarthy; Wendy Tanzer; Dave Watters; *Staff* – Firefighter Greg Eberlein; Captain Pat Ojeda; HR Manager Betty Johnson

**Others Present:** Fire Chief Kris Kazian; Armando Ruiz – Assessor for Coconino County; Beau Boisvert – Chief Deputy Assessor for Yavapai County; Tricia Greer – Recorder to Board; Board Member Dave Soto

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

## II. PLEDGE OF ALLEGIANCE TO THE UNITED STATES OF AMERICA

Mr. Ernster led the Pledge of Allegiance to the USA.

## III. APPROVAL OF MINUTES

### A. Discussion/Possible Action: Minutes of March 7, 2016 Committee Meeting

*Mr. Watters moved to approve the Minutes of March 7, 2017; Mrs. Tanzer seconded, and the motion passed unanimously.*

## IV. FIRE DISTRICT FUNDING

### A. How Property Tax Assessment Process Works (Presented by County Tax Assessors)

1. 2 counties and taxing history
  - Past Levy and AV
2. Trending vs. Averaging Years
  - Why taxes can be different from neighbor to neighbor
3. How Residential Taxes are Determined
4. How Commercial Taxes are Determined
5. Legislation Impacting Fire Districts
  - Mil Rate Cap
  - 8% Levy Cap
  - Prop 117

### B. SFD Budget Process

### C. Capital Improvement Program

### D. SFD Historical Property Tax Data

### E. General Obligation Bonds in relationship to Mil Rate and SFD Budget

Chief Kazian began his PowerPoint presentation which covers the above agendized items.

*(Note: Minutes and this informative presentation may be accessed in its entirety here:*

*<http://www.sedonafire.org/wp-content/uploads/2016/05/3.16.17-PowerPoint-Citizens-Advisory-Committee-Meeting.pdf> or on our website at [www.sedonafire.org](http://www.sedonafire.org), under “Public Info”, “Board Meetings”, and then,*

*“Meeting Minutes”*. **SFD encourages you to watch the video of this meeting to hear the discussion and committee questions regarding this presentation on our YouTube channel here:**  
<https://www.youtube.com/watch?v=kGx2wmVbw2E>.

Chief Kazian said today is about tax assessments, budgeting, etc. which is laying the foundation to understand the fire district finances and to help you understand the complexities of operating a fire district. He introduced Armando Ruiz – Assessor for Coconino County and Beau Boisvert – Chief Deputy Assessor for Yavapai County who will present slides during the PowerPoint.

Mr. Ruiz is the newly elected Assessor for Coconino who served previously for 13 years in the Tax Assessor’s office; he explained the levy limit process and what the assessors do – they are responsible for identifying and valuing property for taxable purposes, establish property boundaries and legal divisions, value the land, and identify improvements, and do canvassing efforts for complete records of what is on property and who owns it. Please review the attached PowerPoint for the details of his presentation.

Mr. Boisvert has served in the Assessor office of Yavapai County for 10 years and for 11 years before that in Maricopa County. He explained the devastating effect of Prop 117, the market crash of 2007 and 2008, and how those together are limiting available assessment for fire districts. Please see the PowerPoint for the details of his presentation.

After the presentation, Mr. McCarthy commented no member of the public attended today’s very informative meeting. He mentioned the possibility of using a free social network, such as [www.next door.com](http://www.nextdoor.com), to communicate this information with neighbors; he said this is vital, and as a taxpayer and property owner, he did not previously understand the complexities of tax assessment, especially relating to the fire district. Chief Kazian said he is in the process of having SFD’s district boundaries overlaid on [nextdoor.com](http://nextdoor.com), which as a service provider, SFD could use to notify neighborhoods about emergency situations, such as wildland fires.

Chief Kazian said architects toured the station facilities to evaluate needs and show deficiencies; he hopes to get their report to the committee by the April 11<sup>th</sup> meeting; the next meeting is scheduled for **Monday, March 27<sup>th</sup> at 1:00 PM** beginning here at Station No. 1 and to include a tour of our station facilities so committee members can see the critical facility concerns of the district; members of the public are welcome to attend and visit each station with the committee; due to Open Meeting Laws, no committee business will be held during transportation to the facilities; the meeting will reconvene here in public after the tour for questions. Mr. Lillie asked about the previously mentioned reserve fund being diminished and he did not see it in the presentation – he asked what about the current reserve fund. Chief Kazian said it is a “moving target” but using our date of audit on June 30<sup>th</sup>, our capital reserve is about \$359,000 and we have a \$2 Million Board reserve fund which helps us pay when taxes have not yet arrived; and there is \$1.2 Million of reserve money in the general fund that is not allocated. If the committee has questions, feel free to contact Ms. Greer or Chief Kazian.

## **V. CALL TO THE PUBLIC**

### **A. Public Forum:**

- 1. Public Comments.**
- 2. Executive Staff Response to Public Comments.**

There was no request by the public to speak.

## **VI. ADJOURNMENT**

The meeting adjourned at 11:24 AM.

*Original signed by Tricia Greer*

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Tricia Greer, Recording Clerk to the Committee

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# Sedona Fire District

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**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Monday, March 27, 2017 / 1:00 PM**

~ DRAFT MINUTES ~

## I. CALL TO ORDER/ROLL CALL

**Committee Present:** Board Member – Tim Ernster; Citizens – Gary Johnson; Lonnie Lillie; Caryn Maxwell; Gene McCarthy; Wendy Tanzer; Staff – Firefighter Greg Eberlein; HR Manager Betty Johnson

**Committee Absent:** Dave Watters; Captain Pat Ojeda

**Others Present:** Fire Chief Kris Kazian; Fire Chief Jeff Piechura ; Carla Dufort – Recorder to Board; Committee Chairman Tim Ernster called the meeting to order at 1:00 PM.

## II. PLEDGE OF ALLEGIANCE TO THE UNITED STATES OF AMERICA

Mr. Ernster led the Pledge of Allegiance to the USA.

## III. APPROVAL OF MINUTES

### A. Discussion/Possible Action: Minutes of March 16, 2017 Committee Meeting

*Mr. McCarthy moved to approve the Minutes of March 16, 2017; Ms. Tanzer seconded, and the motion passed unanimously.*

## IV. BUSINESS MEETING / STATION TOURS

### A. Review 3/16/17 meeting information – Comments or questions

There were no questions or comments regarding the minutes. Chief Kazian stated that since there would be a tour of the facilities the minutes for today's meeting would be more of an overview. He requested that if something specific that needs to be discussed at length to please wait until the committee returns so that Ms. Dufort has the opportunity to capture the discussion. He then stated that Chief Piechura would be taking the committee to the stations, beginning with Station #6, #3, #4, #5 and #1 if time permits. He stated he would remain at station #1.

### B. Tour of the Fire Stations – *Note: Members of the public are welcome to visit stations with committee*

- **Visit Station 6**

The committee arrived at the station at 1:25 PM. Chief Piechura stated the main challenge at this station is the metal roof interferes with the communications. This is something that LEA did not factor in and is rather unique because the radio waves travel the length of the roof. He went on to explain that a tower will need to be 65 to 75 feet and that to add to the existing building will require a structural engineer. The group went through the station and discussions took place regarding the challenges and benefits of the design and layout of the building. The tour finished and the group left at 1:50 PM.

- **Visit Station 3**

The committee arrived at the station at 2:00 PM. Chief Piechura began the tour in the bays; he went through and opened the doors to each room off the bay. A discussion took place regarding the fire pole and the distance from the bunkrooms to the bay and the hazards of running down the stairs. The group then went downstairs and Chief Lechowski explained that with the exception of the Captains office all

the office space was considered non-personal space. The computers and desks are to complete reports etc. as needed. He also pointed out that LEA determined the space could be re-designed to allow for a better use of the space. As the group was leaving some of the drainage issues were discussed. The tour finished at 2:45 PM.

- **Visit Station 4**

The committee arrived at the station at 3:10 PM. Mr. Johnson discussed the many changes and additions of the building over the years. Chief Piechura pointed out the use of the annex and what is housed in the building. The group declined a tour of that building. Chief Piechura pointed out that if a new building is built what the placement of the buildings might look like. The group then proceeded to the bay and Chief Piechura pointed out that certain apparatus will not fit in the bays. Chief Lechowski opened the door to the IT room and discussion took place on what IT will do with all of the equipment if new construction takes place. Captain Wassell showed the committee the inside and went over some of the changes that have taken place inside as well as some of the construction challenges that were found while making improvements in the kitchen area, such as support beams not reaching the floor. The tour finished at 3:50 PM.

- **Visit Station 5**

The committee arrived at the station at 4:00 PM. Chief Piechura began by parking in front of the bays and did his best to explain the different parcels and ownership of the property. He then drove to the upper entrance of the station and discussed the BBQ fire and what had to be replaced inside and out. A discussion took place regarding the ownership and placement of the building. Mr. Johnson stated that most calls are further up the canyon and that in the past discussion of a station at Slide Rock State Park did not really go anywhere. Now that door has opened again and it is a good area for a station. He went on to say that during volunteer days the ISO was a 5, now it's a 10 which is a big impact people living in the canyon. At one time ISO considered the creek as a source of water. The committee then went downstairs and viewed the bays and the office. Chief Piechura explained that the apparatus barely fit in the area. The tour finished at 4:25.

- **Visit Station 1**

Due to time, the committee decided to tour station 1 at a later date.

- **Discuss Stations 2, 7, 8**

There was no discussion regarding station 2, 7, 8.

## **V. CALL TO THE PUBLIC**

### **A. Public Forum:**

#### **Public Comments.**

##### **1. Executive Staff Response to Public Comments.**

There was no request by the public to speak.

## **VI. ADJOURNMENT**

The meeting adjourned at 4:50 PM.

*(Note: Minutes taken by Administrative Assistant Carla Dufort – Original signed by Tricia Greer)*

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Tricia Greer, Recording Clerk to the Committee



# Sedona Fire District

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**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Monday, April 3, 2017 / 1:00 PM**

~ MINUTES ~

**I. Call to Order/Roll Call**

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Gary Johnson; Lonnie Lillie; Caryn Maxwell; Gene McCarthy; Wendy Tanzer; Dave Watters; *Staff* – Firefighter Greg Eberlein; Captain Pat Ojeda; HR Manager Betty Johnson; Assistant Chief Jeff Piechura

**Committee Absent:** Lonnie Lillie

**Others Present:** Fire Chief Kris Kazian; Gabe Buldra – SFD Finance Director; Michael LaVallee – Stifel Managing Director; Tricia Greer – Recorder to Board

Committee Chairman Tim Ernster called the meeting to order at 1:00 PM.

**II. Pledge of Allegiance to the United States of America**

Board Chairman Tim Ernster led the Pledge of Allegiance.

**III. Approval of Minutes**

**A. Discussion/Possible Action: Minutes of March 27, 2017 Committee Meeting**

As not all Committee Members were able to review the Minutes prior to this meeting, the item was tabled until next week.

**IV. Discussion/Possible Action: Schedule Station 1 Tour**

Assistant Chief Jeff Piechura asked the Committee if they would like to schedule an additional meeting to complete the Station 1 tour of facilities or extend one of the scheduled meetings by an hour. The Committee chose to begin the next meeting on April 11<sup>th</sup> at 12:00 Noon (instead of 1:00 PM) to tour Station 1.

**V. Open Dialogue/Review of Information/Questions**

Gene McCarthy stated he is reasonably new to the area, but served for 30 years in the fire service; he believes the Sedona Fire District fire and EMS area is the most challenging and complex he has ever seen; he stated his appreciation of staff giving a tour of the facilities to the committee. Mr. Ernster stated his agreement and all the staff were courteous and helpful on the tour. Chief Kazian said he hoped the tour helped the committee formulate an understanding of the needs we have as an organization, structurally, and as Mr. McCarthy mentioned the challenging complexities of our district and how people try to overlay their thoughts of how the district should be run – either having spent 30 years in a fire service career or never having served in public safety; but the reality is SFD does have significant complexities that create opportunities for us to provide the best service possible – which does not mean a fire station on each corner or getting to every home in 30 seconds; that is understood, but being able to do the greatest good for the greatest number of people. Captain Ojeda reminded the committee to speak directly into the microphones, so important information can be heard on the videos of these meetings for the public.



## **VI. Bond Presentation (Mike LaValle of Stifel)**

### **A. General Obligation Bonds**

- 1. How Bonds Work**
- 2. Options including Bonding Capacity**
- 3. Typical Strategies for Determining Bond Amount Requests**

*(Note: This meeting's presentations may be accessed in their entirety here:*

*<http://www.sedonafire.org/wp-content/uploads/2016/05/4-3-17-Finance-Presentation-Bond-Committee.pdf> and <http://www.sedonafire.org/wp-content/uploads/2016/05/4-3-17-Stifel-presentation-Sedona-FD-GO-Election.pdf> or on our website at [www.sedonafire.org](http://www.sedonafire.org), under "Public Info", "Board Meetings", and then, "Meeting Minutes". **SFD encourages you to watch the video of this meeting to hear the discussion and committee questions on our YouTube channel here:** <https://www.youtube.com/watch?v=1N1G3I2DbOQ>.*

Chief Kazian stated the Agenda lists the items that will be reviewed during today's meeting; he noted the presentations may not follow the exact order of listed items. He then introduced Mike LaVallee of Stifel who had presented a similar program about bonding to our Fire Board a few months ago. Mr. LaVallee said Stifel works in financial matters with local communities all over the state; he specializes in fire district financing and others in his firm work with cities, towns, and state agencies; Stifel also has worked with the Sedona-Oak Creek School District and the City of Sedona on bonds. He reviewed results of previous fire district bond elections since 2004 including Northwest, Summit, Sun City, and Daisy Mountain Fire Districts (pages 4 and 5 of presentation). He said all fire district elections have passed since about 2000, generally by 60% majorities; this is because of the public safety element and as long as the community knows what projects the bond is needed for and that it is not for "wish lists". For example, Daisy Mountain Fire District passed a \$16.23 Million bond, and pointed out once an election passes, the bonds do not all have to be sold right away – they can be sold over a period of time, typically 10 years, although that is not a legal requirement. He said for purposes of today's presentation, they have projected estimates for a \$15 Million bond for SFD, stretched out in 3 different bond sales over a period of time. Mr. LaVallee pointed out there were very few fire district bond elections between 2009 and 2014 because of the recession; now, fire districts are requesting bonds because of new levy limits of Prop 117 and being at the \$3.25 tax rate cap, which makes it impossible to fund capital projects; therefore, they need to ask voters for capital through a bond; at this time, he is working on several fire district elections for this cycle.

Mr. LaVallee then covered the timeline (page 7) for the November 7, 2017 election; typically, elections will be called by the Board in June, and worst case scenario is July 10<sup>th</sup>, although doing it that late is problematic with vacations, Board meetings, etc. That also allows Stifel time to put together a voter information pamphlet – if the Board so chooses. Mrs. Maxwell asked if a district would be allowed to do more advertising besides the voter pamphlet and when would that start; Mr. LaVallee said the voter pamphlet is optional for fire districts – some districts, such as Daisy Mountain, decided not to do one because they felt going door to door with literature and forms was more effective; a citizens' committee formed a political action committee (PAC) filed with the county which allowed them to raise money to produce "vote yes" literature; however, Sun City did create a voter pamphlet to send in the mail.

Dave Watters asked if any other Verde Valley departments are looking for a bond this election cycle; Chief Kazian responded, not this cycle, but possibly, next year. Mr. Ernster asked what restrictions are on the district as far as putting out information about a bond election. Mr. LaVallee said to answer that question, the district would hire a bond attorney who would send "dos and don'ts" about the election for staff and elected officials; however, if the bond is called for election, he recommends the district not



producing any literature on district site that is “pro bond”; that should be done by the PAC or citizens’ committee. Chief Kazian added that the district would be able to provide factual information or other documentation that would address capital needs and costs. Mrs. Maxwell asked if he meant that this citizens’ committee would be staying in place going forward; Wendy Tanzer said this committee, as an arm of the SFD Board would be officially disbanded, and then, citizens willing to participate could be in a PAC. Captain Ojeda said Daisy Mountain produced “palm” cards and information sheets and he asked if those would come from a PAC as well, and also, if a Facebook page could be created only for bond information without “pro or con” statements. Mr. LaVallee responded the cards from Daisy Mountain went out after the election was called, so he is fairly certain the PAC created them. He said you would need to talk to the bond lawyer about Facebook, but clarified it would be separate from the district’s website. Captain Ojeda responded it would be separate and perhaps handled by the PAC; he also pointed out Daisy Mountain’s employees handed out the palm cards (which were factual information, not “pro bond”). Mrs. Tanzer said her opinion is the SFD website could have the same information as on the voter pamphlet information, and any pro/con literature would be from a PAC. He then showed the Overall Election Timeline on page 8.

Mr. LaVallee then summarized Frequently Asked Questions which can be found on pages 10 – 12 of the presentation below:

- General Obligation Bonds require voter approval.
- Districts can borrow up to 6% of Assessed Valuation (AV).
- Fire Districts are not required to sell bonds in the 10-year window that is stipulated for school districts, cities, and towns, although most districts try to stay within that period.
- Bond proceeds can be used for any capital items – land, facilities, apparatus, technology, or refinancing current debt – and the bond issue costs.
- Bond issuance costs are typically up to about \$50,000 in administrative costs for each bond sale – and would be included in the amount of the requested bond.
- There are restrictions to selling bonds, besides statutory, regarding capacity; there are also Federal restrictions – after the bonds are sold, an entity has 3 years to spend the funds.
- Anyone looking for a fixed income product may buy bonds, such as mutual funds, insurance companies, hedge funds, and high net-worth retail investors.
- Bonds are typically sold in \$5,000 denominations maturing in any year up to 30 years from issuance.

Mr. LaVallee then moved to page 14 for Sedona Fire District information including AV for the last 10 years; he said the up and down from the recession is typical of most agencies in the state. The blue column is the real market value (which used to be called secondary valuation) and was used to determine district bond tax rate 3 years ago; however, since Prop 117 was implemented in 2015/16, the orange column was added – which is the limited assessed value and now all tax rates for bonds are based off that number. The general fund budget is based off the information in the orange column; the blue column shows the overall trend in growth. In the estimated figures for FY 2017/18, the year-over-year change for limited property value is 5.4% and the year before that was about 4%, so that indicates a healthy growth for the tax base. He explained the boxes at the top of page 14 show the 10 year averages – one starting in 2016/17 going back 10 years and the other one includes 10 years with the FY 2017/18 estimate – both of which are fairly flat due to the recession and now, a little bit of growth; this determines the property tax rate for bonds; in the figures, Stifel used the assumption that AV would stay flat to be conservative. He reviewed page 15 showing the bonding capacity for SFD, which is currently about \$30 Million and next year, would be \$32 Million; he pointed out, however, SFD does not need that much for capital projects and would not request anywhere near that. He then reviewed page 17 with graphs showing estimated debt

service requirements and projected impact on the secondary tax rate – and illustrates the projected dates of bond sales over the years for short-term projects such as trucks and computers (5 to 10 year repayments) versus long-term projects such as buildings with a useful life of 30 to 40 years (up to 20 year repayments). Mr. LaVallee said the district would be making principal payments (column 3) and based on the useful life of the project; as an example, bonds would not be paid out longer than 3 or 4 years for a computer, and years 6 through 12 could cover apparatus and vehicles; he said Stifel would make sure SFD was paying off enough to cover shorter term projects and years 11 through 20 would cover the long-term projects such as facilities. He said a question may be, why would we not just do 10-year debt; one thing that requires attention is the phrase “intergenerational equity” which means for long-term projects, residents currently living in the district would absorb the bulk of the payments and those who move to the district in years 11 through 20 will enjoy the benefits of the fire service projects, but not pay for them.

Mr. LaVallee pointed out the estimated interest rate columns for the various bond payments are also on Page 17 with footnotes explained on the next page; they are “placeholders” because we have no idea what the rates will be in the coming years; however, there will be a not-to-exceed interest rate on the ballot question – typically 10% or 12%. Mrs. Tanzer asked if the bond repayment interest rate fixed on each bond sale; Mr. LaVallee responded, yes and General Obligation Bonds in Arizona for most issuers are fixed rate. He referenced column #2, and said Stifel left the combined valuation flat through the years as a conservative estimate; he said they know it will not remain flat and hope that it grows; there is still the same debt service payment (column #9), and taxpayers’ tax rates will begin to go down from 18 cents; at the bottom of the page, the average annual tax rate over the years is \$0.1738 per \$100 of AV. Page 19 shows the Estimated Average Cost to Taxpayers using the \$0.1738 figure; the average home tax value (not market value) in Sedona is \$345,162 which means each home’s cost is estimated at \$59.99 – about \$5.00 per month.

The appendix of the presentation – beginning on page 24 gives examples of other options available for capital funding if SFD does not go to bond – essentially those are lease purchase or pay as you go. Before the 2000s, most fire districts used lease purchases because they had plenty of flexibility within their tax rate and no levy limit; fire districts are now shifting to bonds because if you get permission from the voters, that tax rate is above the levy limit – and many districts are struggling within their tax rate or levy limit. Additionally, General Obligation Bonds typically have lower interest rates. For short-term capital needs, some districts use “pay as you go”, which is an option, but that calls in the intergenerational equity issue.

Mr. Ernster commented in the past, some municipalities have charged individuals who want to put a pro or con argument in a voter publicity packet; he asked if that is legal for a fire district; Mr. LaVallee said if SFD decided to do a voter pamphlet, it would have a public section for pro and con statements, but he has never seen where a fee could be charged for those; he said he would look into it. Captain Ojeda pointed out the “pay as you go” method means saving capital reserves, meaning the budget is artificially inflated, which shows a few million dollars extra in the account, but actually, that money is slated for a capital project; some Boards want to expend it, as has been done here in the past. Mrs. Tanzer said in the unlikely event, the fire district would go bankrupt, how would the bond obligation be handled; she asked if the bond holders would go directly to the taxpayers. Mr. LaVallee said a bond lawyer could answer that, but after Detroit and other governmental entities during the last recession filed for bankruptcies, it has raised questions depending on each state’s constitution. He finished his presentation at 1:53 PM.

## **VII. Options for Funding Capital Projects**

### **A. Fund via Bond – Outcomes and pros/cons**

### **B. Fund via Mil Rate – Outcomes and pros/cons**

### **C. No New Funding and continue operating as is – Outcomes and pros/cons**

Chief Kazian asked if there were any questions about the pay as you go, mil rate, or bond options presented by Stifel; Mrs. Maxwell commented she likes the idea of intergenerational equity in that people pay as they live here and not only long-term residents, such as herself, paying for everything – she said that means everyone who gets the benefit of this district shares in paying for it. Chief Kazian said we could lease purchase or use a certificate of participation, but it comes with a higher interest rate because it is less stable than a bond and the district would be limited to a mil rate; he said years ago, our AV was over \$800 million, but dropped during the recession and now is at \$500 million, which means we cannot keep the mil rate as low as before; this is why we have come to the citizens to explore options of why a bond might make sense; he does not believe we should levy in our tax rate to sweep the funds over to save for years and even so, if we saved \$300,000 a year – that would mean raising the tax rate and after 10 years of \$300,000 each, we would only have about \$3 million to build a station that we need now.

Mrs. Maxwell commented the other challenge is the Board changes, and if they have different ideas of how they want to spend that saved money, a future Board might decide against it. Chief Kazian pointed out even if we go to bond, a future Board could still say we know you need a station and you have bonding capacity, but we are not going to use the bond. Mrs. Maxwell commented that is good because if something happened in the economy again, we would have some control to limit the expenditures. Mr. Ernster asked if grant funding is available for fire districts for capital projects tied back into Homeland Security; Captain Ojeda, who writes many of SFD's grants, responded that many Homeland Security grants have "dried up" and he does not believe those grants could be used for capital projects unless they were specifically focused on terrorism issues. Chief Kazian commented SFD continues to write grants; however, it is not the same as post-2001; he stated we report monthly to the Fire Board on what grants are in process, as well as in our annual report.

Chief Kazian then introduced Finance Director Gabe Buldra Gabe; he is contracted to be SFD's Finance Director from the James Vincent Group and also provides finance services to 12 fire districts in the State of Arizona, and follows the best practices for financial management and planning. Mr. Buldra stated grants are a great alternative, and we should continue to pursue them, but we cannot base financing on projections of getting grants, nor can we use them for long-term planning for capital needs; we are talking about high dollar infrastructure for the organization and will show the impacts on various strategies, whether we go for bond, pay through the mil rate, or by lease purchase.

Mr. Buldra gave a fire district funding overview showing some of the challenges we have. SFD's primary source of funding – about 80% – is from tax levy based on our Assessed Value multiplied by the mil rate. He said a high tax rate does not reflect poor management because if you have a low AV, you have to compensate to bring in tax dollars to fund operations. Fortunately, SFD is in a high net assessed value area, but other parts of the state are not, which makes comparisons from district to district difficult. 20% of SFD's funding is from non-tax levy including ambulance billing; there are issues that impact our ambulance revenue such as changes in call volume; a new initiative is the community paramedicine program, which has paramedics checking on residents post-discharge from the hospital, which will decrease the number of patient transports. Also, there are potential changes in our ambulance reimbursement rates. Another revenue is from Telecommunication rents on our cell towers which may not always be available, as companies could choose to move their equipment from our towers. Wildland Fire revenue is a good source of alternative revenue, but it is not predictable as it is always uncertain how many wildland fires will occur each year.

Prop 117 has limited the growth for purposes of calculating taxes and went to limited property value, which changed the assessment calculation and limited growth to 5%. The tax rate for Arizona fire districts is capped at \$3.25 – this is an important reason why we are considering a bond, and why from a financial stance, a bond gives the district capacity in our operating levy as costs rise; this means we can only hope for an increased AV or consider cutting services. Mr. Buldra stated from 2011 to 2014, SFD lost 42.5% of our AV – this was an impact of the downturn of the economy and now, with Prop 117, it will take at least 10 years to recover; in recent AV from the counties, we have only recovered 15.8%. Mr. Buldra’s illustrated effect of Prop 117 can be seen in slide #4 of his presentation.

Mr. Buldra commented on an interesting issue in Sedona, which was the decline in SFD levy was artificially created by a former Fire Board to fund operations instead of using the tax rate; he said it is important to have a fund balance, but the public perception piece is why the organization has that amount of funds. Slide #5, “Current Planning Constraints”, is covered below:

*PSPRS Contribution rate 34.85%:* Another challenge for fire districts is the state-mandated rate increase of Public Safety Personnel Retirement System (PSPRS); SFD’s rate increased to 34.85% - up from 23% last year and some other districts were increased much more. This increase represents \$660,000 to be added to next year’s budget. He said although we try to plan for known issues, this was unknown – no one at the district has any control over this as it is purely based on PSPRS and how the actuarial sets the rates. PSPRS recognizes the problem and is working to bring down the assumption number. This leads into discussing the capacity of the levy, and not having enough funds to absorb unexpected issues; if we increased the tax rate to pay for the PSPRS increase, we would quickly reach the cap of \$3.25.

*Hall Decision Payout:* A related financial challenge is the Hall decision which is part of the PSPRS matter; a court case determined the State constitution was violated when public safety and judges’ pension contribution rates were increased; now, some firefighters will be refunded those funds; SFD will have to reimburse them upfront and will get a credit from PSPRS to offset future contributions, but it creates cash flow problems for us.

*Workers Comp:* There could be significant decreases in Workers Compensation premiums in FY 2017/18, but based on past experience, we know there could be a significant increase in FY 2018/19. SFD is participating in discussion and research regarding a Workers Comp Risk Pool to help balance and level off our Workers Comp rate going forward. Mr. Buldra said fire departments in Arizona are limited on the number of Workers Comp providers because firefighting is a high-risk job; this “monopoly” means premiums tend to be high, but joining a risk pool is essentially owning our own policy, so we do not have to base premiums on projected losses because the group would not worry about making a profit. Chief Kazian added this pool will be put in place for special districts in Arizona – school districts do something similar, and they have amassed \$220 million assets versus giving it to insurance companies; it is part of our plan to find a smoother way to budget that affects the mil rate. Mr. McCarthy said it is important for the public to understand these things that come from “left field”.

*Health Insurance:* Mr. Buldra said healthcare is also a nationwide issue; he has corporate clients who are seeing 20% increases in healthcare costs, with an average of 15%. SFD has been combating the “norm” through instituting a Wellness program which actually allows us to see a 1.4% decrease in health care costs next year. Slide #6 shows the Healthcare Cost Trend and Savings. Chief Kazian said this shows the savings SFD has had and will continue to have in healthcare costs because of changes we have made to the plan, as well as the Trend Neutralizer program, high deductibles, and Wellness with physicals and

other health initiatives; this gives us the opportunity to have even greater savings in the future. This represents a \$400,000 savings, which if not done would represent another \$.08 on the mil rate.

Slide #7 is Financial Planning for SFD and shows SFD needs to address growth of the fund balance. The Government Finance Officers Association recommends governmental entities keep an unrestricted fund balance based on certain criteria – one is volatility of revenue and expenses; use of operating to fund capital, use of operating to fund debt service; organizational needs; all the different criteria is put together and analyzed to come up with the recommended fund balance and for SFD, that means a need of 14 to 16% of our operating levy in unrestricted fund balance, which is just over \$3 million; last fiscal year ended at \$1.7 million in unrestricted funds. He said the Hall decision is a good example of why these funds are needed, as well as rising operational expenses, market conditions, and legislative changes. SFD needs a healthy fund balance to absorb one-time unexpected occurrences and to bridge to the next change; if an organization does not have the capacity for funding in the levy, the fund balance can bridge costs.

Mr. Buldra said we are looking at scenarios of flat growth or at a 2% growth to have the fund balance to smooth over before seeing assessed value increases. Mrs. Tanzer asked in the event that AV stayed the same, would we still as a fire district be able to increase by 5%; Mr. Buldra responded, no, because Prop 117 limited the growth in AV to 5%, and another limit is 8% levy growth meaning we could raise the tax rate up to a max of 8% year over year, but it is an accumulative number; however, SFD can go up to the \$3.25 mil rate. Chief Kazian referred to last week's presentation by the county tax assessors and said the maximum we can do at \$3.25 is about \$17 million; if we did not have the \$3.25 cap, our 8% limit is about \$22 million. Mrs. Tanzer commented that is because SFD has managed the mil rate well.

Slide #8 is "10 Year Capital Improvement Plan"; currently, SFD has a 10-year CIP with \$13.8 million in capital items for infrastructure, fleet, and technological equipment, but does not include any station upgrades; that is projected to be another \$8.25 million; to fund capital needs, essentially, we need \$1.3 million every year out of the operating levy, not all of which will be bondable. If we tried to fund all that through our operating account, it would drastically affect the tax rate over the next 5 to 10 years. He said by ignoring needs, it creates a greater cost down the road in increased maintenance and repair. Chief Kazian said SFD can take credit for its Telecom division and keeping up with technology; our Telecom Manager, Bob Motz, is a "miracle worker" for finding savings on equipment on EBay or other sources to keep our crucial infrastructure intact.

Mr. Buldra said due to the PSPRS impact, we reduced the capital budget by \$238,000; this does not mean those capital items are not needed, but we have re-prioritized and delayed. Mr. Buldra said a bond would remove some large capital – fire stations, fire trucks versus computers – from the operating levy. Mr. Buldra said we can purchase shorter useful-life items from the bond through earlier bond proceeds; best practice is to pull out those large capital items that cannot be funded through a normal operating budget. He said another option is lease purchase or certificate of participation; it is called a lease purchase because statute requires that special districts cannot get traditional loans. A certificate of participation is similar to a lease purchase, but is a hybrid between a lease purchase and a bond. Those are options for fire districts to borrow money or to pay for capital.

Slide #9 illustrates "Moderate Assessed Value Growth" – this is what we are basing current projections; we do show a market correction in FY 2023/24. The red line at top is our cap rate; the first line on top is where the mil rate would be through lease purchase to pay for station upgrades. Chief Kazian said that is only \$7 million of lease purchase – not the estimated \$15 million bond funding. Mr. Buldra said the middle line is our status quo; it illustrates our tax rate with a bond, which is a smoother line with less

fluctuation and more capacity. Unfortunately, fire district funding statewide is in crisis due to legislation limiting revenue growth but increasing expenses. Mrs. Tanzer asked if Mr. Buldra was talking about lowering the mil rate due to the bond; he responded, yes, we are talking about lowering the operating mil rate, but with a bond rate on top; this presentation shows the benefits of a bond to help effectively manage our operating budget.

Slide #10 regards “Market Correction Assessed Value Growth” – this illustrates lease purchase is almost unsustainable at the 10 year point; we have to look at alternatives rather than tax levy. Mr. Buldra pointed out the ending of each scenario is the same – our expenses are still rising at a rate faster than our revenues.

Chief Kazian said we opted to highlight those larger ticket items, but there are plenty of other small daily actions we take, such as restructuring our copier lease program to reduce costs. He pointed out the McGladrey audit done a few years ago for \$180,000 because some people were concerned about our spending; the recommendation was to aggressively pursue savings through modifying some programs, most of which have been implemented. Mrs. Maxwell asked Mr. Buldra what he considered the biggest question mark; he responded the biggest challenge right now is a combination of not having a fund balance that meets the needs of an organization the size of SFD; this is the result of decisions made in the past that reduced our mil rate at a time when AV was dropping.

Chief Kazian said we will have architects here next week and the engineer’s report with very preliminary estimates from construction companies. Mr. Watters referred back to a former statement that the goal is to have a \$3 million fund balance and currently only have \$1.7 million; he believes it is challenge to convince the public why there is a need for that much unrestricted savings; Mr. Buldra said something most people do not understand is SFD is not a city or a large organization backed by other funding – what we have is what we have – and it is necessary for unexpected circumstances. Also, fire districts are not allowed to just charge and maintain a large credit balance – we have to pay every month and we have to fund when the state tells us to pay for huge increases in pension funds.

Mr. Ernster asked if a bond rating agency would look at issues, such as fund balance, as good financial practice for fire districts; Mr. Buldra said Mr. LaVallee had pointed out we would be rated and yes, our financial practices would be analyzed, as well as the history of our AV, collection rate, overall financial health, and the unrestricted fund balance. Mrs. Maxwell asked if we would get the bond rating before voting; Mr. Buldra replied, no, it would come from the bond counsel. Mr. McCarthy asked Mr. Buldra what his “gut feeling” would be for SFD’s bond rating; Mr. Buldra said he has no doubt that SFD would receive a favorable rating and the higher they rate us, the lower the interest rate on a bond.

## **VIII. Cost Impacts**

### **A. Possible Bond Impacts on Property Owners**

## **IX. Budget Forecasting and Long Range Planning (Gabe Buldra of James Vincent Group – External Finance Director)**

### **A. SFD Funding Sources and Historical Data for Alternate Revenue Options**

### **B. Planning Ahead**

### **C. Best Practices for Fire District Financing**

### **D. Bond Impact on the Budget versus Lease Purchase Option and Fund from Levy**

### **E. Financial Decisions Made by SFD to Reduce Expenses**

## **X. ADJOURNMENT**

Chief Kazian reminded all that the next meeting is scheduled for 4/11/17 beginning at Noon to complete the tour of Station 1. Architects will be present to give their assessment of station needs, as well as presentation of the engineer's report. Staff will try to get the engineer's report out to the group for review prior to the meeting. Additionally, Chief Kazian and Mr. Buldra will send the committee the SFD Capital Improvement Plan for the next 10 years. Mr. McCarthy asked the Chief to clarify for the public what the "CIP" program, which was previously mentioned; Mr. McCarthy has a sense it is a good thing – especially with the aging of our community and urged the Chief to continue to communicate with the community. Chief Kazian said the CIP is Community Integrated Paramedicine which is a program to provide in-home post-hospital follow-up visits to residents. This program helps prevent return stays in the hospital for those patients. Chief Kazian also announced SFD is celebrating its 60<sup>th</sup> anniversary this month and asked everyone to follow us on Facebook, as we are posting a photo each day to commemorate the organization's history. Mr. Ernster noted there was no one from the public present at the meeting and no one requested to speak. The meeting was then adjourned at 3:15 PM.

*Original signed by Tricia Greer*

Tricia Greer, Recording Clerk to the Committee

:tg





# Sedona Fire District

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

**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Tuesday, April 11, 2017 / 12:00 Noon**

~ MINUTES ~

**I. Call to Order/Roll Call**

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Gary Johnson; Lonnie Lillie; Gene McCarthy; Wendy Tanzer; Dave Watters; *Staff* – Captain Pat Ojeda; HR Manager Betty Johnson; Assistant Chief Jeff Piechura

**Committee Absent:** Caryn Maxwell; Firefighter Greg Eberlein;

**Others Present:** Fire Chief Kris Kazian; Assistant Chief Jeff Piechura; Lance Enyart, Randy Jones – LEA Architects; Nichole Kotsun, Quintin Smith – Core Construction; Tricia Greer – Recorder to Board; Corrie Cooperman; Dave Soto

Due to Chairman Tim Ernster arriving late, Acting Committee Chairman Dave Watters called the meeting to order at 12:10 PM.

**II. Pledge of Allegiance to the United States of America**

Mr. Watters led the Pledge of Allegiance.

**III. Approval of Minutes**

**A. Discussion/Possible Action: Minutes of March 27, 2017 Committee Meeting; and Minutes of April 3, 2017**

*Mr. Ernster entertained a motion to approve the March 27<sup>th</sup> minutes, as presented; Dave Watters so moved and Lonnie Lillie seconded; the motion was unanimously approved. Mr. Watters then moved to approve the Minutes of April 3<sup>rd</sup>, as presented; Gene McCarthy seconded and the motion was unanimously approved.*

**IV. Fire Station 1 Tour of Facility**

Assistant Chief Piechura led a tour of the Station 1 facilities.

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

Lonnie Lillie missed the last meeting, but watched the financial presentation and had a couple of questions about technology needs; Assistant Chief Jeff Piechura said the needs are all-inclusive – radio systems, alerts, backbone, and everything we need to manage office business – and we will have Telecommunications Manager Bob Motz at a future meeting to answer those questions. Mr. Lillie asked for a hard copy of last week's financial presentation, as the graphs were hard to see on the computer; he asked about the estimated per residence cost of a \$15 million bond; Chief Kazian responded for an average home in Sedona Fire District, which was about \$365,000 of assessed value (AV), it would be about \$59 per year if the AV does not change; he said per \$100,000 of AV would be \$17.38.

Mr. Lillie then asked about “pay as you go” for everything including enhancements to facilities, and asked how much that would equate to on a per household basis. Chief Kazian said the financial presentation (which we will provide committee members hard copies) showed status quo – doing nothing – and where the mil rate would go, as well as “pay as you go” for about \$6 million in capital projects (not \$15 million); he will ask Finance Director Gabe Buldra to figure the per residence estimate. Mr. Watters said he believes the chart showed that the “pay as

you go” line exceeded the \$3.25 mil rate cap; Chief Kazian said it depends on which model was used – moderate growth vs. conservative growth vs. aggressive growth; if there was a weak growth year, it would exceed the cap; if we have moderate growth in AV, it would be just below \$3.25 and with aggressive growth, the mil rate would stay beneath the cap.

Chief Kazian thanked the committee for touring the stations and pointed out the stations they did not see including Fire Stations #2 (Red Rock Loop Road), #7 (Oak Creek Canyon), and #8 (Sedona Shadows); these are not staffed stations, and mostly used for garages and storage; however, #8 is used by Telecommunications.

## **VI. Facilities**

### **A. Overview by LEA/Danson Construction on Estimated Costs**

1. **Station 1- Renovation Needs**
2. **Station 3- Renovation Needs**
3. **Station 4- Replacement Needs**
4. **Station 5- Replacement Needs**
5. **Station 6- Renovation Needs**
6. **Station 8- Renovation Needs**

### **B. Consideration of Other Facility Locations**

1. **Station 2**
2. **Station 4 Parcel Owned by Coconino County**
3. **Station 7**
4. **Station 5 Site, if Relocated to Slide Rock**

Chief Kazian introduced Lance Enyart and Randy Jones from LEA Architects, who have done work for close to a decade; they are in construction administration and design focused on public safety architecture. LEA has designed about 150 of these types of facilities. Also present to answer questions were Nichole Kotsun and Quintin Smith from Core Construction regarding cost estimates; Danson Construction, who SFD worked with previously, is also looking at numbers. If the projects go forward, SFD will follow procurement requirements. Mr. Enyart and Mr. Jones prepared a facilities’ assessment of Fire Stations 1, 3, 4, and 5 – which were electronically sent to the committee. The entire PowerPoint presentation can be accessed here: <http://www.sedonafire.org/wp-content/uploads/2016/05/4-11-17-LEA-SFD-Station-Assessment.pdf>.

Mr. Enyart started with SFD’s newest facility, Station 6 on SR 179; this facility is being used as a standard for functionality and concept.

### **Sedona Fire Station No. 6 Design Considerations – 2675 State Route 179 (Chapel Area)**

- Constructed 2013 – 9/11 Memorial Completed in 2016
- 2 Bay Station 7,333 SF
  - Great Room lobby, exam/public toilet, training room, kitchen, dining, dayroom, covered patios, (5) firefighter dorms, physical conditioning room, clean laundry, decon laundry, S.C.B.A., maintenance, turnout room, communications tower, mezzanine storage
- Fire Station Design Considerations
  - Efficient floor plan layout to minimize responsetimes
  - Durable and low maintenance building materials and systems
  - Architectural Integration of the Station into the natural surroundings and adjacent neighborhood
  - Passive and Active Sustainable Design Strategies:
    - Deep Roof Overhangs Stepped Building Massing to reduce solar gain
    - Natural Daylighting + Access to Views
    - Enhanced Insulation

- Solar PV System
- High SEER Efficient Mechanical Systems

Mr. Johnson then moved to the other stations and presented some of their challenges and needs.

**Sedona Fire Station No. 4 Key Issues – 391 Forest Road (Uptown)**

- Split multi-level Fire Station ADA Non Compliance Issues
  - Entry and Public/Staff Restrooms
  - Multiple levels on 2nd Level
  - Stairs (Int. and Ext.) do not meet Building Code or ADA
- Site
  - No Drive-Thru Apparatus Bays
  - Apparatus and staff/public parking drive are not separated
- Fire Station
  - Apparatus Bays /Doors are not tall enough for current Fire Apparatus
  - Insufficient Apparatus Support Areas (Maint./SCBA/Storage/ Decon./ Dirty Laundry
  - Turn-out Lockers located in Apparatus bays
  - Current 2nd level floor heights restrict heights at 1st floor
  - Stairs are not wide enough and are too steep
  - Physical Fitness Equipment on 2nd level is causing floor damage
  - Dorms are spread out through 2nd level
  - Building additions cause leaking
  - Multiple types of HVAC systems
  - Exposed Electrical gear, conduit attached to exterior of structure
- Structural Issues (Structural Observation Report)
  - Does not meet current Building Code or Essential Facility Requirements

**Sedona Fire Station No. 4 Recommendations**

- Due to the numerous issues it is recommended that the existing Fire Station be replaced with a new facility
  - See attached Concept Designs for Fire Station No. 4 located on same site.
  - Temporary Fire station will be required during the construction of the new Fire Station

Station 4 has gone through several remodels – the architects did not determine the original construction date of the facility, but it is at least 40 years old and over the course of 4 remodels, has had various additions. They identified a number of issues with the facility. Mr. Johnson commented the biggest issue is the size of the apparatus bay doors – the doors are only 10’ X 12’ – today’s recommendation is 14’ X 14’ – it actually is almost required because of larger apparatus in today’s fleets.

**Sedona Fire Station No. 5 Key Issues – 3971 State Route 89A (Oak Creek Canyon)**

- Split multi-level Fire Station ADA Non Compliance Issues
  - ADA parking
  - Entry on both levels
  - Public/Staff Restrooms, Kitchen / Physical Fitness
  - Stairs do not meet Building Code or ADA
- Site
  - Location relative to response area
  - Insufficient staff / public parking

- No Drive-Thru Apparatus Bays and insufficient front apron depth
- Apparatus and staff/public parking drive are not separated
- Fire Station
  - Apparatus Bays /Doors are not tall enough or deep enough for current Apparatus
  - Insufficient Apparatus Support Areas (Maint./SCBA/Storage/ Decon./ Dirty Laundry)
  - Stairs are not wide enough and are too steep
  - Physical Fitness Equipment is located in existing apparatus bay
  - Residential Fire Sprinkler system is fed from well so water pump is not on emergency power
  - Electrical system does not meet current Electrical code
- Structural Issues
  - Based on age of facility does not meet current Building Code or Essential Facility Requirements

**Sedona Fire Station No. 5 Recommendations**

- Due to the numerous issues it is recommended that the existing Fire Station be replaced with a new Facility
  - The Current site is of insufficient size to work for a new drive-thru Fire Station so new site should be explored.

Note:

- Fire Station No. 5 is currently well maintained and due to the minimum number of staff, its' immediate replacement may not be warranted until a new site or possible shared site with Park Service is obtained.
- If a new station is not immediately pursued continued maintenance and limited improvements (Updated kitchen, parking improvements) should be considered

**Sedona Fire Station No. 1 Key Issues – 2860 Southwest Drive (West Sedona)**

- Split 3 Level Fire Station / Administration ADA Non Compliance Issues
  - 1st Level Administration Public/Staff Restrooms
  - Kitchen on lower level adjacent to Meeting room
  - 2nd Level Administration Space not accessible by Elevator
  - Training Room on Fire Station 2nd Level not accessible due to inoperable Lift
- Fire Station Functional Issues
  - Kitchen not on same level as Dayroom/Dining/Patio
  - Dormitories are on 1st and 2nd level
- Maintenance Facility Functional Issues
  - Insufficient space to service larger vehicles and lack of work space
- Administration Functional Issues
  - Additional staff office (Private and Open office) are required
  - Currently no Administrative Conference Room
- Site Issues
  - Additional Parking is required for both Fire Station and Public Meetings
  - Decorative sidewalks (wood joints) are dangerous

**Sedona Fire Station No. 1 Recommendations**

- Site
  - Additional Limited Parking due to relocated Maintenance Facility
  - Repair/Replace sidewalks
- Maintenance Facility
  - Relocate to adjacent Annex Building site which will allow for longer service bays
- Administration

- Increased office space by utilizing one maintenance bay and FS Support areas
- Relocate IT Server Room to inside room to better control heat gain
- Remove portion of parallel corridor to gain additional office space
- Relocate CRM to allow for additional office and Staff Break Room
- Meeting Room / Training Room
  - Utilize existing Kitchen area to create Executive Session Board Room
  - Utilize existing AV Room as new Staff Office
  - Update existing finishes and Audio Visual
  - Install new Elevator/Lift to allow ADA Access
- Fire Station
  - Relocate Kitchen to upper level adjacent to Dining/Dayroom/Patio
  - Expand Dayroom/Dining into the large exterior covered patio
  - Relocate (3) Dorms to upper level so all dorms are on same level
  - Relocate Crew Office to upper level and move Physical Fitness to 1st Floor
  - New Dorm layout that is more functional
  - Increase showers in Men's Restroom and make both restroom ADA Compliant

### **Sedona Fire Station No. 3 Key Issues – 125 Slide Rock Road (Village of Oak Creek)**

- 29 year old Station Originally Designed for Volunteer Fire Fighters
- Split 3 Level Fire Station / Training ADA Non Compliance Issues
  - 1st Level Exercise Toilets Rooms
  - 2nd level Fire Station Living Areas 2nd Floor Restrooms + Showers
  - Kitchen
- Fire Station
  - Evaporative Cooler @ Mezzanine Non Functioning Unit + Continuously Leaks
  - Plumbing Recirculation Issues
  - Leaking Condensate Lines @ Mechanical Units
  - Turn-out Lockers within Apparatus Bays
- Site
  - Drainage issues (Ponding on asphalt drive)

### **Sedona Fire Station No. 3 Recommendations**

- Site
  - Install concrete at portion of drive and install area drain to improve drainage
- ADA issues
  - 1st level public areas are ADA compliant with some very minor upgrades
  - Due to cost ADA access to 2nd level FS Living areas is not recommended
- Fire Station
  - Update current finishes in Fire Station Living areas (Kitchen/Dining/Dayroom)
  - Repair or enclose 2nd level balcony to resolve leaking issues
  - Repair or relocate evaporative coolers (Relocating to Ext. will increase Mezzanine floor area)
  - Repair leaking HVAC condensate lines
  - Repair Apparatus Room ceiling by adding drywall expansion joints

Mr. Watters mentioned a clerical correction for the paperwork – Station 3 was built in 1998, not 1989. Chief Kazian said at the meeting on April 17<sup>th</sup>, we will have discussion about security, and the rolling stock presentation by Assistant Chief Jeff Piechura.

Chief Kazian said the last scheduled meeting is April 25<sup>th</sup> and we hope to have the committee's recommendation to the Board at its May meeting; he said additional committee meetings could be held on May 2<sup>nd</sup> and/or May 8<sup>th</sup>.

**VII. Telecommunication Needs – Presentation by Telecommunications Manager Bob Motz**

A. **Overview of SFD Telecommunication System and Roles**

B. **Radio Infrastructure Needs**

This item was tabled.

**VIII. Rolling Stock Need and Operational Needs – Presentation by Assistant Chief Jeff Piechura**

A. **Apparatus needs**

B. **Operational Capital Needs**

This item was tabled.

**IX. Adjournment**

The meeting was adjourned at 4:00 PM.

*Original signed by Tricia Greer*

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Tricia Greer, Recording Clerk to the Committee

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# Sedona Fire District

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

**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Monday, April 17, 2017 / 1:00 PM**

~ MINUTES ~

**I. Call to Order/Roll Call**

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Gary Johnson; Lonnie Lillie; Caryn Maxwell; Gene McCarthy; Wendy Tanzer; Dave Watters; *Staff* – Firefighter Greg Eberlein; Captain Pat Ojeda; HR Manager Betty Johnson (for ½ of meeting)

**Others Present:** Fire Chief Kris Kazian; Assistant Chief Jeff Piechura; Tricia Greer – Recorder to Committee; Core Construction representatives

Committee Chairman Tim Ernster called the meeting to order at 1:00 PM.

**II. Pledge of Allegiance to the United States of America**

Board Chairman Tim Ernster led the Pledge of Allegiance.

**III. Approval of Minutes**

A. Discussion/Possible Action: Minutes of April 11, 2017

*Caryn Maxwell moved to approve the Minutes of April 11, 2017 and Dave Watters seconded; the motion unanimously passed.*

**IV. Open Dialogue/Review of Information Previously Presented/Questions**

Chief Kazian reminded all to talk into the microphones. He commented he thought LEA Architects and Core Construction presented great information last week. He then asked if there were any questions about past presentations or station tours; there were no questions; Chief Kazian said the conceptual drawings would be sent to the group.

**V. Presentation - Rolling Stock Need and Operational Needs**

A. Apparatus needs

B. Operational Capital Needs

Chief Kazian said Assistant Chief Jeff Piechura would give a presentation regarding fleet and equipment needs; Telecommunications Manager Bob Motz will give the Telecom presentation at next week's meeting.

*Note: The entire apparatus presentation can be accessed here: [http://www.sedonafire.org/wp-content/uploads/2016/05/4-17-17-Citizen-Committee-Fleet\\_Equipment-Chief-Pie.pdf](http://www.sedonafire.org/wp-content/uploads/2016/05/4-17-17-Citizen-Committee-Fleet_Equipment-Chief-Pie.pdf). The SFD Capital Improvement Plan can be accessed here: [http://www.sedonafire.org/wp-content/uploads/2016/05/Capital-Impr.-Plan-2017-2026-updated-Mar\\_15-2017\\_BOND-PREMISE.pdf](http://www.sedonafire.org/wp-content/uploads/2016/05/Capital-Impr.-Plan-2017-2026-updated-Mar_15-2017_BOND-PREMISE.pdf).*

Chief Piechura said our fleet program is predicated on a Capital Improvement Plan (CIP) for the next 10 years; he then reviewed the apparatus/fleet replacement and estimated pricing schedules of the CIP with the Committee. SFD fits into the NFPA criteria for departments that would consider 15-year replacement for fire engines based on use, technology, maintenance, and how it fits into today's fire service standards. Fire vehicles of 20 or 30 years ago were generally commercial-chassis rigs with fire bodies mounted, which worked great, but today's standards and emission controls – as well as the larger size of current engines and complicated electronics – require more.



Mrs. Maxwell asked if SFD was required to update emission controls per new legislation; Chief Piechura said we cannot waive any emission requirements on new acquisitions – the Environmental Protection Agency and Justice Department both decided it would not be appropriate for fire agencies to have an opt-out.

Mr. Ernster asked if SFD does an analysis of apparatus due for replacement, for example, when engines near 15-years to assess to see if a few more years of service could be possible; Chief Piechura responded, yes, and we would push out those replacement dates.

**Replacement Schedules:**

- Fire Engines – 15 years
- Ambulances – 7 years
- Water Tenders – 15 to 18 years

Mr. McCarthy asked if vehicles are sold after serving in reserve status, and if so, is that factored into the CIP; Chief Piechura responded, yes, and, yes. Chief Kazian said SFD uses a government on-line auction site, as do most governmental agencies in Arizona to sell surplus apparatus and equipment.

Mr. Watters asked about “uniforming” engine purchases to be able to switch them around the district, but noted that might not work in Oak Creek Canyon where smaller engines are more practical; Chief Piechura responded it is area-specific and specialty rigs would be purchased for certain areas; he said they are even considering specialty for Station 4, as it is second-out for the Canyon. He said the “one engine-style fit is not necessarily a fit for us”; he pointed out the downside of that is plugging in an engine when one goes down for service. Mr. McCarthy asked about consideration of “fast attack, small pumps, minimal hose”; Chief Piechura responded those are the Type 6 engines, which we have at Stations 3 and 4. Chief Kazian pointed out the fire service delivery model is evolving and we are seeking best practice; he said we will be designing rigs and response models to the confines of our response districts, such as turning radius, horsepower, and torque for inclines are important. He also pointed out fire engines have never gone down in price and are expensive.

Mrs. Maxwell commented that smaller engines do not necessarily mean less expense; Chief Piechura agreed and said specialty engines could cost more, even though they may be smaller. The group briefly discussed special operations and shared services with other Verde Valley agencies. Chief Piechura commented that lines 46 to 64 of the CIP is for our light fleet – pickups, fire prevention, maintenance, and wildland rigs, which are not in the bond discussion and would be funded through the operating budget.

Chief Piechura then moved to equipment in the CIP including Telecommunications which are, generally, cash items from operating expense. Self-contained breathing apparatus are on a 3-year replacement cycle at \$770,000, which is being considered for bonding. He said these are for “big items” not under-\$10,000 items replaced on a regular basis. Chief Piechura said portable radios have been lasting for about 8 to 10 years at SFD, but new technology is making it more difficult to find repair parts; he said another consideration is the way the FCC treats frequency management, which will be presented to the committee next week. Chief Piechura then moved to the Fire Vehicles’ slide presentation and different types of vehicles.

**Fire Vehicles**

- Fire Engine Types
  - Based on Usage Plan for a 15-Year Replacement Cycle
  - Type 1 = Large/Urban/Suburban Fire Engine for Structure Response
  - Type 2 = Suburban/Rural Fire Engine for Structure Response
  - Type 3 = Wildland Urban Interface Engine – Structure/Wildfire
  - Type 6 = Brush Truck
- Water Tender
  - Based on Usage Plan for a 15- to 18-Year Replacement Cycle

**Type 1 Engines**

Location	YEAR Built	Age	Replacement 15 YEAR*
E-511	2013	4 years	2028
E-531	2017	New \$585,000	2032
E-541	2001	16 years - Rebuilt	2019
E-551	2009	7 years	2022
E-561	2001	16 years	2020
Reserve	2005	12 years – Rebuilt	2023

\*The program implementation will occur when some of the vehicles are much older than the Planned Replacement Cycle. When Replaced, One Type 1 Engine will be kept in Reserve Status.

### Type 3 Fire Engines

Location	YEAR Built	Age	Replacement 15 YEAR*
E-533	1999	18 Years	2020
E-563	1999	18 Years	2023

\*The program implementation will occur when the vehicles are much older than the Planned Replacement Cycle.

### Water Tenders

Location	YEAR Built	Age	Replacement 15 YEAR*
WT-511	1999	18 Years	2021
WT-531	1999	18 Years	2023
WT-551	1999	18 Years	2025

\*The program implementation will occur when the vehicles are much older than the Planned Replacement Cycle. When Replaced, One Water Tender will be kept in Reserve Status.

### Replacement Plan for the Next 10 Years

Fire Engines			Water Tenders		
• Estimated costs:			• Estimated Costs		
• E-561	2019	\$615,000	• WT-511	2021	\$210,000
• E-541	2021	\$625,000	• WT-531	2023	\$230,000
• E-551	2025	\$650,000	• WT-551	2025	\$250,000
• E-533	2020	\$400,000		<b>TOTAL</b>	<b>\$690,000</b>
• E-563	2024	\$400,000			
• E-536	2020	\$120,000			
• E-546	2023	<u>\$120,000</u>			
<b>TOTAL</b>		<b>\$2,930,000</b>			

### Equipment Needs 10-Year Look

ITEM	Cost	YEAR
• Self Contained Breathing Apparatus	\$775,000	2020-23
• Report/Data Management	<u>\$225,000</u>	2018
	<b>TOTAL</b>	<b>\$1,000,000</b>

## TOTAL FLEET/EQUIPMENT CAPITAL

• Fire Engines	\$2,930,000
• Water Tenders	\$ 690,000
• Equipment	<u>\$1,000,000</u>
<b>TOTAL</b>	<b>\$4,620,000</b>

Chief Piechura said when engines are replaced, one goes into reserve status; Chief Kazian said that status is critical to use when other engines are out of service – either for a breakdown or maintenance; Captain Pat Ojeda said SFD is stripped of units frequently and reserves for training and other purposes are also needed.

SFD’s water tenders are agile, quick-response capable, and well-designed, but they are getting old as they are 1999 models and close to replacement; staff has spaced out the replacement over 4 years to help financially; Chief Kazian pointed out we had a 4<sup>th</sup> water tender at one point that we sold about 2 or 3 years ago considering our response matrix and housing ability. He said the water tender is a dangerous unit to drive because of the weight of the water and poor braking; many line-of-duty deaths involve water tenders. The total fleet/equipment replacement costs are estimated based on today’s prices.

Chief Kazian said if the bond moves forward and after this equipment is all purchased, beyond the 10 to 15 year mark, we would, hopefully, implement the right practices so that SFD would be in a better position to pay/go, although depending on interest rates (if low), we may want to lease purchase capital. Mrs. Maxwell asked if there is a plan on how much per year to put into capital reserves; Chief Kazian said Chief Piechura and Finance are working on that, but it is being predicated on a “no bond” premise; Finance Director Gabe Buldra could provide that information. Mrs. Tanzer pointed out that prior 10-year planning did include

funding for capital expenditures and capital reserve funds to be built up, but decisions by subsequent Boards depleted that fund entirely; taking a bond out now would, at least, guarantee capital needs would be met as that money could not be spent in any other way.

Chief Piechura went through the 10-year equipment needs, as listed. He said Fire Marshal Jon Davis is looking at how we use our Firehouse software to improve it; we want to create efficiencies in paperwork, as well as, good recovery and storage. A 5-minute break was taken.

## **VI. Discussion regarding options for long-term capital needs**

### **A. Financial options – Pros and Cons**

#### **B. Needs to be considered**

Chief Kazian said he wants to allow the committee to take over soon; he reviewed financial options— cash/pay as you go, bond, lease/purchase, and levy up to the \$3.25 limit. Mr. Ernster said different numbers have been discussed for a possible bond – \$15 million; less; and more than that. He said we just finished discussion about a \$4.6 million package for apparatus and equipment; he asked if the \$10.4 million remainder would be for the rebuild of Station 4 and Station 3 remodel; Chief Kazian responded the \$15 million was just for a discussion point, but it could be more or less; that is for the committee to determine; he speculated that today’s discussion was for roughly \$5 million, Core Construction estimated \$350 to \$375 per square foot for construction plus grade issues at additional costs; Chief Kazian said for a 12,000 square foot station would be around \$4 million for Station 4; Station 5 is hard to estimate because we do not have specifics, but if it were similar in size to Station 6, it would be about \$3 to \$3.5 million – but we also do not have parameters of a partnership with State Parks yet; he said we can use bond money to build on land we do not own; Chief Kazian said using those amounts, the estimated amount would be \$12.5 to \$13 million using round numbers and that does not include Station 1 renovations or Telecommunication needs (which will be presented at the next meeting). He pointed out just because we list something in the bond proposal does not mean we would have to fund it through bonding; if we have aggressive AV growth, we may do some funding through taxes.

Mrs. Maxwell reiterated that just because we ask for a certain dollar amount for a bond does not mean we would have to spend that much. Mr. McCarthy added there are unknowns, and SFD will need flexibility because things may cost more when it is time to purchase. Mr. Watters recalled there was a discussion about how it may be beneficial to use bond money to pay off Station 6 and if that is beneficial, he pondered what that would add to the bond request amount; he said he would like an itemized list of items under consideration for bonding; Chief Kazian said staff would provide that and the payoff of Station 6 is about \$1.3 to \$1.4 million. The goal is to have a recommendation to the Board at its May 17<sup>th</sup> meeting, so they would have time to decide if they want to call an election by July 10<sup>th</sup>. Chief Kazian said we would set the terms of the bond, and write it broadly for capital purchases to have opportunities, instead of earmarking too-specific items. Mr. Ernster said it might be good at the next meeting – without yet knowing the Telecom needs – to have 3 separate alternatives or options for the committee’s decision; he said it would be helpful to see how big the bond would be sized if everything identified as critical for the district were included. Chief Kazian said staff could look at buildings only; all the projects; and a hybrid including adding the Station 6 payoff and have those scenarios for the May 2<sup>nd</sup> meeting.

Mr. Ernster asked each committee member to answer the question – based on what has been learned over the meetings, does the committee support the idea of a bond election to fund critical projects; each committee member answered affirmatively; Mr. Watters commented he believes the district has proven to this committee that there are significant needs and believes it is more than appropriate to allow the community the opportunity to vote on what their priorities are. Mr. Lillie said he has been enlightened, and although he thought he knew the needs, he was wrong and agrees to bring it to the public. Mrs. Maxwell said she likes the idea of having everyone who lives here participate and help pay for the capital projects, as it is better for the entire community and district. Betty Johnson stated, as a staff member and resident, she believes we do need a bond and it is long past due. Captain Ojeda said he likes the idea of breaking out the recommendation into

options, so the community can give input on the items important to them. Mr. McCarthy said if citizens drive by a fire station and see an engine, they think they have fire service; we have learned it is much more than just having an engine sit in a fire station – it is complex. Mr. Ernster said a bond seems the fiscally responsible approach to funding such critical projects for the district.

Chief Kazian said SFD finds itself at a crossroad and has needs that have not been addressed for many reasons and now, his due diligence as a Fire Chief brought it to the Board, who then decided to engage with a citizens committee; after weeks of research, this committee made up of citizens who volunteered their time – and all citizens who stated interest got to participate – the beauty of a bond is that the citizens get to decide whether or not a bond is the right tool; the Board and Fire Chief have to have a Plan B to fund capital because the needs do not go away just because a bond election may not pass.

## **VII. Discussion regarding next steps**

### **A. Recommendation to the Governing Board**

### **B. Deadlines**

Chief Kazian said Telecom needs will be presented at the next meeting and continue dialogue about the requested number for the bond. He also planned to have the recommendation to the Board before the 17<sup>th</sup>. Ms. Greer said a written recommendation signed by all the committee members is preferable to give the Board for the record. Chief Kazian said it would also be helpful to give to the citizenry showing the rationale behind the decision. Mr. Ernster said as he is a voting member of the Fire Board, it would be better to have a different committee member present the recommendation to the Board at the meeting, and nominated Mr. Watters, as Vice-Chairman, to do so, as well as have Mr. Watters write the recommendation. Because of the constraints of Open Meeting Laws, workshop time will be provided at public meetings so the Committee can review different drafts of the report and fine-tune it. Chief Kazian agreed and said the report should be more like an executive summary of the process. Firefighter Greg Eberlein stated we would be getting options on different amounts of possible bonds; he also asked the Chief to show what would happen to the mil levy rate if the community does not pass a bond; he feels it is critically important and it does not mean that we do not buy those critical pieces of capital that we need; he feels it is very important for the citizenry to understand as they will be the ones deciding to approve a bond or not.

## **VIII. Discussion regarding meeting schedule for May**

### **A. Telecommunication needs (Presentation on 4/25/17).**

Ms. Greer informed the Committee that SFD is celebrating its 60<sup>th</sup> anniversary and would be having a picnic for those associated with SFD through the years on Saturday, May 20<sup>th</sup>; she asked committee members to give her updated contact information for any former members they may know. Chief Kazian said the next meeting will be on April 25<sup>th</sup> at 9:00 AM, at which time the committee would discuss recommendations or talking points for the Board as well as how we talk to our stakeholders – the public and community groups. Also, Captain Dave Rodriguez will present the next steps in moving towards a possible bond election – if the Board approves same. Chief Kazian stated the committee would probably need to add in some of the alternate dates for meetings on May 2<sup>nd</sup> at 9:00 AM, May 8<sup>th</sup> at 1:00 PM, and May 11<sup>th</sup> at 9:00 AM.

## **IX. ADJOURNMENT**

The meeting was adjourned at 3:00 PM.

*Original signed by Tricia Greer*

\_\_\_\_\_  
Tricia Greer, Recording Clerk to the Committee

:tg



# Sedona Fire District

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

**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Tuesday, April 25, 2017 / 9:00 AM**

~ MINUTES ~

**I. Call to Order/Roll Call**

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Gary Johnson; Lonnie Lillie; Gene McCarthy; Wendy Tanzer; Dave Watters; *Staff* – Firefighter Greg Eberlein; HR Manager Betty Johnson  
**Committee Absent:** Caryn Maxwell; Captain Pat Ojeda  
**Others Present:** Fire Chief Kris Kazian; Assistant Chief Jeff Piechura; Telecom Manager Bob Motz; Tricia Greer – Recorder to Committee

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

**II. Pledge of Allegiance to the United States of America**

Board Chairman Tim Ernster led the Pledge of Allegiance.

**III. Approval of Minutes**

A. Discussion/Possible Action: Minutes of April 17, 2017

*Dave Watters moved to approve the Minutes of April 17, 2017 and Gene McCarthy seconded; the motion unanimously passed.*

**IV. Open Dialogue/Review of Information Previously Presented/Questions**

Chief Kazian asked if there were any questions from the committee. Lonnie Lillie asked how Sedona Fire District compared to other departments in payroll amounts. Chief Kazian said personnel is the largest expense in our budget – typically, running at about 80% of our total budget; he said every fire agency has similar percentages of their budgets for personnel at 75% to 85% ranges.

Mr. Watters asked Chief Kazian to clarify if the interest rate for lease purchase is typically higher than what a bond would be; the Chief responded that Stifel (bond financial agency) had informed the committee that there is more risk in lease purchasing because bond funds are approved through an election, making it a lower risk with lower interest; however, Chief Kazian is not sure what the cost will be until after we get a bond rating; he will attempt to get a range of possible rates to give to the committee. Mr. Watters then asked when the committee would get estimates on the cost of remodeling Stations 1 and 3 based on proposals; Chief Kazian responded Core construction will be here on May 2<sup>nd</sup> to project cost estimates in general terms based on the market; he said if we get the projected numbers this week, we will forward them to the Committee. He cautioned that when we use the term, “estimate”, it truly is a projected amount roughly based on today’s market, but it could be higher or lower in the future. He said staff would be as frugal as possible to provide an operating facility with long term sustainability.

**V. Discussion: Telecommunication Capital Project Forecast- Presentation by Bob Motz (Telecom Manager)**

- Overview of SFD Telecom system and SFD’s role
- Radio infrastructure needs

Chief Kazian introduced Telecommunication Manager Bob Motz, who presented his PowerPoint on telecom needs, as follows. The presentation can be accessed here: <http://www.sedonafire.org/wp-content/uploads/2016/05/4-25-17-Telecom-Presentation-to-Committee.pdf>. Assistant Chief Jeff Piechura is Mr. Motz's supervisor.



Mr. Motz first characterized SFD's telecommunication and IT system as a mixture of fairly modern items and some equipment that pre-dates dial-up modems. In projecting future needs, staff is pretty certain of the items needed out to five years and fairly certain out to 10 years. After 5 years, however, there could be new disruptive technology we want to implement. Most of Mr. Motz' projections are based on historical technology refresh.

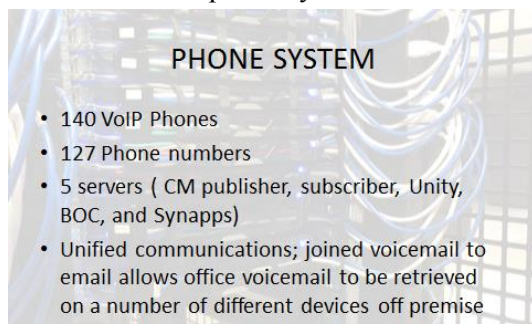
The current computer network resources were listed (below).



Mr. Motz then showed the radio system network (below).



He covered the phone system next.





Mr. Motz said regarding planning upgrades, we have the current system and a level of connectedness that we refer to as a “converged network”.

### Upgrades

Technology as it is today rarely has isolated devices that are not dependent on other items externally to function. This sets up the domino or puzzle piece effect where changing one item then changes the interaction with another item or group of items. For example, even if you never planned to upgrade a piece of software because you like it, you may be forced to do so if something else changes outside of it.

Upgrades currently taking place are listed below.

### Convergence Savings Strategy

- Converged networks save money by utilizing the existing network for multiple functions. This reduces the total cost of ownership. Savings can be as high as 65%.
- Care must be taken when planning changes that certain items are not removed from one upgrade project that might be a dependency for another system or planned project.

### Upgrades

- The point to point licensed microwave is currently in the upgrade process due to end of life support issues. We should be in a good support position for at least 7 to 10 years once the multiyear project is complete.
- The Channel 1 single channel dispatching channel is in need of an upgrade to simulcast. This will allow for a more simplified dispatching process in the alarm room and add needed receivers intended for the emergency call channel. The equipment manufacturer is projecting at least 7 to 10 years of service life on this equipment.

### Upgrades Continued

- The VHF radio infrastructure is currently in a phased upgrade. We are trading out old end of life equipment for new. It is unknown at this time when the FCC may require a change to ultra-narrowband VHF voice and data radios.
- The portable crew radios are also in need of replacement. These radios require all of the accessories to change when upgraded. The phased deployment approach will not work well with this group of equipment because it will leave the crew with incompatible accessories and programming software. This makes the most sense to change out in the same budget year.
- We would like to take advantage of the upcoming FirstNet system when it becomes available. The technology is still in development and is focused on wireless data only connectivity comparable to cellular. The amount shown in the line item is best guess round number.

Mr. Motz said FirstNet is a nationwide network, comparable to cellular, to be built specifically for the purpose of passing data for first responders; the expectation is it will save SFD money on its service plan

### Upgrades Continued

- Servers: Telestaff, Security door lock system, online storage, records management, email and VoIP phone systems.
- MDT tablets, wireless routers, LAN-WAN fiber and power system upgrades.

when available. A brief discussion was held about FirstNet and the possibility of Arizona opting out of the system. Chief Kazian said Fire Chiefs are watching this issue, as well as lobbying groups, to see what happens. Mr. Motz said if it comes to Arizona, it might be ready by 2020 or 2021, with some limited coverage ability. Chief Kazian said the network would be good for emergency response in the nation.



## Totals

- \$2.25 million over five years
- \$3 million over 10 years.
- \$5 million over 15 years.
- Based on historical replacement cycles and projected future need.

Mr. Motz then presented the projected total expenditures for telecommunications systems and equipment over the years. These are cumulative amounts with the total of \$5 million dollars over 15 years. Chief Kazian said we are trying to create a system that is not so unique that no one knows how to work on it, but this equipment would be tens of millions of dollars if we were replacing everything.

Mr. Motz then moved to the proposed capital plan, which was emailed to the committee previously. He has added considerable amounts of Telecom over the last few years, as we realized the system was aging. Mr. Motz goes through extensive searching for parts (which are obsolete, but still needed in our system) on EBay or other on-line sites to keep our system operating; he has saved many dollars over the year through his diligent pursuit of equipment – rather than buying “off the shelf”.

Chief Kazian stated, as an agency, we are sensitive to the importance of communication needs, and highly respect Mr. Motz and his team for their efforts. He said just to buy telecommunications equipment “in a box, off the shelf” would be a huge cost. Additionally, many decisions made in the Telecom world are outside SFD’s ability to control, such as legislative mandates including the problems that were caused by narrow-banding requirements. We must understand the importance of redundancy of systems because when the power goes out or something fails, it is important for us to maintain the ability to broadcast and make sure mapping is working when we send out crews. A good example happened about 2 years ago, when construction in New River caused the 9-1-1 system to go down for all of northern Arizona – except for Sedona Fire because of the redundancy built into our system.

Mr. Watters asked if all the items included in the Capital Improvement Plan for Telecom is being proposed to be included in the bonding request; Chief Kazian replied that is one of the questions the committee must decide to include in its recommendation, and next week, Finance Director Gabe Buldra will be here to look at options and estimates to help the committee decide what would be prioritized under the bond. Mr. Watters asked Mr. Motz that assuming the Board decides to put this into bond funding and it is passed by the voters, how long would it take to install and implement this list of equipment; Mr. Motz said he does not have that lined out year by year, but wants the timing to be close so we do not have equipment that goes out of warranty before we have time to install it.

Mr. Motz said the replacement of the tower at Station 4 was not included in the discussion of the total because his plan is to have the carriers who pay us to co-locate their equipment on our tower, pay for the upgrade; we currently receive about \$180,000 per year for cellular tower rents; however, the real reason for the tower is to cover SFD needs.

Chief Kazian asked how much of our current Telecom equipment which was purchased used off a government surplus auction are still in use; Mr. Motz said it is a significant amount – with some from as long ago as 1984. There was a brief discussion of digital versus analog issues and the noise problems that occur on our personnel’s radio communication. Mr. Motz said for the foreseeable future, our operations will be on analog until our area is covered digitally 100%. He said Flagstaff Fire covers 59 square miles with its trunk system and just to do an upgrade of the electronics costs them \$10 million and they had to go to bond; SFD has 168 square miles with the addition of canyons, rock formations, and mountains which can cause communication problems, and the cost of the trunking system would be very expensive; additionally, those digital systems are made for high-capacity, such as 50,000 to 100,000 radios, but they are not made to have coverage in canyons and that would be a misfit for our area.

Mr. Lillie asked if this equipment is bondable; Chief Kazian replied affirmatively and said if we do decide to include this in the bond request, we would structure the bond so that these items would be paid off in the 7<sup>th</sup> – 10<sup>th</sup> year life span of these items.

Chief Kazian said Mr. Motz is highly qualified and has extensive background and experience in Telecommunications for many years. A few years ago, SFD had 7 personnel in Telecom and now, we have 3 – and there is more to do and a larger system to manage with less people. The district has been in the process of looking for an additional technician since last October, but we are having difficulties finding people with the right skill sets for the complexities of our system.

## **VI. Discussion: Status of Station 5 and potential relocation to Slide Rock State Park**

- **Letter from Garland Family Trust**
- **Board action to fund portion of Master Plan for Slide Rock State Park**

Chief Kazian said the committee was sent a copy of a letter from the Garland Family Trust, which owns a portion of the property where Station 5 in Oak Creek Canyon is located. The Garland family has given SFD 10-year leases for the last 20-plus years and we pay an exceptionally low annual lease of about \$3,600. Station 5 sits adjacent to the Garland's commercial property and businesses, which they are now exploring for long-term infrastructure of those businesses; they asked SFD to pursue other avenues for Station 5, and endorsed SFD working in partnership with State Parks to co-locate at Slide Rock State Park. The family is not interested in removing SFD from the property immediately, but there are opportunities coming to consider when our lease expires in 2020. Chief Kazian met with the Garland family and they are very supportive of the fire district.

Chief Kazian then moved to the master plan for Slide Rock State Park; back in 2005, SFD began discussions with State Parks about co-locating a fire station and there was progress made such as architectural rendering of a small station; the 2007 SFD citizens' advisory committee recommended Station 5 as a priority for the organization. However, the then-State Parks director decided to pull the project and end the possible partnership. He said we now find ourselves more than a decade later with the need to move forward with relocating Station 5; there are issues with the current station, such as water, septic system, and power. The septic system must be pumped every 10 to 15 days, which is very expensive. The Conditional Use Permit with Coconino County (recently applied for an extension) we are required to have to operate as a fire station is conditioned upon only 2 personnel in that station.

State Parks reached out to SFD a few months ago and expressed an interest in pursuing the co-location project again; they must complete a master plan for the site and asked us to help finance that in the amount of \$52,500, which the Board approved at its last meeting. Moving to Slide Rock would provide a fire station further north in Oak Creek Canyon, which would help response and bring some home insurance relief to homeowners in the north end of the Canyon, who are currently at the highest ISO rating of 10. State Parks is trying to determine what they would need in a building, meeting room, housing for seasonal help, and the US Forest Service may also be interested in space to house Hot Shot crews for the wildland season, which is all part of the master planning process; the plan would help determine power, water, ingress/egress, and traffic flow onto State Route 89A and that will require approval by ADOT. There are also land use agreements between State Parks and USFS which put restrictions on the use of the land. It would most likely be at least 3 years for State Parks to have the funding needed to complete the project, which would line up nicely with our replacement plan. Chief Kazian has Minutes from meetings as far back as the early 1990s, when staff realized Station 5 should be further to the north and the Garland Family Trust agrees.

**VII. Discussion: The process if Governing Board calls for bond election - Presentation by Captain Dave Rodriguez**

Captain David Rodriguez was scheduled for a presentation today, but has a sick child and asked to postpone. Mr. Ernster then tabled the item until the next meeting.

**VIII. Discussion/Possible Action: Discuss recommendations for Governing Board and Final Report Document**

- **How the committee presents the information to Governing Board**
- **Best format for final report to effectively inform citizenry/stakeholders of process the committee has undertaken and synopsis of how/why recommendation was determined**

Chief Kazian recognized David Watters, who has begun writing the draft recommendations for the Governing board; this would be an executive summary discussing the mission of the committee, the recommendations, detail about each option to finance necessary capital projects – bonding, lease purchase, or pay/go; the report would then include findings of facts identified that justify the recommendations; it would include addendums, such as Committee meeting Minutes, the architect’s analyses, Core Construction estimates, and footnotes. Wendy Tanzer had some input into the format, but agrees with using technology such as references to the YouTube videos of each meeting rather than lengthy summaries of meetings, but also believes there should be, at least, a full page graph of how the mil rate will be affected by bond, lease purchase, or pay/go. Mr. Ernster asked when Mr. Watters would have a draft available for the committee to review; Mr. Watters said he could have an initial draft ready today or tomorrow; he would then send it Executive Assistant Tricia Greer to edit and send to the committee. Chief Kazian said if the committee is comfortable with Mr. Watter’s proposal, there will be ample opportunity to express each member’s thoughts and ideas. This item will be on the next committee’s Agenda, so the committee can work together on the recommendation. The committee will have additional opportunity to continue to wordsmith the recommendation at the committee meeting on May 8<sup>th</sup> to finalize the report. And after that, if there are still areas for more input, the Board could continue its work on the report at the meeting on May 11<sup>th</sup>.

Chief Kazian said having Mr. Buldra here to answer financial questions at the next meeting will help the committee with some of the decisions in long-term planning.

There was a brief discussion about the \$15 million figure that has been discussed for the bond; Chief Kazian said that is not set in stone, and it was just a “ballpark figure” to begin the discussion; there was also discussion about the mil rate cap of \$3.25 and the scenarios that will be given for options. Mr. Buldra’s presentation next week will tell us a lot and the group may decide \$15 million is not right. Chief Kazian asked the committee to start thinking about where its comfortability level is to bond fire trucks and Telecom items, but if they are not included, there will still be the need and we will have to figure out how to pay for them.

**IX. Discussion/Possible Action: Future Meeting Dates If Needed**

<b>8<sup>th</sup> Meeting</b>	<b>May 2, 2017</b>	<b>0900</b>
<b>9<sup>th</sup> Meeting</b>	<b>May 8, 2017</b>	<b>1300</b>
<b>10<sup>th</sup> Meeting</b>	<b>May 11, 2017</b>	<b>0900</b>
<b>11<sup>th</sup> Meeting</b>	<b>May 15, 2017</b>	<b>1300</b>

Chief Kazian stated these dates are already on everyone’s calendars, as possibilities. He said we will have Core Construction attend the May 2<sup>nd</sup> meeting to give the construction estimate presentation, Captain Rodriguez, and the financial presentation of the impact of various decisions, and a discussion on the report/recommendation. Chief Kazian informed the committee that meeting could be 3 hours or longer. Looking ahead to the May 8<sup>th</sup> meeting, he believes that will be mostly consumed with working on the

recommendation report and a follow-up philosophical discussion about which capital projects to include in the bond, which should parlay into the final recommendation. He said if the committee does not feel comfortable with the report by then and needs more time to complete the recommendation; the Fire Board could hold a special meeting after the May 17<sup>th</sup> regular monthly meeting.

**X. Adjournment**

The meeting was adjourned at 10:45 AM.

*Original signed by Tricia Greer*

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Tricia Greer, Recording Clerk to the Committee

:tg



# Sedona Fire District

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

## SFD CITIZENS' ADVISORY COMMITTEE MEETING Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room Tuesday, May 2, 2017 / 9:00 AM

~ MINUTES ~

### I. Call to Order/Roll Call

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Gary Johnson; Lonnie Lillie; Gene McCarthy; Caryn Maxwell; Dave Watters; *Staff* – Firefighter Greg Eberlein; HR Manager Betty Johnson

**Committee Absent:** Wendy Tanzer; Captain Pat Ojeda

**Others Present:** Fire Chief Kris Kazian; Assistant Chief Jeff Piechura; Tricia Greer – Recorder to Committee; Gbe Buldra – Finance Director; Representatives from Core Construction; Dave Soto; Corrie Cooperman

### II. Pledge of Allegiance to the United States of America

Committee Chairman Tim Ernster called the meeting to order at 9:00 AM and led the Pledge of Allegiance.

### III. Call to the Public

#### A. Public Forum:

1. Public Comments.
2. Staff Response to Public Comments.

There was no request to speak.

### IV. Approval of Minutes

- A. Discussion/Possible Action: Minutes of April 25, 2017

*Dave Watters moved to approve the Minutes of April 25, 2017, as presented, and Lonnie Lillie seconded; the motion unanimously passed.*

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

Chief Kazian is here to answer any questions committee members may have from previous meetings. Mr. Watters said after Telecommunications Manager Bob Motz's presentation, he thought about the telecom equipment that is antiquated and needing to buy parts on eBay and yet when questioned, Mr. Motz said he would not want all the equipment received and installed right now because technology might change and improve, which is always the case; Mr. Watters speculated SFD would want its communications up and running as soon as possible. Assistant Chief Jeff Piechura responded the capacity for systems to be installed and updated with contractors busy and our customized system is challenging to just replace parts and commercially designed "off the shelf" equipment would be tens of millions of dollars, as Mr. Motz told us last week and staff believes it can install the equipment in a balanced timeline, along with Mr. Motz trying to maintain the cost ratio piece of the system. His preference would be to have the money to put in the system in a balanced, redundant up-to-date method, but that would be \$20 to \$25 million; the next best alternative is staff to work at the best possible pace using the efficient purchase process Mr. Motz currently uses with primary links updated first, then secondary, and finally, tertiary components.

### VI. Presentation/Discussion/Action – General overview of construction cost estimates for the station projects (Core Construction)

Core Construction representatives attending the meeting were Seth Beer, Ileana Beshaler, Nicole Kotsur, and James Faria. Core was asked to coordinate with the architect and engineer to come up with preliminary price estimates for the capital facility projects. Mr. Beer began the presentation which can be accessed by clicking here: <http://www.sedonafire.org/wp-content/uploads/2016/05/5-2-17-Core-Presentation-Sedona-FD-Station-Cost-Projections.pdf>.

Core has 17 offices in 8 states, and has been headquartered in Phoenix since 1982; their work is primarily for public sector agencies and in education. Core has 6 offices in Arizona with the main one in Phoenix; Core has served various fire districts and departments including Pinetop, Daisy Mountain, Kingman, Superstition, Casa Grande, and Florence. They have built 17 fire stations in Arizona and 40 stations across the country, and here in AZ. They were all built with a qualified procurement process, mostly using the Construction Manager at Risk (CMAR) method.

Station cost projections – Mr. Beer said when Core starts a project without a complete design, but with a needs assessment and scope identified, they put together a responsible conceptual estimate starting with leveraging historical data. He said a benefit of that is to catalogue and carefully keep together historical costs broken down specifically to measure against other projects. Core uses the 10-Group Study and each column represents a different project (their example was six stations) including total cost, and square footage; each project is broken down into categories for demo, site work rough, site work finish, structure, enclosure, interior finishes, specialties, equipment, MEP systems, special systems, GCs and fees; the purpose is to keep the scope nicely organized from project to project to observe trends in how costs are driven. He said the sheet can be expanded to add other categories, which is helpful for new projects at the conceptual stage. This narrows down the process into a good estimate of what it would take to build a station. Mr. Beer said one thing to be aware of when looking at construction costs is not everyone shares the same definition of cost per square foot because it can be broken out in different ways – it could be just bricks and mortar, or include special systems or furniture; Core looks at it as what they deliver to their clients, which in most cases is considered turnkey – everything from demo to hazardous materials abatement to constructing and fitting out with special systems, data, AV, furniture systems, etc. and that is what the listed costs represent.

Additionally, Mr. Beer said the listed projects were built in various years and costs have not remained stagnant; they have been adjusted for cost/trends in the market. The second part of determining what a project would cost today is adjusting for current market conditions. Core uses different cost indexes and studies, as well as measuring against their own experience. He showed the national construction cost index of about 22% increase in the last 5 years, and Arizona was hit harder. There was a significant drop in construction employment, and now that the market has become busier, it is causing some challenges, especially finding qualified labor. He then showed a graphic of the Phoenix construction market with a steady 4.5% to 5% increase in construction costs simply by observing the materials market, vendors, and sub-contractor costs.

Iliana Beshaler reviewed the charts specific to SFD's projects; Core toured SFD's stations, took the needs assessment by LEA Architects, and studied particular items that jumped out at them; she noted that Americans with Disabilities Act (ADA) was a big issue; they used LEA's preliminary concept drawings to create a detailed report; she then went through needs at each SFD station – Fire Station 1 renovations, Fire Station 3 renovations, Station 4 demo and rebuild, and Station 5 demo and rebuild. (Please see chart included in presentation.) Core uses the detailed information to quantify and arrive at a conceptual estimate range. Each SFD station is shown using the 10-group method. She said if projects are combined (for example, Stations 4 and 5 using the same contractor), there could be a cost benefit and savings. She also explained the Total High End Range Cost includes all "hopes and wishes" into a project; a Total Low End Range Cost could use more standard fixtures. She said when a project is in an early conceptual stage,

there are many factors not yet vetted. Renovation projects are on the lower cost per square foot range and in rebuilds such as Stations 4 and 5, cost per square foot can range from \$370 to \$412.

Ms. Beshaler said many other components go into the overall project costs and are not included, such as design and engineering fees, material testing and special inspections, geo-technical surveys, permit fees, development, impact fees, and those need to be considered as part of the overall project costs; she said Core typically provides rough-in for dispatch and alerting systems, but the systems would be additional. Ms. Beshaler said temporary housing during demo and rebuilding stations, such as Station 4, would also be more. Core's experience recommends using 10% to 15% factor on top of the construction costs to cover these types of items. Mr. Ernster asked if in looking at total low end and high end costs, and based on this information, should we be adding an additional 10%, which would mean another \$1.2 million; Ms. Beshaler responded, yes, the 10% would pay for architects, engineers, etc. Chief Kazian said there are some items listed that allow options for consideration and different alternatives. Mr. Watters asked if the committee or staff could "pick and choose" options or would everything listed, such as at Station 1, have to be done; Mr. Beer responded, yes, absolutely, and each agency has to figure out its priorities within the estimates presented.

Nicole Kotsur added it is important to reiterate this is very conceptual with no design yet and includes room for contingency and escalation; it is a conservative and conceptual number to make sure you understand what these costs include. Chief Kazian said the contingency placed on the SFD station projects are all at about 10% in the 10-group study; he asked if that is what was ended up using in contingency; Mr. Beer said yes, and by the time they get to the process of getting a guaranteed max price (GMP), new construction projects are entered with about 2.5% to 3% contingency with renovation being a little higher; this affords opportunities to include unknowns of projects not included in the scope. Ms. Beshaler said the reason Core starts with 10% is because this is a conceptual level; as they get more details, and 100% final drawings along with the design and engineering, that contingency would fall from 10% to maybe 5%, and as we get to construction documents, it would be at 2.5% to 3% for construction, which allows flexibility of design.

Chief Kazian asked if the low end range is without contingency and high end with contingency. Ms. Beshaler responded there is 10% contingency in both; however, with the high end and low end, there is a 10% difference in costs depending on level of finishes, etc. Mr. Beer said when they say high end and low end, to not take that as a connotation of quality – it just represents different priorities. Core's perspective is the client decides what the budget is and the scope priorities; Core's job is to bring it to reality. Mr. Beer said the next steps would be to verify priorities going forward including minimizing scope in certain areas and maximizing others and get consensus on the approach being taken in the community – especially if there is a bond to be passed, and to identify the correct procurement method. He said the vast majority of Core's experience is in CMAR, which seems to be the industry standard in the state for fire stations. CMAR is a project delivery system with the goal to meet the owner's big picture outcome in a manner that brings best value. It is a collaborative, team-based approach, which starts not after the design is complete, but from the beginning; this makes CMAR special – the team includes the owner, contractor, architect, and engineers and, sometimes, key subcontractors involved from the beginning – there is an opportunity for everyone's expertise to influence the process.

In a CMAR scenario, the owner has a contract with an architect and a separate contract with the contractor (the architect and contractor do not have contracts with each other); in Core's experience, this creates a healthy tension and respect for each role. Chief Kazian commented that Station 6 was built using the design/bid/build concept, which is an acceptable practice, but when drawings are done first, and then, a "hard bid" is requested, contractors sometimes react negatively to what they are asked to bid because it will be expensive and some things are not needed; this is avoided by using the CMAR collaborative

process from the beginning. He said SFD learned from that and definitely recommends using CMAR going forward to have a far better station built with more practicality and efficiencies.

Chief Kazian asked how CMAR is typically chosen, and said at this point, there is no guarantee that Core would be part of the projects; Mr. Beer agreed and then explained the process for CMAR from Request for Proposals or Request for Qualifications through completion of the project. He said rather than a “hard bid” process, CMAR allows for quality-based selections decided as a team. The beauty of the process is it protects the fee upfront; it changes the motivation of the process and has created success across the state. Mrs. Maxwell said when Station 6 was originally discussed, the Board at that time looked at the CMAR concept and she encourages the current Fire Board to consider it.

Mr. Beer stated the last piece of this process is understanding GMP means there are no surprises. The contract language states, based on what is reasonably inferred from the contract documents, the contractor will deliver this scope for this much money and no more. There are no change orders, other than if the owner wants to add additional scope to the project. It is the contractor’s responsibility and risk to understand if they missed something and sub-contractors cost more; all the savings goes back to the client in the end, which leads to best value – to spend available dollars to meet the outcome at the best possible price.

The committee discussed Station 5 and SFD working with Arizona State Parks to co-locate at Slide Rock State Park, as well as the Garland Family Trust wanting to eventually use the property to improve the infrastructure of their adjacent businesses; we will have to renegotiate the lease in 3 years; Chief Kazian said he does not believe the Garlands would ask SFD to leave in 3 years if a new station is not completed, but it is the time to explore options.

There was also brief discussion about including some sustainable features; Firefighter Eberlein asked how the LEED “green construction” certification would add to cost; Mr. Beer said in today’s world, it is not much, other than some of the increased management aspects; it does depend on circumstance, and some projects Core builds could achieve LEED, but the agencies choose not to go through the lengthy bureaucratic process. Core’s focus is to help make sustainable decisions that produce no cost or quick return on investment.

Chief Piechura distributed a score card for the committee to prioritize projects, and said in going through the notes by the committee and creating some sort of decision, staff went through the list of projects being considered for funding and narrowed those down to the projects listed on the score card; the total projects for buildings, fleet, and telecom pieces total an estimated \$17,051,000, which does not include the million for the maintenance bay/annex. Additionally, there is a \$50,000 public siren warning replacement, as the current system is outdated. He said staff will prioritize projects going forward, but the committee’s scoring will help guide staff. Mrs. Maxwell asked if the additional 10% to 15% pre-construction costs are included; Chief Piechura said the numbers for the buildings are the high end estimates, which is about \$1.2 million from the low end to the high, and if we do not want the maintenance bay, after prioritizing facilities, we could work within those numbers to accomplish what we need, noting that Station 5 will not be a “Taj Mahal” since it will not be in a high-pedestrian area – it will be nice looking, but built with efficiencies. Station 4 in Uptown has to be nice looking, and is in a “tight” space with unknown variables underground which will likely push it more towards the high estimate to make it work well; he said the committee could decide to add in another million dollars into the bond package as an option. Mrs. Maxwell said she does not want to be short-sighted in prioritizing needs.

Chief Kazian commented there is an opportunity to consider options and variables to prioritize and to simply add another million – which we would not take likely – because we need to do this right; he said Mr. Buldra’s financial presentation will help in deciding options, perhaps through funding capital improvement as a hybrid – bonding and pay/go. Chief Kazian said a neighboring agency bought an



existing commercial building for its new administration office, rather than new build to save funds, and perhaps, SFD could consider similar options. Ms. Beshaler said Core could break out some aspects, such as Admin from Operations' needs, to help the committee makes its decisions. Gene McCarthy asked if there had ever been consideration of consolidating fleet maintenance with an adjacent community; Chief Piechura said, yes, and it has not worked out because of the differences in needs and costs.

Some committee members said they did not want to micromanage staff; Chief Piechura said we are not looking for the committee to micromanage on these forms, but rather, we are seeking insight and input – not delegating back to you to make a decision. The committee also talked about their feelings about the critical needs of Telecom, and some felt they could be grouped together to let staff decide. It will help give us a feel of what the citizens think would help staff to bring the recommendation. Chief Kazian commented that even a project ranked at #16 does not mean it is not important – it still has to be done at some point, but it would help staff to know that buildings are most important, etc. Mr. Ernster asked if he understood correctly that pre-construction and design/engineering costs are in the \$12,156,000 number; Chief Piechura said the design costs are not – these are estimates on the construction and would have to be added in at some point in time; Mr. Watters said that is the \$1.2 million figure previously discussed. Mr. Ernster commented he would question if some projects belong in a bond program, such as the siren warning system and feels some things could be pulled out and worked into a future operating budget. Chief Piechura responded that some of these systems will last 15 to 20 years, which fits into the intergenerational equity payment method; the other piece is how we fund our capitalization and the levels that need to be on an annual basis to build the contingency fund appropriately and still put all the systems in play; he said Mr. Buldra will address this in his presentation.

Chief Kazian said some items were removed from the \$17 million listed on the score card including a \$400,000 Type 3 engine that is in the Capital Improvement Plan; other items were removed to be purchased on pay/go to help get the number down; it becomes a question of which ones to plug in or take out, and the bond question will not say which specific items – it will ask, will you approve a general obligation bond for public projects for the Sedona Fire District to include capital projects such as buildings, fleet maintenance, infrastructure, etc. as a broad scope; then, staff and the Board will ultimately decide what gets funded out of the bond. He also pointed out the 2007 citizens' committee priority list had changed over time because priorities and needs changed. Gary Johnson added that a concern for the Oak Creek Canyon station was a lack of available property and part of the concern in 2007 was if a piece of property was found, it should be bought quickly because even though the fire station may not be funded yet, the property would be secured for the future. Chief Kazian asked the committee to complete the priority forms and return them to either Chief Piechura or Ms. Greer.

## **VII. Presentation/Discussion – General overview of the process once election is called (Captain David Rodriguez)**

Captain Rodriguez was unable to attend today's meeting; Firefighter Greg Eberlein spoke on Captain Rodriguez's behalf. He said the mission of this committee is to evaluate SFD's current and future capital needs, determine what financial methods meet those needs, and make a recommendation to give to the Fire Board. After that, if the Board decides to go forward with the bond proposal, a Political Action Committee (PAC) could be formed to promote the bond; there are many issues involved in an election, and PACs would fundraise for pamphlets, handouts, or ads in newspapers to endorse the bond. However, the fire district can only speak to factual items – not endorsements.

Firefighter Eberlein said he believes Chief Kazian felt some pressure to come up with an estimated figure of what would be needed to cover capital needs, and \$15 million was thrown out; he said his personal concern is if we now go and ask for \$18 Million or more, citizens will wonder why. Mrs. Maxwell asked how many people can be on a PAC; Firefighter Eberlein stated he believed as many as would like to participate; Wendy Tanzer is absent from today's meeting, but he said she is very knowledgeable about

PACs as she has worked on campaigns in the past. Chief Kazian commented he tried very hard to not “pigeonhole” an estimated number and that \$15 Million was just a starting point for discussion; at the time, he did not know what construction costs would be and his message has been that if it became a different number, the facts are what they are.

Mr. Ernster said at the beginning of this process, a lot of information was not available to the Chief and the committee until they heard the report about actual construction costs, which are, frankly, a lot higher than he expected even though it is based on solid information from Core’s previous projects. He said we are not “handcuffed” to \$15 million, and the committee has the ability to pick the number we believe is needed to fund capital improvements. The committee will need to make prudent fiscal decisions.

Gary Johnson said he feels it was beneficial to have a number to begin the discussion because it is hard to evaluate without knowing the potential cost; it was just used as a benchmark, and it gave the committee numbers to compare to what the mil levy would be if we needed \$15 million, etc.; he understands the challenge for the Chief, but feels the committee would have asked for an estimated number anyway, and he sees the number as a benefit. Firefighter Eberlein said his perspective is the public who just reads the newspaper and does not come to meetings or read the Minutes do not have the education about district operations and needs. Citizens who favor of a bond will be providing the public education going forward.

Mr. Watters said Finance Director Gabe Buldra will give us scenarios using different assumptions to help the committee understand what would be the best method to fund capital needs, whether it can be achieved by a bond of \$20 million, \$15 million, or whatever is determined – or help make the committee’s recommendation that some of the capital could be covered with pay as you go, and if so, what is the projection for what that would do to SFD’s mil levy. Mr. Watters wants to see realistic scenarios so the committee can project and show the public the financial impact of various scenarios and see why the committee came to its conclusions.

#### **VIII. Presentation/Discussion/Possible Action – Financial impacts of funding the capital projects discussed by financing through legally permissible options up to and including General Obligation Bond (Finance Director Gabe Buldra)**

Mr. Buldra said what he wants to illustrate today is the various impacts of taking things out of the operating budget and putting in the bond; ultimately, the list of needs is much higher than our available means in normal tax levy based on current projections; he said by starting with the mil levy of \$2.53, which is roughly what the Board will consider to adopt in the Fiscal Year 2018 budget – all the way out to FY 2027 at \$3.35 (10 cents over the cap rate); obviously, there are components that must be cut if we are limited to just the levy. Mr. Watters clarified that the projection is based on funding all projects on a pay/go basis; Mr. Buldra said, correct, and it is based on the full \$17 million plus all the other items included in the district’s Capital Improvement Plan; he said SFD has done a good job managing finances over the years, but there are things we could do better, such as to truly develop a capital fund and a funding mechanism within it. Mr. Buldra pointed out his figures include funding \$2.5 million to the capital budget every year; there would be pay/go purchases coming out, as well as lease purchase payments because we would not be able to pay cash up front for stations. He pointed out in the projections at the 10 year mark, that decision ability is gone because we would be over our legal cap.

Mr. Buldra stated if SFD does not bond, it would actually cost us 2 cents more because of the term of the debt; if we bond, our term of debt goes out to 20 years; most banks will not go out more than 15 years on a lease-purchase. When we take a \$17 million bond into consideration, our mil rate would drop down to \$3.14 at the 10 year mark; the bond rate would change as our assessed value (AV) grows and the savings would be about 2 cents over the 10 year window. He pointed out there would also be \$1 million going into capital fund, which would fund regular smaller projects, as well as developing a long-term capital improvement plan. Mr. Buldra said the AV assumption used in the scenario is using the average growth – not aggressive or worst case. He then asked for input from the committee to look at different scenarios.

Mr. Watters asked to see a scenario showing how the average home of \$345,000 would be impacted using pay/go versus bond; Mr. Buldra responded his charts would include scenarios showing how homeowners would be impacted by pay/go compared to the bond in the same period of time. He said in Fiscal Year 2024 the pay/go model would actually fund the \$17 million in capital projects at that point, as the mil levy rate would be capped. Mrs. Maxwell commented the point of the bond is intergenerational equity having everyone over the next 20 years pay – not just the people living here in the next 5 years pay for everything; Chief Kazian said if we decided on pay/go, it would increase the tax levy and for the next 6 years, everyone who is here pays for everything; it would be a free ride for the next 13 years for future residents.

Mr. Buldra said it would be cheaper because we would no longer be borrowing – in every other scenario, we are borrowing money with interest to pay. Mr. Watters asked to see scenarios of the impacts of the bond versus pay/go with interest rates, based on \$15, \$17, and \$20 million. Mr. Johnson commented the bond could be considered as a bridge – because we do not have enough money to fund our needs and we need a bridge to make that transition; in an ideal world, once the bond is paid off in the future, the only time we would need bonding would be to rebuild fire stations. Chief Kazian added that we would not see a huge decrease in the budget, but we would be accomplishing the projects that need to get done; if we used pay/go, the budget would increase that much more – the bond happens outside of the budget.

Chief Kazian stated we could look at taking out the apparatus and telecom, but we would need to “kick up” our capital budget funding by “X” amount to be able to fund those items by taxing today’s citizens at a higher mil rate; he said if the AV goes down any place we did not predict, it exacerbates the problem. Mr. Lillie said the bond would be for 20 years, and everyone would be paying equally over that time; when you add an engine or water tender with a shorter life span than 20 years, he begins to question if that is “bondable” because stations last more than 20 years. Chief Kazian said the shorter-term items would be paid off in bonding in 7 years; the water tender would be a 15 year asset and hopefully, with decent quality, it could serve for 18 years or more. He said if we just use the bond for buildings, then we will still have to figure out how to pay for the rest of the necessary projects, and that is without accounting for the unexpected \$700,000 increase to PSPRS, which was not caused by SFD and SFD has no negotiation ability to reduce or not pay it; it must be absorbed in the budget. He said we are working hard to be fiscally responsible – a bond that does not pass, does not help us in funding; so, the need will still exist without the bond.

Mr. Ernster said he has been on the Fire Board for almost 2 years, and in that time, there have been a few big “surprises” to the budget which were totally out of our control; his observation would be no matter how finely tuned your projections are, unpredicted things will happen, which is influencing his thought process. Chief Kazian said staff would recommend using a hybrid – we cannot get the “whole enchilada” of every piece of apparatus and telecom projects in a bond; he said Chief Piechura pulled out some items in the \$17 million and we can play with the numbers to try to find a “sweet spot”, but to be responsible, there has to be a hybrid approach and pay/go for some projects. He said the projections were using a moderate growth AV and no AV surprises included. Mr. Watters said even removing fire engines, the bond will be large to pay for facilities and some telecom needs.

#### **IX. Discussion/Possible Action – Draft report of summary and recommendations to the Sedona Fire District Governing Board for long-term capital project funding needs**

Mr. Ernster said since Mrs. Tanzer is absent and Mr. McCarthy had to leave early, today might not be the best time to discuss the draft report. Chief Kazian said time is of the essence, although the Fire Board could schedule a special meeting for the committee’s recommendation; the only real deadline is if the Board makes a decision to bond, it must call an election by July 10<sup>th</sup>; he believes it is critical for the Board to have time to ponder and for public input before the Board makes a decision. He said there are

two committee meetings scheduled for next week, if needed, to finalize the report, as well as one on May 15<sup>th</sup>, if necessary. He does not want to rush this process as it is too important. Mr. Watters stated based on information Core provided, there is a finding of fact that needs to be added to the recommendation. He could have a little more time to work on the report before the committee discusses it.

Mr. Ernster asked the committee what it would like to do; consensus of the committee was to meet on the 8<sup>th</sup> as scheduled, and keep the 11<sup>th</sup> available as well to finalize the report. Mr. Johnson stated he would be absent, but sent his comments on the initial draft to Ms. Greer. Mr. Lillie commented he also had quickly reviewed the preliminary draft and complimented Mr. Watters on a job well done. Mr. Buldra said he would get the updated numbers to us by Friday or Saturday of this week for the committee.

Chief Kazian asked the committee their feelings about Telecommunications and Fleet. Mr. Watters stated his bias under normal circumstances would be fire trucks at pay/go; however, he realizes that might not be possible. He noted after today's presentation, there will be another million to add that was not in the numbers; he also understands Telecom is a priority. Mr. Buldra said he would give scenarios of how \$15, \$17, and \$20 million would affect the mil levy at each level and would not specify what is being considered under bonding. Mr. Watters said that would be helpful showing the different scenarios and how much the regular tax rate and the bond rate would be.

Mr. Ernster said he believes the Board would be interested in knowing the committee's high and low priorities. He said the budget is the Board's responsibility every year. Chief Kazian said the Board and staff work hard to be as fiscally responsible as possible every day and for each purchase, we strive to do the right things right and whatever the "urban legend", the fire district is a "lean machine" that provides emergency services; if a bond is approved, we will continue to provide that level of care for every penny in the bond. He said cash/pay decisions will be made by the Board based on whatever the economy looks like, and even if a bond passes, that would just be the beginning – to make sure we are building the right stations for effective emergency responses and sustainable solutions.

**X. Discussion/Possible Action: Future Meeting Dates, If Needed:**

**9<sup>th</sup> Meeting    May 8, 2017    9:00 AM**

**10<sup>th</sup> Meeting    May 11, 2017    9:00 AM**

**11<sup>th</sup> Meeting    May 15, 2017    1:00 PM**

As discussed, the committee decided they would definitely meet on May 8<sup>th</sup> and likely, May 11<sup>th</sup>. They will keep open Monday, May 15<sup>th</sup> in case additional time is needed.

**XI. Adjournment**

The meeting was adjourned at 12:08 PM

*Original signed by Tricia Greer*

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Tricia Greer, Recording Clerk to the Committee

:tg



## Sedona Fire District

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

**SFD CITIZENS' ADVISORY COMMITTEE MEETING**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Monday, May 8, 2017 / 9:00 AM**

~ MINUTES ~

### **I. Call to Order/Roll Call**

Committee Chairman Tim Ernster called the meeting to order at 9:05 AM.

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Lonnie Lillie; Gene McCarthy; Caryn Maxwell; Dave Watters; *Staff* – HR Manager Betty Johnson

**Committee Absent:** Gary Johnson; Wendy Tanzer; Captain Pat Ojeda; Firefighter Greg Eberlein

**Others Present:** Fire Chief Kris Kazian; Tricia Greer – Recorder to Committee; Dave Soto; CORE Representatives Ileana Beshaler and Nicole Kotsur

### **II. Pledge of Allegiance to the United States of America**

Committee Chairman Tim Ernster led the Pledge of Allegiance.

### **III. Call to the Public**

#### **A. Public Forum:**

##### **1. Public Comments.**

##### **2. Staff Response to Public Comments.**

There was no request to speak.

### **IV. Approval of Minutes**

#### **A. Discussion/Possible Action: Minutes of May 2, 2017**

*Caryn Maxwell moved to approve the Minutes of May 2, 2017, as presented, and Lonnie Lillie seconded; the motion unanimously passed.*

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

Fire Chief Kris Kazian said at this point, staff and the committee are wrapping up this process. He put the final cost estimates from CORE on the screen and clarified that the Station 1 HVAC is only an estimate as no HVAC engineer was used. The HVAC system in the west side of the building is being used in bunk rooms that do not have proper ventilation; the system operates with different zones and dampers which have caused problems; the HVAC is only 6 or 7 years old, and with proper attention, should last for the lifetime of the building. In the same category, the evaporative cooler at Station 3 leaks and causes water damage; ideally, rather than being inside the mezzanine, those would be outside with the additional costs for a concrete pad and moving; this is estimated to be about \$25,000 that needs to be added to the budget.

CORE provided a final Conceptual Estimate of costs for the SFD stations; \$13,288,711 (high range) is for completion of all construction projects, which goes to \$15,282,018 with the 15% “soft costs” for architects, permitting fees, ADOT, connection to water, etc.; additionally, there will be the costs of apparatus and Telecommunications as presented previously; it was noted the \$990,000 for the Administrative side of the renovation is included; this will be discussed by the committee later today. Chief Kazian said David Watters has put together a funding worksheet to delineate which capital improvement figures the committee feels should be considered for bonding and those for pay/go. Mr. Lillie asked if the Station 1 renovation estimates include fixing the current lift or installing a commercial

elevator; Ileana Beshaler from CORE said it includes replacement of the lift which could be used by people, but is more designed for freight; a commercial elevator would be more expensive.

Mrs. Maxwell asked if ADA compliance would still apply if upstairs was not used for public meetings. Chief Kazian responded the upstairs room is used for training, sometimes for members of the public or other agencies; he said his recollection is LEA said the administrative side of the building does not meet ADA, although it is considered existing, non-conforming; if the renovation is large, it could trigger a need for ADA compliance. Mrs. Maxwell asked if a stair-lift on the stairway could be considered as compliance; Chief Kazian said he is not sure and there could be concerns about using that kind of device and some wheelchairs being unable to use it; additionally, even though the public does not use crew quarter bathrooms, they would need to be ADA compliant; Ms. Beshaler said there is also a concern about the correct width of the stairs. The Department of Justice regulates ADA compliance and if someone were to complain, there could be fines and the expensive cost of refitting. A solution could be replacing the current lift, which could be used to address accessibility for handicap requirements to meet the spirit of the ADA law. Ms. Beshaler said the cost to upgrade the current lift would be about \$30,000 and a two-stop commercial elevator would be \$50,000 or \$60,000; Mr. Lillie said the hotel he manages just looked at elevators and he felt it would be closer to \$100,000; he also said he recently investigated chair lifts for stairs, which might be worth investigating for a more reasonable price to address on the exterior stairs and on the administration side of the building. Chief Kazian pointed out the CORE numbers include \$30,000 for an upgraded lift.

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

Chief Kazian presented the graphs from Finance Director Gabe Buldra with the updated information requested by the committee last week, which are included below. The graphs show different scenarios to compare completing the 10-year capital improvements using No Bond, \$15 Million, \$17 Million, \$18 Million, and \$20 Million bonds – and how it will affect taxpayers. Chief Kazian pointed out the Sedona Fire District will still need the capital improvements even if we do not go to bond and will still have to address funding.

**SEDONA FIRE DISTRICT 10 Year Budget  
No Bond**

	2 Year Budget		Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
	Draft 2017/2018	Projected 2018/2019								
Coconino	136,097,375	141,541,270	147,202,921	150,882,994	154,655,069	159,294,721	164,073,562	168,995,769	174,065,642	179,287,612
Yavapai	402,537,969	418,639,488	435,385,067	446,269,694	457,426,436	471,149,229	485,283,706	499,842,217	514,837,484	530,282,609
<b>Net Assessed Valuation</b>	<b>538,635,344</b>	<b>560,180,758</b>	<b>582,587,988</b>	<b>597,152,688</b>	<b>612,081,505</b>	<b>630,443,950</b>	<b>649,357,269</b>	<b>668,837,987</b>	<b>688,903,126</b>	<b>709,570,220</b>
<b>Mil Rate</b>	<b>2.5351</b>	<b>2.7957</b>	<b>2.8419</b>	<b>2.9294</b>	<b>3.0179</b>	<b>3.0923</b>	<b>3.1671</b>	<b>3.2273</b>	<b>3.2889*</b>	<b>3.3518*</b>
<b>Bond Rate</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.0000</b>
Coconino	5.48%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Yavapai	5.40%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total % AV change</b>	<b>5.42%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Property Tax:</b>										
Coconino	3,450,191	3,957,057	4,183,404	4,419,988	4,667,322	4,925,946	5,196,424	5,454,085	5,724,818	6,009,280
Yavapai	10,204,701	11,703,868	12,373,339	13,073,088	13,804,634	14,569,570	15,369,570	16,131,657	16,932,412	17,773,770
<b>Total Property Tax</b>	<b>13,654,892</b>	<b>15,660,925</b>	<b>16,556,743</b>	<b>17,493,077</b>	<b>18,471,957</b>	<b>19,495,516</b>	<b>20,565,994</b>	<b>21,585,742</b>	<b>22,657,230</b>	<b>23,783,051</b>
FDAT	323,033	323,033	323,033	323,033	323,033	323,033	323,034	323,035	323,036	323,037
Non-Tax Revenues	2,256,485	2,273,409	2,290,459	2,307,638	2,324,945	2,342,382	2,359,950	2,377,650	2,395,482	2,413,448
<b>Subtotal</b>	<b>16,234,410</b>	<b>18,257,367</b>	<b>19,170,235</b>	<b>20,123,747</b>	<b>21,119,935</b>	<b>22,160,931</b>	<b>23,248,978</b>	<b>24,286,427</b>	<b>25,375,748</b>	<b>26,519,536</b>
C/O &/or Rsrsv to offset taxes	704,345	500,000	400,000	300,000	200,000	100,000				
<b>Total Revenue</b>	<b>16,938,755</b>	<b>18,757,367</b>	<b>19,570,235</b>	<b>20,423,747</b>	<b>21,319,935</b>	<b>22,260,931</b>	<b>23,248,978</b>	<b>24,286,427</b>	<b>25,375,748</b>	<b>26,519,536</b>
Wages & Benefits	12,704,549	13,339,777	14,006,765	14,707,104	15,442,459	16,214,582	17,025,311	17,876,576	18,770,405	19,708,925
Operating Budget	2,778,658	2,917,591	3,063,470	3,216,644	3,377,476	3,546,350	3,723,667	3,909,850	4,105,343	4,310,610
Capital Budget	1,455,548	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Total Budget</b>	<b>16,938,755</b>	<b>18,757,367</b>	<b>19,570,235</b>	<b>20,423,747</b>	<b>21,319,935</b>	<b>22,260,931</b>	<b>23,248,978</b>	<b>24,286,427</b>	<b>25,375,748</b>	<b>26,519,536</b>
% of change	6.84%	10.74%	4.33%	4.36%	4.39%	4.41%	4.44%	4.46%	4.49%	4.51%

\*Per Arizona Revised Statute, Fire Districts cannot exceed a mill rate of \$3.2500. This projection is for illustrative purposes only.



**SEDONA FIRE DISTRICT 10 Year Budget  
\$15.00 MM Bond**

	2 Year Budget		Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
	Draft 2017/2018	Projected 2018/2019								
Coconino	136,097,375	141,541,270	147,202,921	150,882,994	154,655,069	159,294,721	164,073,562	168,995,769	174,065,642	179,287,612
Yavapai	402,537,969	418,639,488	435,385,067	446,269,694	457,426,436	471,149,229	485,283,706	499,842,217	514,837,484	530,282,609
<b>Net Assessed Valuation</b>	538,635,344	560,180,758	582,587,988	597,152,688	612,081,505	630,443,950	649,357,269	668,837,987	688,903,126	709,570,220
<b>Mil Rate</b>	2.5351	2.5815	2.6360	2.7285	2.8218	2.9020	2.9823	3.0479	3.1147	3.1826
<b>Bond Rate</b>		0.1720	0.1653	0.1613	0.1574	0.1528	0.1483	0.1440	0.1398	0.1358
Coconino	5.48%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Yavapai	5.40%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total % AV change</b>	5.42%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Property Tax:</b>										
Coconino	3,450,191	3,653,852	3,880,199	4,116,783	4,364,118	4,622,741	4,893,219	5,150,880	5,421,614	5,706,075
Yavapai	10,204,701	10,807,073	11,476,544	12,176,293	12,907,839	13,672,775	14,472,775	15,234,862	16,035,617	16,876,975
<b>Total Property Tax</b>	13,654,892	14,460,925	15,356,743	16,293,077	17,271,957	18,295,516	19,365,994	20,385,742	21,457,230	22,583,051
FDAT	323,033	323,033	323,033	323,033	323,033	323,033	323,034	323,035	323,036	323,037
Non-Tax Revenues	2,256,485	2,273,409	2,290,459	2,307,638	2,324,945	2,342,382	2,359,950	2,377,650	2,395,482	2,413,448
<b>Subtotal</b>	16,234,410	17,057,367	17,970,235	18,923,747	19,919,935	20,960,931	22,048,978	23,086,427	24,175,748	25,319,536
C/O &/or Rsrvs to offset taxes	704,345	500,000	400,000	300,000	200,000	100,000				
<b>Total Revenue</b>	16,938,755	17,557,367	18,370,235	19,223,747	20,119,935	21,060,931	22,048,978	23,086,427	24,175,748	25,319,536
Wages & Benefits	12,704,549	13,339,777	14,006,765	14,707,104	15,442,459	16,214,582	17,025,311	17,876,576	18,770,405	19,708,925
Operating Budget	2,778,658	2,917,591	3,063,470	3,216,644	3,377,476	3,546,350	3,723,667	3,909,850	4,105,343	4,310,610
Capital Budget	1,455,548	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
<b>Total Budget</b>	16,938,755	17,557,367	18,370,235	19,223,747	20,119,935	21,060,931	22,048,978	23,086,427	24,175,748	25,319,536
% of change	6.84%	3.65%	4.63%	4.65%	4.66%	4.68%	4.69%	4.71%	4.72%	4.73%

**SEDONA FIRE DISTRICT 10 Year Budget  
\$17.00 MM Bond**

	2 Year Budget		Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
	Draft 2017/2018	Projected 2018/2019								
Coconino	136,097,375	141,541,270	147,202,921	150,882,994	154,655,069	159,294,721	164,073,562	168,995,769	174,065,642	179,287,612
Yavapai	402,537,969	418,639,488	435,385,067	446,269,694	457,426,436	471,149,229	485,283,706	499,842,217	514,837,484	530,282,609
<b>Net Assessed Valuation</b>	538,635,344	560,180,758	582,587,988	597,152,688	612,081,505	630,443,950	649,357,269	668,837,987	688,903,126	709,570,220
<b>Mil Rate</b>	2.5351	2.5458	2.6016	2.6950	2.7892	2.8703	2.9515	3.0180	3.0857	3.1545
<b>Bond Rate</b>		0.1949	0.1874	0.1828	0.1784	0.1732	0.1681	0.1632	0.1585	0.1539
Coconino	5.48%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Yavapai	5.40%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total % AV change</b>	5.42%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Property Tax:</b>										
Coconino	3,450,191	3,603,318	3,829,665	4,066,249	4,313,583	4,572,207	4,842,685	5,100,346	5,371,079	5,655,541
Yavapai	10,204,701	10,657,607	11,327,078	12,026,827	12,758,373	13,523,309	14,323,309	15,085,396	15,886,151	16,727,509
<b>Total Property Tax</b>	13,654,892	14,260,925	15,156,743	16,093,077	17,071,957	18,095,516	19,165,994	20,185,742	21,257,230	22,383,051
FDAT	323,033	323,033	323,033	323,033	323,033	323,033	323,034	323,035	323,036	323,037
Non-Tax Revenues	2,256,485	2,273,409	2,290,459	2,307,638	2,324,945	2,342,382	2,359,950	2,377,650	2,395,482	2,413,448
<b>Subtotal</b>	16,234,410	16,857,367	17,770,235	18,723,747	19,719,935	20,760,931	21,848,978	22,886,427	23,975,748	25,119,536
C/O &/or Rsrvs to offset taxes	704,345	500,000	400,000	300,000	200,000	100,000				
<b>Total Revenue</b>	16,938,755	17,357,367	18,170,235	19,023,747	19,919,935	20,860,931	21,848,978	22,886,427	23,975,748	25,119,536
Wages & Benefits	12,704,549	13,339,777	14,006,765	14,707,104	15,442,459	16,214,582	17,025,311	17,876,576	18,770,405	19,708,925
Operating Budget	2,778,658	2,917,591	3,063,470	3,216,644	3,377,476	3,546,350	3,723,667	3,909,850	4,105,343	4,310,610
Capital Budget	1,455,548	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Total Budget</b>	16,938,755	17,357,367	18,170,235	19,023,747	19,919,935	20,860,931	21,848,978	22,886,427	23,975,748	25,119,536
% of change	6.84%	2.47%	4.68%	4.70%	4.71%	4.72%	4.74%	4.75%	4.76%	4.77%

**SEDONA FIRE DISTRICT 10 Year Budget  
\$18.00 MM Bond**

	2 Year Budget		Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
	Draft 2017/2018	Projected 2018/2019								
Coconino	136,097,375	141,541,270	147,202,921	150,882,994	154,655,069	159,294,721	164,073,562	168,995,769	174,065,642	179,287,612
Yavapai	402,537,969	418,639,488	435,385,067	446,269,694	457,426,436	471,149,229	485,283,706	499,842,217	514,837,484	530,282,609
<b>Net Assessed Valuation</b>	<b>538,635,344</b>	<b>560,180,758</b>	<b>582,587,988</b>	<b>597,152,688</b>	<b>612,081,505</b>	<b>630,443,950</b>	<b>649,357,269</b>	<b>668,837,987</b>	<b>688,903,126</b>	<b>709,570,220</b>
<b>Mil Rate</b>	<b>2.5351</b>	<b>2.5368</b>	<b>2.5930</b>	<b>2.6866</b>	<b>2.7810</b>	<b>2.8624</b>	<b>2.9438</b>	<b>3.0106</b>	<b>3.0784</b>	<b>3.1474</b>
<b>Bond Rate</b>		<b>0.2063</b>	<b>0.1984</b>	<b>0.1936</b>	<b>0.1889</b>	<b>0.1834</b>	<b>0.1780</b>	<b>0.1728</b>	<b>0.1678</b>	<b>0.1629</b>
Coconino	5.48%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Yavapai	5.40%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total % AV change</b>	<b>5.42%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Property Tax:</b>										
Coconino	3,450,191	3,590,685	3,817,032	4,053,616	4,300,950	4,559,573	4,830,052	5,087,712	5,358,446	5,642,908
Yavapai	10,204,701	10,620,241	11,289,712	11,989,461	12,721,007	13,485,943	14,285,942	15,048,030	15,848,784	16,690,143
<b>Total Property Tax</b>	<b>13,654,892</b>	<b>14,210,925</b>	<b>15,106,743</b>	<b>16,043,077</b>	<b>17,021,957</b>	<b>18,045,516</b>	<b>19,115,994</b>	<b>20,135,742</b>	<b>21,207,230</b>	<b>22,333,051</b>
FDAT	323,033	323,033	323,033	323,033	323,033	323,033	323,034	323,035	323,036	323,037
Non-Tax Revenues	2,256,485	2,273,409	2,290,459	2,307,638	2,324,945	2,342,382	2,359,950	2,377,650	2,395,482	2,413,448
<b>Subtotal</b>	<b>16,234,410</b>	<b>16,807,367</b>	<b>17,720,235</b>	<b>18,673,747</b>	<b>19,669,935</b>	<b>20,710,931</b>	<b>21,798,978</b>	<b>22,836,427</b>	<b>23,925,748</b>	<b>25,069,536</b>
C/O &/or Rsrvs to offset taxes	704,345	500,000	400,000	300,000	200,000	100,000				
<b>Total Revenue</b>	<b>16,938,755</b>	<b>17,307,367</b>	<b>18,120,235</b>	<b>18,973,747</b>	<b>19,869,935</b>	<b>20,810,931</b>	<b>21,798,978</b>	<b>22,836,427</b>	<b>23,925,748</b>	<b>25,069,536</b>
Wages & Benefits	12,704,549	13,339,777	14,006,765	14,707,104	15,442,459	16,214,582	17,025,311	17,876,576	18,770,405	19,708,925
Operating Budget	2,778,658	2,917,591	3,063,470	3,216,644	3,377,476	3,546,350	3,723,667	3,909,850	4,105,343	4,310,610
Capital Budget	1,455,548	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
<b>Total Budget</b>	<b>16,938,755</b>	<b>17,307,367</b>	<b>18,120,235</b>	<b>18,973,747</b>	<b>19,869,935</b>	<b>20,810,931</b>	<b>21,798,978</b>	<b>22,836,427</b>	<b>23,925,748</b>	<b>25,069,536</b>
% of change	6.84%	2.18%	4.70%	4.71%	4.72%	4.74%	4.75%	4.76%	4.77%	4.78%

**SEDONA FIRE DISTRICT 10 Year Budget  
\$20.00 MM Bond**

	2 Year Budget		Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
	Draft 2017/2018	Projected 2018/2019								
Coconino	136,097,375	141,541,270	147,202,921	150,882,994	154,655,069	159,294,721	164,073,562	168,995,769	174,065,642	179,287,612
Yavapai	402,537,969	418,639,488	435,385,067	446,269,694	457,426,436	471,149,229	485,283,706	499,842,217	514,837,484	530,282,609
<b>Net Assessed Valuation</b>	<b>538,635,344</b>	<b>560,180,758</b>	<b>582,587,988</b>	<b>597,152,688</b>	<b>612,081,505</b>	<b>630,443,950</b>	<b>649,357,269</b>	<b>668,837,987</b>	<b>688,903,126</b>	<b>709,570,220</b>
<b>Mil Rate</b>	<b>2.5351</b>	<b>2.5279</b>	<b>2.5845</b>	<b>2.6782</b>	<b>2.7728</b>	<b>2.8544</b>	<b>2.9361</b>	<b>3.0031</b>	<b>3.0711</b>	<b>3.1404</b>
<b>Bond Rate</b>		<b>0.2293</b>	<b>0.2205</b>	<b>0.2151</b>	<b>0.2098</b>	<b>0.2037</b>	<b>0.1978</b>	<b>0.1920</b>	<b>0.1864</b>	<b>0.1810</b>
Coconino	5.48%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Yavapai	5.40%	4.00%	4.00%	2.50%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total % AV change</b>	<b>5.42%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Property Tax:</b>										
Coconino	3,450,191	3,578,051	3,804,398	4,040,982	4,288,316	4,546,940	4,817,418	5,075,079	5,345,812	5,630,274
Yavapai	10,204,701	10,582,874	11,252,345	11,952,095	12,683,640	13,448,576	14,248,576	15,010,663	15,811,418	16,652,776
<b>Total Property Tax</b>	<b>13,654,892</b>	<b>14,160,925</b>	<b>15,056,743</b>	<b>15,993,077</b>	<b>16,971,957</b>	<b>17,995,516</b>	<b>19,065,994</b>	<b>20,085,742</b>	<b>21,157,230</b>	<b>22,283,051</b>
FDAT	323,033	323,033	323,033	323,033	323,033	323,033	323,034	323,035	323,036	323,037
Non-Tax Revenues	2,256,485	2,273,409	2,290,459	2,307,638	2,324,945	2,342,382	2,359,950	2,377,650	2,395,482	2,413,448
<b>Subtotal</b>	<b>16,234,410</b>	<b>16,757,367</b>	<b>17,670,235</b>	<b>18,623,747</b>	<b>19,619,935</b>	<b>20,660,931</b>	<b>21,748,978</b>	<b>22,786,427</b>	<b>23,875,748</b>	<b>25,019,536</b>
C/O &/or Rsrvs to offset taxes	704,345	500,000	400,000	300,000	200,000	100,000				
<b>Total Revenue</b>	<b>16,938,755</b>	<b>17,257,367</b>	<b>18,070,235</b>	<b>18,923,747</b>	<b>19,819,935</b>	<b>20,760,931</b>	<b>21,748,978</b>	<b>22,786,427</b>	<b>23,875,748</b>	<b>25,019,536</b>
Wages & Benefits	12,704,549	13,339,777	14,006,765	14,707,104	15,442,459	16,214,582	17,025,311	17,876,576	18,770,405	19,708,925
Operating Budget	2,778,658	2,917,591	3,063,470	3,216,644	3,377,476	3,546,350	3,723,667	3,909,850	4,105,343	4,310,610
Capital Budget	1,455,548	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Budget</b>	<b>16,938,755</b>	<b>17,257,367</b>	<b>18,070,235</b>	<b>18,923,747</b>	<b>19,819,935</b>	<b>20,760,931</b>	<b>21,748,978</b>	<b>22,786,427</b>	<b>23,875,748</b>	<b>25,019,536</b>
% of change	6.84%	1.88%	4.71%	4.72%	4.74%	4.75%	4.76%	4.77%	4.78%	4.79%



**Sedona Fire District  
Bond Cost Comparisons  
For Average Homeowner**

The following table represents the cost of the Bond for the average property in Sedona Fire District.

<b>\$15.0 MM Bond</b>			
Value of Property	Assessed Value	Estimated Annual Cost	Total Cost over Life of Bond
\$ 345,162.00	\$ 34,516.20	\$ 59.35	\$ 921.01
<b>\$17.0 MM Bond</b>			
Value of Property	Assessed Value	Estimated Annual Cost	Total Cost over Life of Bond
\$ 345,162.00	\$ 34,516.20	\$ 67.27	\$ 1,043.81
<b>\$18.0 MM Bond</b>			
Value of Property	Assessed Value	Estimated Annual Cost	Total Cost over Life of Bond
\$ 345,162.00	\$ 34,516.20	\$ 71.22	\$ 1,105.21
<b>\$20.0 MM Bond</b>			
Value of Property	Assessed Value	Estimated Annual Cost	Total Cost over Life of Bond
\$ 345,162.00	\$ 34,516.20	\$ 79.14	\$ 1,228.01

**SEDONA FIRE DISTRICT 10 Year Budget  
Bond Tax Comparisons**

	<b>2 Year Budget</b>		Projected 2019/2020	Projected 2020/2021	Projected 2021/2022	Projected 2022/2023	Projected 2023/2024	Projected 2024/2025	Projected 2025/2026	Projected 2026/2027
	Draft 2017/2018	Projected 2018/2019								
Average Property Value	345,162	345,162	358,968	367,943	377,141	388,455	400,109	412,112	424,476	437,210
Assessed Value	34,516	34,516	35,897	36,794	37,714	38,846	40,011	41,211	42,448	43,721
<b>No Bond</b>										
Operating Mil Rate	2.5351	2.7957	2.8419	2.9294	3.0179	3.0923	3.1671	3.2273	3.2889*	3.3518*
Bond Rate		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Tax Rate		2.7957	2.8419	2.9294	3.0179	3.0923	3.1671	3.2273	3.2889	3.3518
Total Tax Liability		964.97	1,020.15	1,077.85	1,138.17	1,201.22	1,267.19	1,330.01	1,396.06	1,465.44
<b>\$15.0 MM Bond</b>										
Mil Rate	2.5351	2.5815	2.6360	2.7285	2.8218	2.9020	2.9823	3.0479	3.1147	3.1826
Bond Rate		0.1720	0.1653	0.1613	0.1574	0.1528	0.1483	0.1440	0.1398	0.1358
Total Tax Rate		2.7534	2.8013	2.8898	2.9792	3.0548	3.1307	3.1920	3.2545	3.3184
Total Tax Liability		950.38	1,005.58	1,063.27	1,123.59	1,186.65	1,252.61	1,315.44	1,381.47	1,450.83
<b>\$17.0 MM Bond</b>										
Mil Rate	2.5351	2.5458	2.6016	2.6950	2.7892	2.8703	2.9515	3.0180	3.0857	3.1545
Bond Rate		0.1949	0.1874	0.1828	0.1784	0.1732	0.1681	0.1632	0.1585	0.1539
Total Tax Rate		2.7407	2.7890	2.8778	2.9675	3.0434	3.1197	3.1813	3.2441	3.3083
Total Tax Liability		945.97	1,001.17	1,058.86	1,119.18	1,182.24	1,248.20	1,311.04	1,377.06	1,446.43
<b>\$18.0 MM Bond</b>										
Mil Rate	2.5351	2.5368	2.5930	2.6866	2.7810	2.8624	2.9438	3.0106	3.0784	3.1474
Bond Rate		0.2063	0.1984	0.1936	0.1889	0.1834	0.1780	0.1728	0.1678	0.1629
Total Tax Rate		2.7432	2.7915	2.8802	2.9698	3.0457	3.1218	3.1834	3.2462	3.3103
Total Tax Liability		946.85	1,002.04	1,059.74	1,120.05	1,183.12	1,249.08	1,311.91	1,377.93	1,447.30
<b>\$20.0 MM Bond</b>										
Mil Rate	2.5351	2.5279	2.5845	2.6782	2.7728	2.8544	2.9361	3.0031	3.0711	3.1404
Bond Rate		0.2293	0.2205	0.2151	0.2098	0.2037	0.1978	0.1920	0.1864	0.1810
Total Tax Rate		2.7572	2.8049	2.8933	2.9827	3.0581	3.1339	3.1951	3.2576	3.3214
Total Tax Liability		951.68	1,006.88	1,064.57	1,124.88	1,187.95	1,253.91	1,316.74	1,382.77	1,452.13

\*Per Arizona Revised Statute, Fire Districts cannot exceed a mil rate of \$3.2500. This projection is for illustrative purposes only.

The projections reflected in this report beyond Fiscal Year 2017/2018 have been calculated using historical averages and estimated rates of inflation. These are not guarantees of future revenues and expenses for SFD.

Mr. Lillie thanked the Chief for the presentation and said it was exactly what the committee asked for; he commented these projections are based on the 10-year budget presented as of today and as of this current Board – he clarified if there is anything the committee could stipulate to keep this on track in the future in the recommendation; Mr. Watters included a statement that highly recommends if we go to bond election and it passes, for future Boards to honor the public’s desire, as follows: “That the elected Fire Board directs staff to continue to find efficiencies and cost savings so as to require the minimum amount of bond sales to complete the capital projects as proposed”, but there is no way to guarantee it. Mr. Lillie stated he believes the verbiage should be as strong as possible to future Boards to listen to the recommendation.

Chief Kazian said the district will create efficiencies and bond as little as possible, but unless someone donates a large sum of money to the district, the only way we get revenue is by increasing the mil rate or by experiencing a large increase in Assessed Value (AV); the funding is still attached to residents and creates a “pay now” impact to residents and commercial owners; bonding uses the concept of spreading out the costs over 20 years with future residents sharing the costs with current residents. Mrs. Maxwell pointed out that staff had pulled out some apparatus to be paid for through the regular budget. Mr. Lillie reiterated his desire that the committee state strongly that if the public approves a bond and future Boards use the bond funding for less important projects, such as buying new pick-up trucks or Suburbans, it would be up to the public to cry “foul”; Chief Kazian said the beauty of democracy is the public gets to attend meetings and address the Board; however, that would not preclude future Boards from spending or not spending the bond money.

Mr. Ernster asked about the previous statement in the report referring to efficiencies and cost savings, which is not just the specifics of purchases, but also regarding wages and benefits, as well as operating budgets; Chief Kazian said, “correct” and the district has a great responsibility to maintain efficiencies and he has worked on this over the last 5 years of his time with the district; it is a high priority. He said SFD works as transparently as possible and will continue to do so; he welcomes citizens’ questions and urged people to not rely on what they “heard from their neighbor about the district”. SFD is entrusted with a very important job in the community; a bond would allow us to continue to provide emergency service in a sustainable manner; all organizations are experiencing cost increases and no one should be shocked by that; Mrs. Maxwell commented public safety is SFD’s business and despite the fact that costs are rising, SFD has to provide that service to our community and the millions of visitors who come here. Chief Kazian said he has been asked how non-residents pay for services; he said visitors pay sales tax and bed tax, which SFD does not get – but when visitors spend money at local businesses who pay commercial taxes, that helps our revenue; he also commented that he recently visited Chicago, and if he had required emergency services there, it would have been provided to him – and he helped Chicago’s agencies by spending money in their local businesses; everyone becomes a visitor in other agencies’ jurisdictions and may need their help at some point.

Mr. McCarthy thanked the staff and Chief Kazian for all their hard work in providing information to analyze and thanked Mr. Watters for the draft report; ***he then moved to accept the revised draft report written by Mr. Watters, and in addition, to recommend consideration for a \$20 million bond***; the motion died for lack of a second. Mr. Ernster recommended the committee first discuss the draft report and consider committee member Gary Johnson’s suggestions, as he was unable to attend today’s meeting.

Mr. Watters drafted a report to the Fire Board and created a funding worksheet for the committee to fill in together. He said the numbers in the draft report are not 100% correct yet because the committee needs to discuss the specifics of the projects being recommended. The committee members then went through each of the projects being proposed and voted if they felt the project was something the district should do, and if so, prioritized them, and voted their preferences for bonding or pay/go. The completed graph is below.

## SFD 10 year Capital Expenditures- Committee Recommendation on 5/8/2017

Instructions: Place a 1= Bond Funding 2= Pay Go or Leave Blank = Do Not Do next to the Project Name based on your priority

		Committee of 10 People (with 4 members absent)						
Priority	Project	Amount (High range)	YES	NO	BOND	No Bond	PayGo	Don't Do
<b>MAJOR CAPITAL PROJECTS</b>								
1	Station 4 Rebuild	\$4,945,096.00	6	0	6	0		
1	Station 5 Rebuild	\$2,619,864.00	6	0	6	0		
1	Station 1 (Westside & HVAC) Remodel	\$1,715,000.00	6	0	6	0		
1	Station 1 (Admin Side) Remodel	\$931,544.00	6	0	4	2		
1	Station 1 Maintenance Facility	\$1,034,127.00	6	0	6	0		
1	Station 3 (Structural, HVAC, Apron) Remodel	\$1,045,000.00	6	0	6	0		
2	Station 3 (Living Quarters) Remodel	\$998,000.00	4	2	2	4	5*	1
<b>CAPITAL IMPROVEMENTS &amp; REPLACEMENTS</b>								
N/A	Station 1 (Admin Side) HVAC Only	\$115,000.00						
N/A	Station 1 (Westside) HVAC Only	\$115,000.00						
N/A	Station 3 Apron & Drainage	\$295,000.00						
1	Apparatus & Vehicles (Bond Funded)	\$1,920,000.00	6	0	6	0		
2	Bal. of Apparatus & Vehicles over 10 years	\$5,780,000.00	6	0			6	0
1	Telecom (Bond Funded)	\$1,945,775.00	6	0	6	0		
2	Balance of Telecom over 10 years	\$1,071,225.00	6	0			6	0
	<b>Total of Bond Funded**</b>	<b>\$18,000,000.65</b>						
	<b>Total of PayGo Funded**</b>	<b>\$7,998,925.00</b>						
	<b>Total Capital Expenditures**</b>	<b>\$25,998,925.65</b>						

\* The project may be chosen to be done if funds exist but not allocating specific bond funding in total amount

\*\* Includes 15% "Soft 'Owner Costs" for amounts from Major Capital Projects

*(Note: The committee members unable to attend this meeting will have the opportunity to vote on the projects at the next meeting.)*

During the completion of the worksheet, the following comments/questions were discussed:

- Chief Kazian stated there could be a challenge to only construct/renovate the maintenance facility at Station 1 without also doing administration.
- Station 3 – the weight room is prone to flooding and the back patio is the low point; a French drain needs to be installed; there is also a standing “pool” of water in the front parking lot after rain, which needs drainage. The upstairs patio off the crew living quarters also leaks and requires closing in to correct the issue; some items could be included in pay/go.
- Station 3 living quarters – efficiencies are needed to create a hallway that dumps into the bays instead of coming around and downstairs, creating safety issues. The restrooms on the first level are not ADA compliant. The second level of the station listed in CORE’s report is all remodel work. There was a brief discussion about possibly retaining the fire pole. The non-ADA bathrooms upstairs are existing/non-conforming in this capacity and will most likely not trigger a mandatory replacement.
- The committee discussed Assistant Chief Jeff Piechura’s recommendation regarding fleet replacement to remove a large portion into pay/go versus bonding down to \$3.017 million over 10 years; this was discussed during the meeting and revised to \$1.92 million to bond on the worksheet.
- Owning versus partnering with vendors to build cell towers was discussed – there are benefits to outright owning cell towers as SFD would have control of usage; however, we may have the opportunity to retain 51% ownership and still partner for some of the costs in the future.
- Mr. Ernster commented it would be difficult for the Board and/or committee members to decide which Telecom items are priority because they do not have the expertise; he recommended letting staff decide what needs to be done; some items including possibly portable radios and the public warning siren system could be pay/go, but all the projects must be done, preferably sooner than later. The committee also discussed the short lifetime of Telecom items, which could be obsolete in 10 years – the bonded portion used for Telecom will be paid off within the first 7 years of the bond.

- There was a brief discussion about the benefits of choosing the Construction Manager at Risk (CMAR) model early in the process, which gives the construction team the opportunity to work together during pre-construction to make critical cost-saving decisions.
- Chief Kazian reminded the group how priorities set by the 2007 citizens' committee changed due to needs and opportunities transforming – even though some items are on the list, some things may never happen for other reasons.
- The committee discussed the responsible part of this – that Governing Boards be responsible in creating capital improvement funds, so the district does not have to do another bond in 2040 – and would only need to bond for future facility/station construction.

The committee took a brief break at 11:20 AM and reconvened at 11:30 AM.

Mr. Watters then opened the floor for discussion of the draft report to the Board, as well as the Addendums, and asked that Mr. Johnson's submitted comments be considered. Chief Kazian said he wants the public to be able to quickly read and understand the report and see how a bond would impact them. The committee reviewed each section of the draft and recommended changes for Mr. Watters.

The consensus of the committee was to include a recommendation to the Board to choose CMAR as part of its recommendation.

The Addendums will be electronically linked to the report for easy cross-reference.

The committee discussed the pros and cons of making a motion to approve the report and the proposed \$18 million bond today, but consensus was to wait until more of the committee members are present at Thursday's meeting. Chief Kazian asked Mr. Watters to revise the Report as discussed today and submit the draft to him and Ms. Greer for editing; the revised draft will be available for committee discussion and finalization on Thursday. It will be included in the packets of information to the Board for the May 17<sup>th</sup> Board meeting; the entire committee was encouraged to attend the May Board meeting, if possible; Mr. Lillie stated he would be out of town at that time.

Chief Kazian said he asked the CORE representatives about how SFD's process compared in relation to other bonding processes they were involved in; the representatives said the work this committee has done is incredibly important to the success of a bond and the level to which the committee engaged and its thoughtful approach has been at a high level; Chief Kazian said the committee's work should demonstrate to SFD citizens that due diligence was used. Chief Kazian said he would be happy to answer any citizen's questions, but he would also recommend they talk to the citizens on the committee; the district wants to make sure emergency services are sustainable over the long term.

**VII. Discussion/Possible Action: Future Meeting Date, If Needed:  
11<sup>th</sup> Meeting May 15, 2017 1:00 PM – if needed**

The committee decided to use the tentatively scheduled May 11<sup>th</sup> 9:00 AM meeting to finalize and formally approve the Report and recommendation for an \$18 million bond. Mr. Ernster thanked Chief Kazian and his staff for providing all needed information to help the committee reach a conclusion. Mrs. Maxwell commented at the May Board meeting, she would like the committee to make it clear to the public that all committee meetings can be viewed on line, as well as all the information and Minutes.

**VIII. Adjournment**

The meeting adjourned at 12:20 PM.

*Original signed by Tricia Greer*  
 \_\_\_\_\_  
 Tricia Greer, Recording Clerk to the Committee



## Sedona Fire District

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

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

~ MINUTES ~

**I. Call to Order/Roll Call**

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

**Committee Present:** *Board Member* – Tim Ernster; *Citizens* – Lonnie Lillie; Gary Johnson; Gene McCarthy; Caryn Maxwell; Dave Watters; *Staff* – Captain Pat Ojeda  
**Committee Absent:** Wendy Tanzer; Firefighter Greg Eberlein; HR Manager Betty Johnson  
**Others Present:** Fire Chief Kris Kazian; Tricia Greer – Recorder to Committee

**II. Pledge of Allegiance to the United States of America**

Committee Chairman Tim Ernster led the Pledge of Allegiance.

**III. Call to the Public**

**A. Public Forum:**

- 1. Public Comments.**
- 2. Staff Response to Public Comments.**

There was no request to speak.

**IV. Approval of Minutes**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**X. Adjournment**

The meeting was adjourned at 11:00 AM.

*Original signed by Tricia Greer*

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Tricia Greer, Recording Clerk to the Committee

:tg