



~Note: These Minutes were approved by the Board on 2/26/14~

Sedona Fire District

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PUBLIC BUDGET WORKSHOP AND REGULAR BOARD MEETING

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

Wednesday, January 22, 2014 / 3:30 PM – Budget Workshop / 4:30 PM – Regular Meeting

~ MINUTES ~

I. CALL TO ORDER/ROLL CALL

Board Present: Corrie Cooperman – Clerk (Acting Chairperson);
Nazih Hazime, Scott Jablow, Diane Schoen – Members

Board Absent: Ty Montgomery – Chairman

Staff Present: Kris Kazian – Fire Chief; Buzz Lechowski – Division Chief; Scott Schwisow – Division Chief; Gary Johnson – Fire Marshal; Sandi Schmidt – Finance Manager; Tricia Greer – Executive Assistant/Recorder

Others Present: William Whittington – Attorney (Via Telephone; 5 Citizens; Ron Eland – *Red Rock News*)

Due to Chairman Montgomery's absence, Board Clerk Corrie Cooperman acted as Chair and called the meeting to order at 3:35 PM.

II. FISCAL YEAR 2014/2015 SFD PUBLIC BUDGET WORKSHOP – 3:30 PM

A. FY 2014/2015 SFD Budget Presentation from SFD Staff; Board and Staff Discussion.

Fire Chief Kris Kazian “kicked off” the Fiscal Year 2015 budget with a PowerPoint presentation (*attached*). (*Titles of each PowerPoint slide are provided in the corresponding paragraph below for easy reference.*)

AZ and Federal Laws Having Financial Implications: This slide shows new laws affecting district finances. Prop 117 was put into effect in 2013; its full interpretation is still evolving, but essentially, Arizona fire districts levy on secondary property tax of fair market value, but now, districts will be based on assessed value (AV) of primary property tax, which is lower than secondary, and fire districts are limited to a 5% annual AV growth. In 2009, a law passed holding agencies to levy not more than 8% of maximum levy annually; this means in 2009, SFD's AV was multiplied by the maximum of \$3.25 and then, multiplied by 8% a year to attain the max tax levy. This was a way to slow growth of taxation in the State. He said our maximum legal tax levy limit is \$19 million; however, because we are only allowed to multiply by \$3.25 as the maximum tax levy, the most we could levy is \$15 million; in the current FY budget, our tax levy is \$9.3 million, so SFD is significantly below our maximum tax levy limit. When these three things are combined – Prop 117, tax levy limit, and the mil rate cap – a financial bottleneck occurs and creates problems for fire districts dealing with growing expenses. Many districts in the State are facing serious financial difficulties; because of the flexibility of not levying at our maximum allowable amount, SFD has some room in budgeting. Chief Kazian stated due to Prop 117, we will begin to see those assessments in our FY 2015 budget and will be negatively affected by it when the law takes effect in 2015. The 5% maximum growth is concerning, and in the past, when AV increased, the mil rate could be reduced; however, the 5% cap limits the ability to reduce the mil rate. The counties are predicting 5% growth in AV in the coming years, but based on the downtrend in past years, the counties believe we are on the rise, which will help in planning and that is one of the positives of Prop 117.

Dangerous Combination: For districts already having difficulty, there is proposed legislation to help mitigate the devastating effects created by the three independently created laws – to increase the mil rate cap and add a multiplier for cost of living in the operation of emergency services.

2013 Fire District Levy Limit Worksheet: This illustrates the figures on the maximum levy limits for SFD from the two counties. Mrs. Cooperman asked if Chief Kazian knew approximately how much lower basing taxes on primary AV versus secondary AV would be for SFD; Chief Kazian said staff is waiting for the updated numbers from the counties which should arrive around February 10th. He said the amount may be “vast” based on some estimates he has seen. In a recent study from the Arizona Fire District Association, the Daisy Mountain Fire District showed their AV could be reduced by \$100 million.

Additional AZ and Federal Laws Having Financial Implications: Another new law requires districts to two year budget reporting, which means our upcoming budget will not only be for next year, but also for the following year, which is a good opportunity for better planning and forecasting, although it will not be absolute. Another issue is our Medicare reimbursement is being decreased through the “Super Rural Bonus Payment” by 22.6%, meaning our ambulance service fees on April 1st will lose \$150,000+ annually, pending another extension, and also a \$30,000 to \$40,000 reduction from the projected amount for this current FY. This Federal regulation will negatively impact public agency budgets across the country.

SFD FY15 Objectives: Where do we see Sedona Fire District going from here? Chief Kazian said we need to maintain fiscal responsibility, as we have done an excellent job for the last two years at every level. We must continue to enhance transparency and believes we try to be as transparent as possible to provide information. Our long term planning success is critical and therefore, needs a new Strategic Plan. Sustainability is also important to maintain our emergency service operations. Chief Kazian said we must also continue to control annual budget growth – this year was a 1.79% increase and from fiscal responsibility standpoint, that is a very low growth compared to the cost of living and our goal is to have another budget under 3% growth –although we are waiting to see where state pension, healthcare, Workers Comp, and cost of living will be next year.

The Budgeting Process: This is the official budget “kick off”, but staff has begun planning; each Section Head will submit projected budgets tomorrow and management staff will meet with them beginning February 3rd to get a realistic expectation of budgeting for two years. We are also providing a five year capital plan for expenses expected in FY 2015 through FY 2019. He reported SFD staff and labor will begin Meet and Confer as part of the Memorandum of Understanding. The counties will provide the actual AV in mid-February. Some other numbers we are awaiting are for projected healthcare costs (April at the earliest) and Workers Comp (February or March) and how those affect the bottom line of the budget. When all numbers are in the budget and AV is received, a levy amount is determined, which means a simple math equation to arrive at the mil rate, and then the final FY 2015 budget is published publicly for 20 days and approved by the Fire Board.

The Budget: It is important to understand the history of the SFD budget and what it means. In the past, we discussed controlling the budget and a slow growth curve, which is important to maintain, and to identify core goals and missions for budgeting. Chief Kazian said once a service is stopped, there is a trickledown effect and we must keep a focus on the core goal and mission. We must maintain a competitive edge for employees; as an example, the Arizona DPS has given no raises to officers since about 2008, which means officers become municipal police officers for better salaries; being a “turnstile” for employees is expensive to train and re-train. SFD must also evaluate capital needs relative to apparatus and stations, knowing in the future, we must renovate or rebuild Station 4. We must establish the correct tax levy matching the slow growth approach. The past decision makers that reduced the mil rate created a situation where SFD is now faced with trying to catch back up to maintain core services. He does not believe there was malice in those decisions, but long term planning would have been more successful, as well as our ability to maintain core services and safely operate.

Ingredients in a Budget: The reductions created compounding effects in levy needs and we are getting the tax levy back to where we can responsibly target long-range planning. We also must safely operate and be responsible to our community for services we provide. The budget is created to pay for what is needed to operate the district. The three parts of the budget are tax levy, other revenues (ambulance service, rents, wildland, grants, etc.) and capital reserves. Those must be balanced to understand how we arrive at the final budget number. Some want to maintain capital reserves and if we do, the tax levy must increase.

SFD Historical Budget Overview: This chart shows the budget from FY 2003 through current, with the rise and fall of the mil rate and budget. He said we can expect to start seeing a gentle rise in projected budgets. He pointed out at \$1.76 in 2003, SFD had an \$8 million+ budget and in FY 2009, our mil rate was \$1.65, yet our budget was \$15 million, so the correlation to the mil rate and how much we bring in is not necessarily equal. He said the mil rate is only a multiplier to get to the needed budget, and when SFD went from \$1.63 to \$2.02, the budget did not go up at the same 40% increase as the mil rate.

Mil Rate Comparisons: This compares mil rates of five Arizona fire districts of comparable size or services from FY 2009 to FY 2014. He noted Golder Ranch Fire District's AV did not go down, as compared to other districts. Chief Kazian also pointed out SFD's line has a dip where our mil rate was significantly reduced to \$1.40 for two years, but no other comparable fire district's mil rate was decreased in those years; as AV decreased, mil rates were increased; SFD did not follow the normal curve. He also pointed out even though Golder Ranch's AV maintained consistently, their mil rate is still at \$1.96.

Assessed Value Comparisons: He noted all comparable districts' (with the exception of Golder Ranch) AV trajectories decreased including SFD's.

Annual Budget Comparisons: Chief Kazian pointed out Daisy Mountain Fire District (as aforementioned) is capped at \$3.25 mil rate and has been forced into declining, but all other district's budgets have increased, with the exception of SFD which definitely decreased from 2009 to 2014. We are operating as lean as possible. Central Yavapai is at \$2.50, but their budget could be declining due to their bond amount.

Paradigm Shift: Chief Kazian said SFD has undergone a shift in the philosophy and approach over the past few years. It has been a healthy opportunity for self-reflection and prioritization of needs, wants, and must-haves for the organization. Focusing on the mission specific needs of SFD is the first and foremost priority. We are aiming for sustainable solutions for our long-term financial concerns and needs.

Budget Contributing Factors: Some items in the budget are controllable such as cost of living adjustments, pay scale, capital replacement, and finding opportunities for additional revenues; however, some factors are uncontrollable, such as healthcare costs, utilities, changes in laws and regulations, employer pension contributions set by the State, and others. The public safety pension contribution amount for SFD is going to 20.71% next year, as set by the State; other agencies in Arizona are over 50%.

Responsible Financial Trajectory: Chief Kazian is committed to funding the budget to safely operate the fire district – the annual budget has been reduced by millions of dollars and we have maintained core services; he believes we are close to the bottom of what the budget can be, although staff is still seeking opportunities for reductions. He said we must “gently glide into the proper and necessary levy level” where capital will be coming down, but the mil levy must go up.

Responsible Financial Trajectory (Chart): This is our levy (in green), other revenue (in orange) and capital reserves (in yellow), which have been depleted over the last few years and will continue to deplete to offset the budget. Chief Kazian said we must have a good plan and stay within it; he said the only way we survived double-digit AV decrease years was to take from capital reserves. Hopefully, the increase to levy will be gradual and absorbed over time, without significantly reducing the budget; SFD being lean is the best scenario.

Why Fluctuations in Tax Bills: Coconino and Yavapai Counties assess their properties differently. This chart illustrates the longstanding trend of variations between the two counties, and how because the same mil rate is multiplied in different ways by each county depending on the increase or decrease of AV, and how it will differently affect residents' taxes. It is not always logical and even if SFD did not raise the Levy amount, there would still be fluctuations in tax bills. This will continue to happen as long as SFD straddles two counties.

Tax Myths and Phone Calls: Chief Kazian receives many phone calls about tax bills, and it is hard to explain how one neighbor's tax bill increased while next door's decreased; it is about how the county assesses, over which SFD has no control. He said he truly appreciates phone calls because he would rather explanations come

from the Fire Chief, than neighbors who might not have all the facts. He wants to tell people about our slow growth philosophy and how we are fiscally operating and holding ourselves to accountability. He received a phone call recently saying “My AV went down 40%, why doesn’t your budget go down 40%?”; he does not believe that would be a responsible and accountable way to run a fire district – one day having 100 employees and the next having 60 – and his question is, if your house’s AV goes up 40%, can he bring those 40 employees back on the job? Although no one wants increases, he is giving accurate and true budget information on how to run the fire district as tight and lean as we can. He does not believe if AV goes up 10% that our budget should go up 10%, it should have a gradual 3% increase to match increasing costs.

Historical Assessed Values: This chart shows AV for Yavapai and Coconino Counties from FY 2008 through present, and indicates the drastic differences in how property was assessed.

Reductions in SFD Policies and Programs: Chief Kazian said during last year’s Meet and Confer to reduce expenses in the fire district, we made dramatic cuts to employee benefits including vacation, sick leave, and holiday pay, as well as changes in healthcare options that led to only a 1.79% increase in budget. He pointed out these were not one-time cuts, but will affect bottom lines annually, and we will reap the financial benefits of that for a long time when talking about sustainability.

Budget Goals/Planning: Chief Kazian said we are looking into the best cost solutions and pricing including bulk purchase and government pricing options.

Capital Purchases: Program budgeting must include capital purchases. When we need a new fire engine, we need the ability to drop in \$400,000 to \$500,000 to the budget for capital; we will begin to program capital of \$600,000 or \$650,000 annually to purchase apparatus, telecommunications, and equipment needs.

Board Contingency: Current policy says 15% of our budget will go into Board contingency, but our recommendation last year was to cap it at \$2 million instead and if the Board agrees, the policy will have to be changed; this will be agendized at a future meeting for discussion.

The Unknowns: These include healthcare costs, Workers Comp, COLA for employees, loss of Super Rural bonus, etc. that will affect the budget in an unknown way.

Ballpark Budget: He said we are beginning to work on the framework of the budget to know where items must be plugged in; prioritizing is being done and staff will have a target levy range once the actual AV is known.

Where We Go from Here: Chief Kazian said staff will work hard over the next three months to get the solid numbers to the Board; we do not have a budget workshop scheduled for February, but will have one in March, at which time the Board will receive budget books. In April, a budget workshop will be held to go through the actual sections of the budget and in May, make any necessary changes, and publish the budget for 20 days; in June, we receive final approval for the budget and send it to the counties by August 1st.

Board Input Opportunities for Staff: If the Board approves, a COLA will be added which will impact the budget, and we do not need discussion on this today; he said we typically use the CPI-West amount that comes out mid-February; as of December, Western States CPI is at 1.8% and Social Security COLA at 1.5%. This will require Board direction in February. There is a possibility to discuss going to a zero capital reserve fund.

He then asked the Board if there were any questions; Mrs. Cooperman asked if a reserve fund is mandated for fire districts; Chief Kazian said it is completely at the discretion of the Board; he said some districts have zero, which means at the end of the year when all the money is spent but more is needed, they have to get a loan from the county and pay interest on it, which is why past Boards put the policy into place. It is essentially a carryover until first half taxes come in.

Mr. Jablow asked why the Chief picked the particular fire districts for comparison; Chief Kazian said they are fire districts that have mil rates (cities do not) and are similar to SFD in some ways; Verde Valley is included

because it is in the area; many of these districts are listed as comparables in the AFDA study. Mr. Jablow said in the next budget presentation, it would be helpful to see information similar to what was included in last year's budget workshop showing comparisons of services to other fire districts, i.e., how many firefighters staffed daily compared to other agencies; Chief Kazian said staff could update the information from the presentation given last year based on \$300,000 homes. Mrs. Cooperman thanked staff.

B. Public Comments.

No public comments were made regarding the Budget Workshop.

III. REGULAR BUSINESS MEETING – 4:30 PM

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

Mrs. Cooperman opened the public session at 4:35 PM and led the Pledge of Allegiance. Division Chief Buzz Lechowski led the Moment of Silence for the 18 firefighters and police officers across the nation who lost their lives in the line of duty last month. Mr. Whittington then joined the meeting via telephone conference call.

B. Consent Agenda – Discussion/Possible Action.

- 1. December 18, 2013 Regular Business Meeting Minutes.**
- 2. December 18, 2013 Executive Session Minutes.**

Mrs. Cooperman entertained a motion to approve the Consent Agenda, as presented; Board Member Diane Schoen so moved; Board Member Nazih Hazime seconded, and the motion passed unanimously.

C. Public Forum

1. Public Comments.

Craig Dible – VOC: *During the 2012 SFD Board election campaign, the winning candidates all ran on a platform of accountability, openness and transparency. And yet, we now have evidence of what appears to be a major decision made by the current board members, in secret and without any public disclosure. A decision, by the way, announced right before Christmas when the public was distracted by the holidays. I'm talking about the Lowell Johnson Lawsuit. To review: Mr. Johnson was arrested February 22, 2012 on his way home from a fire board meeting. This arrest was reported in some detail in the Red Rock News. A Notice of Claim was sent to the District by Mr. Johnson's attorney on April 16, 2012 and received by SFD on April 23, 2012. Subsequently, nine Executive Session meetings were held on the complaint during 2012 and twelve more Executive Session meetings were held during 2013, for a total of twenty-one meetings on this issue. After all this time and effort, a settlement agreement was finally announced at the December 18, 2013 Board Meeting by Board Member Corrie Cooperman. Mrs. Cooperman moved to approve the agreement reached regarding the Lowell Johnson complaint and to authorize the Board Chairman to sign on behalf of the District and Board; Board Member Nazih Hazime seconded and the motion unanimously passed. So, after twenty-one secret meetings over almost a two year period, that's it? Nothing more? I have the following questions: 1) After a total of twenty-one meetings were held in secret behind closed doors, why weren't the terms of the settlement agreement released to the public? 2) Wasn't the SFD Board required by the Open Meeting Law to disclose the terms of the agreement before the vote was taken to approve it? 3) Will the taxpayers ever get an accounting of the legal fees, costs and other expenses associated with this settlement? 4) Will the citizens ever find out the guilt or innocence of the parties involved, including former Assistant Chief Terry Keller?*

2. Executive Staff Response to Public Comments.

Upon the advice of Attorney Bill Whittington, no response was given as the item was not on the Agenda.

D. Business

1. Discussion/Possible Action: Financial Audit of FY 2013 by Walker & Armstrong.

Chief Kazian introduced Steve Tate with Walker & Armstrong (W&A) of Phoenix. Mr. Tate said W&A completed an audit of SFD for the year ended June 30, 2013, which report has been submitted to the Fire Board for review. He then gave his audit presentation, and noted W&A was engaged to perform this audit in accordance with Generally Accepted Auditing Principles (GAAP), as well as standards required by the

government for public agencies. Mr. Tate said W&A is required to inform the Board of any issues pertaining to the audit process. Accounting policies are disclosed in financial statements in Note 1 consistent with the policies of the prior year; there is one new pronouncement with the classification of the net position of the district. He said there were no significant difficulties in performing the audit and SFD staff was cooperative in providing documentation and records requested. Mr. Tate said there were no material misstatements of financial statements. He said when audit work is completed and draft financial statements presented, at that time, they also present a management representation letter for review and signature; this letter affirms in writing that management concurs with the results of the audit and are not aware of any other issues not disclosed in the process. Mr. Tate then referenced their opinion on pages 1 and 2 of the report. He said during the audit, W&A not only examines records maintained at the fire district, but also confirms with the third parties, the accuracies of cash and investment balances, liabilities, and other issues.

On page 2, W&A expressed that the financial statements are fairly presented in all material respects in accordance with GAAP. On pages 3 – 9 is the management discussion and analysis, an overview of financial results of the year. The district had assets of \$13.4 million at the end of June 30, 2013, of which almost \$7.5 million is directly invested in capital assets – infrastructure, buildings, equipment, vehicles, etc. and almost \$6 million is the remainder of other assets. There was a decrease in net position of \$1.8 million, and on the fund basis, an increase of \$985,000. Mr. Tate said at the end of the fiscal year, a lease obligation was entered that funded prior to June 30th for Station 6; the monies were received and lease obligation entered, both of which are recognized in financial statements, but at that time, no construction had occurred resulting in a large significant amount of cash with a debt on the books at the same time. On page 6, is a comparison of the net position of SFD at the end of 2013 compared to the prior year with the current and other assets up by almost one million dollars attributable to the lease financing. The capital assets are somewhat down from the prior year as a result of depreciation. Liabilities increased due to capital lease obligations as the primary reason. Page 7 is a reflection of comparison of revenues and expenses for the two fiscal years – charges for services increased over the prior year, property taxes were somewhat down due to AV being less than prior year, and other sources of revenues. Expenses have increased resulting in the net decrease for the position of the year.

On page 10 is the first financial statement of net position in more detail of the liabilities and assets. The biggest liquid asset is cash and investments and receivables related to property taxes and billings and other significant assets as capital assets. Accounts payable are listed as \$219,000 accrued payroll and non-current liabilities, primarily existing lease obligations. Page 11 is the statement of activities including all expenses incurred comparing against revenues, charges for services, as well as taxes for the net decrease in position of \$1.8 million. The following two pages are converted into fund basis of accounting opposed to an overall financial picture. On page 12, the balance sheet of major funds – general, capital projects fund, special projects, and other minor funds – overall coming to totals described previously broken down by fund. On the capital projects fund, \$2,250,000 is funded with lease obligation on hand at the end of June. On page 13 is the revenues and expenses on fund basis for the year and revenues are as discussed previously with expenses in more detail.

On page 14 is a reconciliation of governmental funds of \$985,000, as described earlier a net decrease in net position for the year of \$1.8 million with the reasons listed –being capital outlays and depreciation are not recognized in fund accounting but are recognized on government financials with adjustments made. Other significant adjustments are compensated absences are not a part of governmental funds nor are the debt proceeds. Following are notes, which include financial policies are basically unchanged from the prior year. He pointed out on page 21 is a breakdown of capital assets of land and improvements, construction progress, buildings, and impact. On page 22 is a reflection of the changes in liabilities, compensated absences, and capital leases. Note 7 describes terms of payment of the capital lease obligation. Note 10 describes the terms of the retirement plans of the district. On page 27 is a budget actual comparison for the general fund showing the revenues came in \$84,000 in excess of budgeted amount; expenditures at \$860,000 less than budgeted.

The report on internal controls including testing for compliance to make sure controls in place are consistent with controls identified in policies and procedures; the report indicates W&A found no weaknesses, either material or significant deficiencies in the internal controls of SFD. Mr. Tate said the Board can take

satisfaction in the fact controls in place have a good segregation of duties and functions as well as good oversight in accounting information provided to the Board. Recent legislation requires fire districts to provide financial information and SFD provides it on a monthly basis to the Board; it constitutes extra work for staff, but is good from the standpoint of giving the Board current information. He said this stemmed from a significant failure of Showlow Fire District to their financial controls and reporting. Mr. Tate commended SFD for its diligence in making sure controls are in place and providing financial information to the Board.

Mr. Hazime stated his appreciation to Mr. Tate for his thorough report and identifying SFD staff handling its financial responsibilities well, but commented there is usually room for improvement. Mr. Tate said if there were any specific control issues, it would be a part of their purview to recommend, but what they found is the controls SFD has in place and ways they are functioning are adequate. He noted there was a change in accounting software which created some concerns in implementation, but W&A was consulted during the process and provided advice as to how to best implement the program. Mrs. Cooperman said it is reassuring and gratifying to hear SFD finances are in proper condition; she also acknowledged the Board's appreciation of Finance Manager Sandi Schmidt and Chief Kazian's excellent management of the financial affairs.

Chief Kazian referenced page 9 on economic factors and found it interesting in staff's review that a decrease is expected up to 7% in FY 2014 and of the need to adjust the mil rate, utilize a significant portion of reserve funds, or significantly decrease operations to match reduced revenue; he said that mirrors the previous discussion during the budget workshop. He said on page 8, the second sentence under budgetary highlights, says the positive expenditure variance has resulted primarily from an overall effort to reduce operating costs and the fact the district did not incur expenditures that fully used the capital debt service or reserve line item; he noted the cash carryover from budget which includes \$400,000 of contingency; in essence, \$80,000 of additional revenue and we did not spend \$500,000 by changing policies/procedures, choosing and prioritizing purchases, and reflects how everyone at SFD is trying to make sure we are maintaining responsibility. Chief Kazian expressed his appreciation to Mr. Tate for the auditors' work and it is great to assure our community we are following best practices. He said sometimes people have a tendency to assume if one fire district does something improper, it happens across the board and this audit helps bolster confidence in SFD. Mr. Tate commended the district on the diligence demonstrated in an ongoing process and the Board's oversight is important as well. *Mrs. Cooperman then entertained a motion; Mrs. Schoen then moved to accept the Fiscal Year 2013 financial audit, as presented by Walker and Armstrong; a second was provided by Mr. Jablow and the motion was unanimously approved.*

2. Discussion/Possible Action: Review and Approval of December 2013 Financial Report.

Chief Kazian stated the financial report was included in their packets and pointed out wildland fire billing this year has been almost all paid except for about \$4,000; he gave kudos to firefighters and finance for expediting the process by submitting correct paperwork and excellent billing procedures. *Mr. Hazime then moved to approve the December 2013 financial report, as presented; Mr. Jablow seconded and the motion unanimously passed at 4 to 0.*

3. Monthly Staff Report – Fire Chief Kris Kazian.

- a. Call Summary for Month and Year to Date.**
- b. Calls by Still District Summary for Month and Year to Date.**
- c. Emergency Response Times Summary for Month and Year to Date.**
- d. Regional Communications Center Dispatch Activity for Month and Year to Date.**

Chief Kazian gave his Monthly Report (attached) which includes 2013 Year End figures; total incidents were 3,894 up from the 2012 amount at 3,878; rescue calls increased by six, some of which were complex rope rescues. He noted Calls by Still District section breaks down numbers of calls from each station. The emergency response times summary averaged 7 minutes 19 seconds, based on geographics of our district longer responses bring up the averages. Division Chief Lechowski pointed out the figures are from first on-scene times and if we were responding to two or more calls simultaneously, those responses tend to be longer due to crews coming from longer distances. Mrs. Cooperman said patients reached within six and eight minutes both improved. Chief Kazian stated Chief Lechowski's charge is to thoroughly evaluate the numbers,

and staff may decide to eliminate rescue assignments from averages because of lengthy responses they require to reach trailheads and mountaintops by the crews; Chief Lechowski pointed out those are not responding to a known address, such as for a heart attack call, and Chief Kazian believes it is an unfair comparison. He said the Regional Communications Center received many calls in 2013 as indicated on the report.

e. Special/Significant Activities and Incidents.

f. General Update of Recent SFD Activities, Happenings, and Events.

Chief Kazian discussed a couple of significant incidents and fires in December 2013 including a fire at Enchantment Resort on December 1st, and on December 10th, a laundry room fire in a residence in the Casa Manana area with crews making an incredible stop and preventing the fire's spread to other areas of the home. Considering the lack of precipitation so far this winter, SFD is bracing for a potentially challenging wildland fire season, and the Chief is meeting with City of Sedona officials to discuss FireWise for the community. He recently sent videos to the Fire Board indicating some of the risks factors in wildland fires for our area.

He said SFD was asked to host New York Fire Department's Rescue 4, a renovated truck that was at Ground Zero on 9/11/01, which is now being driven around the country by a non-profit group for education and awareness; we will send out a press release; the event is tentatively scheduled for February 4th.

Chief Kazian gave a word of caution regarding the flu in our area; many firefighters and their families have been ill recently and SFD experienced significant sick leave use; he reminded all to wash hands frequently and to stay at home if sick so the flu does not spread. Mrs. Cooperman asked how SFD is covering the individuals who are absent due to the flu; Chief Kazian said our Reserve force is in place as part of minimum staffing, but there have been days when 5 or 6 personnel called in sick and with only one Reserve available, we had to fill back with overtime; he said there has been no issue with service coverage or staffing the vehicles.

g. Update of Grant Activity.

Community Risk Management wrote a grant to the Governor's Office of Highway Safety for \$3,098, which was awarded, accepted and received, to purchase children's car seats at no cost to the community; subsequently, Walmart in Cottonwood also donated an additional \$300 to purchase car seats; car accidents pose a significant risk for young children in our community. SFD has a car seat inspection program for residents and Fire Marshal Gary Johnson stated "it is the exception to find a seat installed correctly". Chief Kazian mentioned the Assistance to Firefighter grants for which SFD has recently applied and pending approval: for an incident command training module; a regional grant hosted by Bullhead City Fire District for video conferencing equipment; and a regional grant for dispatch consoles.

h. SFD Training Report.

i. Donations to SFD.

j. Correspondence/Thank You Letters to SFD.

SFD had more than 25,000 hours of training education for personnel in 2013; Chief Kazian said we aim for 240 hours of training per the insurance service organization. He noted Firefighter Steve Corpus received his Associates degree. No donations were received in December. A couple of thank you letters were received.

k. Presentation: Appreciation Plaque from Sunset Village.

Chief Kazian reported Sunset Senior Village in Sedona presented an appreciation plaque to SFD for its service to the community; he noted Captain Jeff Wassell and BC Cochrane's B Shift crew helped judge their holiday lighting contest. He also said the United States Marine Corp Reserves sent SFD a Commander's Award for being a drop off point, once again, for their Toys for Tots program, which helped 1,356 children in the Sedona area in 2013, making it the most successful year ever; he said we are proud to partner with Marine Reserves.

E. Items from Staff.

1. Update: Station #6 Construction.

Chief Kazian gave an update on Station #6 construction; roofing material is being installed today; he noted although the roofing material looks silver, it will patina into a brown color. The concrete was poured for the bay floors; walls are up and ceiling grids in; electrical and lights are being installed; staff and construction crew are

working on finalizing the substantial completion date, which will be slightly delayed from the contract, partially due to not receiving the ADOT permit until last week, but which was expected in November; this delayed connecting utilities and grading. He still believes we will receive the keys to the station sometime in mid- to late-March and the goal is to begin staffing around April 1st, although that is not a guarantee to the public. He said with that in mind, he is hoping to set a dedication date around then on a weekend. Mrs. Schoen noted Saturdays could create a conflict for the Jewish Community Center as that is the Sabbath for the synagogue; Chief Kazian said he will leave selecting a date to the Board. Mr. Jablow asked about the grading being done; Chief Kazian said construction crew is grading the apron, catch basins for water, and other final grading, due to the receipt of the ADOT permit, and will start pouring concrete for curbs, sidewalk, and apron in a week or so.

Mrs. Schoen commented the construction at the synagogue currently is separate from the fire station construction and is being done by a private builder for the synagogue. She has received very positive comments from community members on the beautiful and practical design of the station and how it fits in the area. Chief Kazian said he expects the residents of the Chapel area are especially excited about service beginning soon from the new station, but it will also benefit the whole district for second-due response. Mrs. Cooperman said she recently attend a meeting of the Sedona Women's Club and also heard comments about the design and how citizens were appreciative the Board chose a beautiful design for the station.

2. Discussion/Possible Action: Purchase Order #8697 in the amount of \$20,502.53 and Purchase Order #8698 in the amount of \$5,895.31 to CIS Phoenix for Furniture and Related Items for Station #6 and Replacement Furniture for Current Stations.

Chief Kazian commented these two purchase orders are for some of the furniture and fixtures for Station 6 and budgeted replacement for other stations which represent a bulk savings; he said there will be another purchase order for fitness equipment brought to the Board in February, as well as other smaller items. He said there are two purchase orders because staff wanted to make clear what is going to Station #6 and what is going to other stations; everything listed with the exception of the dining table, which was an open market piece found for \$489 and the beds which were also sought on the open market and staff shopped around for the best prices. The key with CIS Phoenix is a lifetime warranty on most items. *Mrs. Cooperman then entertained a motion to approve Purchase Orders #8697 and #8698 to CIS Phoenix for furniture; Mr. Jablow so moved; Mrs. Schoen provided a second and the motion was unanimously approved at 4 to 0.*

a. Discussion/Possible Action: Request for Line-of-Duty Death Memorial at Station #6 for DPS Department of Public Safety Officer killed on Helicopter Rescue in Sedona Fire District. (Retired DPS Officer Dave Garrison)

Division Chief Scott Schwisow introduced retired DPS Officer Dave Garrison to discuss a proposed memorial at Station 6. On October 13, 2008, a DPS helicopter joined a SFD rescue of two stranded hikers on Bear Mountain and one of the DPS officers was fatally struck by a helicopter blade; since that day five years ago, DPS has tried to find an appropriate place in Sedona to place a memorial to Officer Bruce Harrell; DPS has 26 similar memorials across the State of Arizona honoring fallen officers. They unsuccessfully tried to place a memorial on several different locations on Forest Service land, but were denied even with the intervention of Senator Jon McCain. A few weeks ago, a DPS Officer/CEP was talking to Chief Schwisow and raised the question of placing the memorial at our new station. Everyone involved feels it would be a wonderful place, appropriately close to the incident site, with a beautiful backdrop of red rocks. The Board received a picture of a similar memorial stone located at the site at Anthem where another DPS officer lost his life years ago. Mr. Garrison said DPS is trying to get more of a red-colored stone for Sedona. Chief Schwisow stated he has talked to LEA and Danson Construction about where to place the memorial and suggested an area by the flagpole. Mr. Garrison said any costs involved with installing the stone will be covered by his partnership and not by SFD taxpayers. Mr. Hazime said this is an excellent endeavor and can think of no reason not to approve it. Mrs. Cooperman commented this officer lost his life helping our district with a rescue and believes it is an honor to accommodate this request. She received Board consensus for the memorial to be placed at Station 6. Mr. Garrison thanked the Board and stated SFD was instrumental in helping establish helicopter rescue in Arizona.

3. Discussion/Possible Action: Sedona Regional Communications Center (SRCC) – Organizational Structure; Staffing; and Intergovernmental Agreements.

Board Member Nazih Hazime abstained from discussion and voting on this item due to his potential conflict of interest in his position as Fire Chief of Verde Valley Fire District; Mr. Whittington asked him to distinguish this as not being a personal financial interest conflict pursuant to statute, and Mr. Hazime did so.

Chief Kazian said in December, the Board approved a Reduction in Force Policy, which was to be considered as part of the reorganization and structure of SRCC staffing; one intention was to reduce from the current 11 dispatchers to 10; he noted when he started in March 2012, there were 14 dispatchers and as each one left due to various reasons, they were not replaced. He announced one of the SFD Communication Specialists recently resigned voluntarily, which achieved the desired number of 10 dispatchers. Staff recommends going to two supervisors for the Center down from the current five, and the RIF Policy will be used to set that testing process; he noted those employees will still work for SFD but not as supervisors. He said with that comes financial opportunities for the district and SRCC. He told the Board Cottonwood Fire would be separating service from SFD and beginning to dispatch for themselves on July 1st, out of their current location as their new building will not be ready; we are not sure what other agencies may be joining Cottonwood or staying with SRCC. He stated SFD is looking to create an eligibility list and testing for part-time employees for the SRCC because there is a big learning curve in dispatching and if any of the 10 current dispatchers leave, we need to be prepared to cover shifts and keep the SRCC operating; he said dispatching is a complex and technical job with training and certification, and SFD must plan for future success and sustainability.

Chief Kazian said the Board has the Intergovernmental Agreement (IGA) for Fiscal Year 2015, and noted this is the same as approved last year; the template is the IGA used with Cottonwood, but with the specifics of remuneration for some expenses removed; it allows for up to 5% increase in cost per call, and is a one year agreement. *Mrs. Cooperman then entertained a motion to approve the proposed IGA; Mr. Jablow so moved to approve the Fiscal Year 2015 SRCC participation IGA, as presented, Mrs. Schoen seconded and the motion passed at 3 to 0 (with the abstention by Mr. Hazime).* Mr. Jablow asked if the part-time eligibility list would just be open to former SFD employees, or for anyone looking for a part-time job; Chief Kazian said they would open the part-time work up to former SFD dispatchers initially, but secondarily, would look to people who are interested in a part-time job and training from the “ground up”.

4. Discussion/Possible Action: Policy #2013-02, Grants.

Chief Kazian stated this policy was discussed last month and is the same draft as December with the two issues raised by the Board – dollar amount and updates – addressed; he noted as a new year has begun, the Policy would become #2014-01. *Mrs. Cooperman moved to approve Policy #2014-01, Grants, as presented; Mr. Jablow seconded and the motion passed at 4 to 0.*

F. Item from Board Chairman Ty Montgomery.

1. Monthly Update: Fees for Legal Services Provided to SFD.

Mrs. Cooperman noted the legal expenses for the first half of the fiscal year are at \$22,752, which is well below half of our \$60,000 budget for legal expenses.

IV. FIRE MARSHAL’S SAFETY MESSAGE

Fire Marshal Gary Johnson reiterated the Fire Chief’s earlier statements regarding being “fire wise” and stated this is the time to take action and be proactive and plan ahead.

V. ADJOURNMENT

The meeting adjourned at 6:10 PM.

Original was signed by Corrie Cooperman

Corrie Cooperman, Clerk of the Board

:tg