



~Note: These Minutes were approved by the Board on 6/17/15.~

Sedona Fire District

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

**SPECIAL BOARD MEETING & PUBLIC BUDGET WORKSHOP**  
**Station #1 – 2860 Southwest Drive – Sedona – Multipurpose Room**  
**Thursday, May 7, 2015 / 4:00 PM**  
**~ MINUTES ~**

**I. CALL TO ORDER/ROLL CALL**

**Board Present:** Ty Montgomery – Chairman; Corrie Cooperman – Clerk; Scott Jablow, Nazih Hazime, Diane Schoen – Members

**Staff Present:** Kris Kazian – Fire Chief; Scott Schwisow – Division Chief; Gary Johnson – Fire Marshal; Sandi Schmidt – Finance Manager; Jane Witt – HR Manager; Tricia Greer – Executive Assistant

Board Chairman Ty Montgomery called the Public Session to order at 4:00 PM.

**II. FISCAL YEAR 2015/2016 SFD BUDGET WORKSHOP**

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

Mr. Montgomery led the Pledge of Allegiance and Moment of Silence.

**B. FY 2015/2016 Budget Presentation from SFD Staff; Board and Staff Discussion.**

Mr. Montgomery then asked Fire Chief Kris Kazian to present his PowerPoint, as follows:

*FY 2016...and Beyond*

**Budget Workshop**

**May 7, 2015**

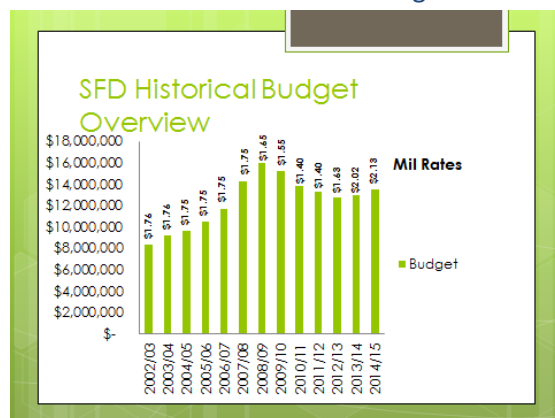
*Planning for the present and the future*

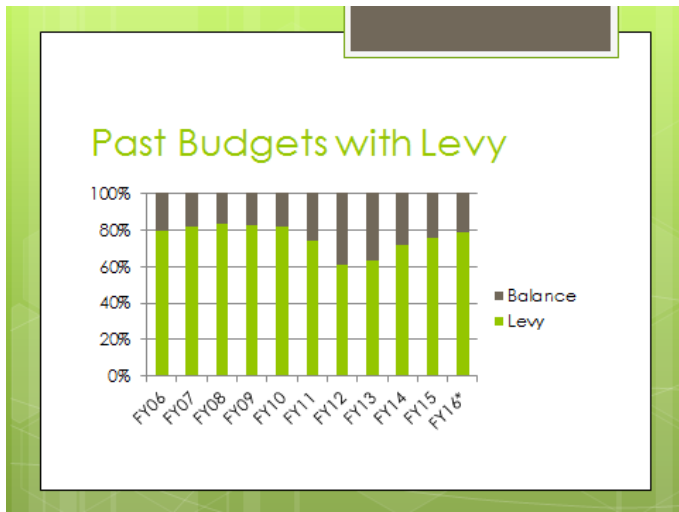
**SFD Budget Process**

- The Budget Process is an ongoing cycle of evaluating the need to provide core services, other services we may decide to provide, and forecasting future needs for the community and SFD personnel

**Our Commitment**

- The reality is – it is not cheap to provide the services we provide – the cost of the workforce and tools / equipment we need to effectively operate
- We are dedicated to finding the best and most cost efficient means to provide emergency services





### Retrospective vs. Prospective

- Historically, we have spent a lot of time talking about what the budgets of the past have looked like and where we were
- It is important to know where we are going based on the past, but looking forward is critical as well
- The past is behind us and many challenges lie ahead

### Crossing the Budget Bridge

- We talked about the need to bridge the budget principles of the past and budget principles of the future
- We have had to have more substantial increases to the levy the past few years
- We are transitioning to relying solely on the levy and having very little capital reserve

### Future Budget Concerns

- Proposition 117 impacts
  - We have seen the impact for the first year (FY16) and expect this to cause a very tight fiscal constraint
  - Practically guarantees annual Mil Rate increase
- PSPRS costs
  - Fiscal health and legal decisions are costly
- Healthcare Increases
  - Still seeing increases to premiums

### Considerations in FY16 Budget

- Realistic Capital Improvement Plan
- One-time costs of migrating dispatch
- Expense of 3 executive management employees retiring in FY16
- Reduction in long-term end leave liability costs for SFD with elimination of SRCC

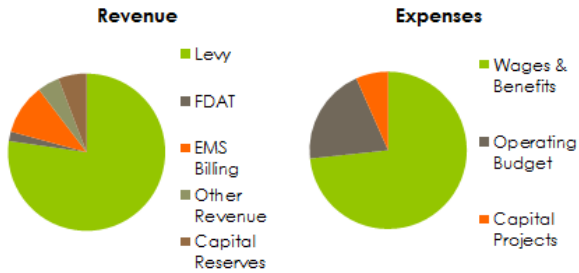
### GIS Position in FY16

- The budget numbers we have presented to you include the GIS (Geographical Information System) position
- GIS budget is \$101,216 (salary, roll-ups and all operating expenses in budget)
- A few different directions this could go:
  - Maintain position and perform PSAP work with about 25% recoup on costs
  - Cottonwood takes over the responsibilities
  - SFD determines we would prefer the position to become a more Data Analysis/GIS function and have Cottonwood maintain the PSAP portion

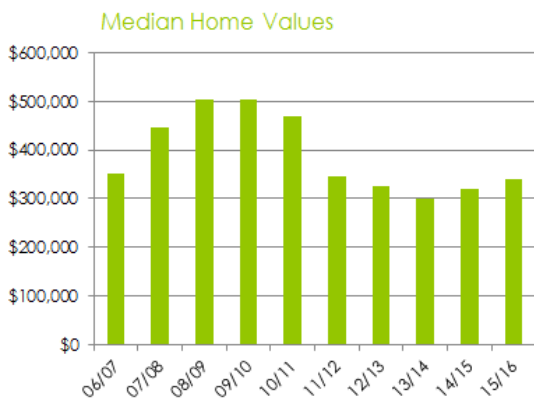
## Proposed Budget – FY16

○ Proposed Total Budget	\$15,130,165
○ Levy	\$11,907,314
○ Capital Reserve	\$ 937,347
○ Other Revenue	\$ 2,285,504
○ Proposed MIL Rate	\$2.423

## Budget Details



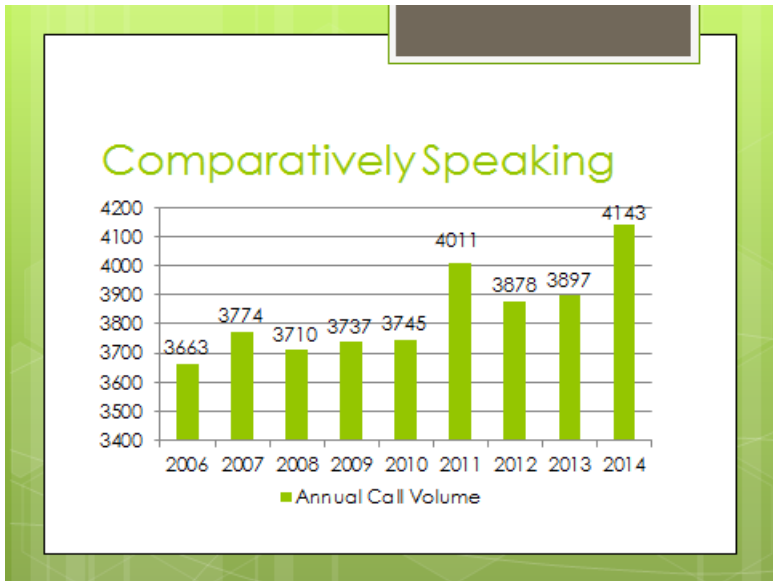
## Median Home Values





**Comparatively Speaking**

- FY16 budget is proposed to be less than the FY09 and FY10 budgets
- FY17 budget, as proposed, is still less than the FY09 budget (8 years later)
- Since 2008-09 we have added staffing, built a new station, had many increases in costs for utilities, pension, healthcare, etc.
- Funded many capital projects in last few years
- Experienced an increase in call volume and in many cases seen the technical nature of calls increased

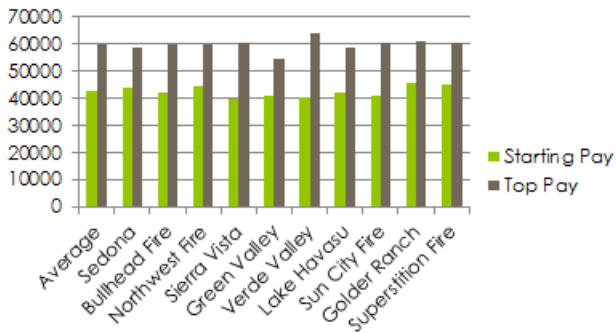


**Quick Salary Study Comparison**

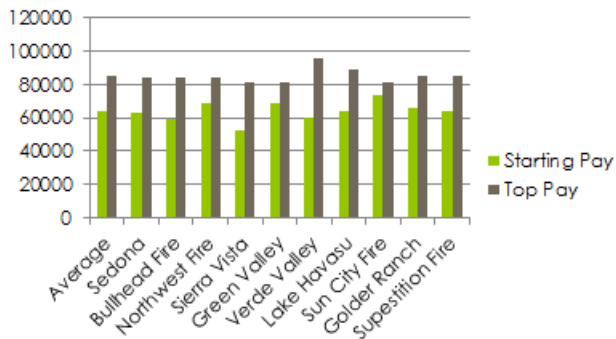
Starting Salary vs. Top Salary for Various Positions

This was derived from phone calls made by HR in April 2015 and do not necessarily reflect what salaries may be in FY16.

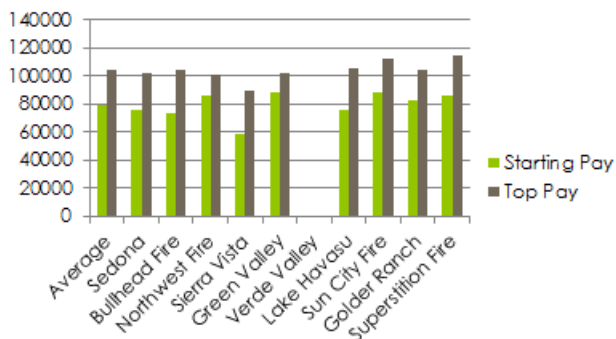
### Firefighter Starting and Top Salary Survey – April 2015



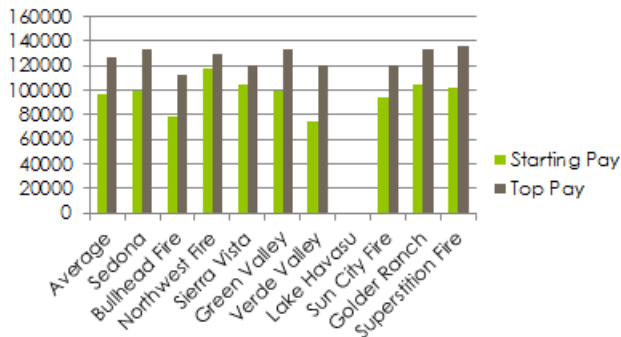
### Captain Starting and Top Salary Survey – April 2015



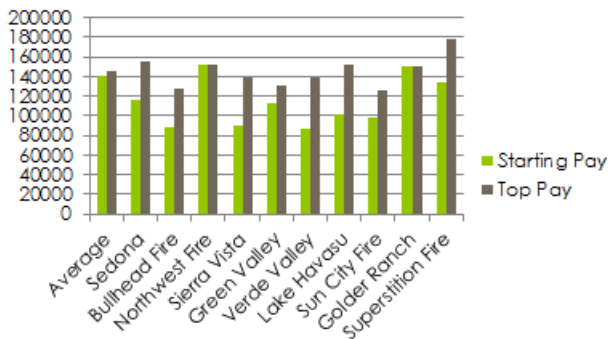
### Battalion Chief Starting and Top Salary Survey – April 2015



## Assistant Chief Starting and Top Salary Survey – April 2015



## Fire Chief Starting and Top Salary Survey – April 2015



### Salary Study Summary

- Generally speaking – SFD is not the highest paid compared to many “like” Fire Districts in Arizona when looking at Starting and Top Salaries
- We want to remain competitive to encourage retention and employee satisfaction
- SFD employees provide high quality emergency services with professionalism and dedication to our community
- There are huge “costs” in employee turnover

### Why Do We Need to Keep a Competitive Edge?

- Employee recruitment and retention are critical for our success
  - Competitive wages
  - Competitive benefits
  - Professional opportunities
- Costly Variables
  - Revolving door costs are expensive
  - Unstable environment is costly
  - Lack of organizational culture is hard to track

## **FY16 Capital Projects**

- This budget includes many capital projects necessary to maintain operational effectiveness
- Ignoring them only pushes the problem to another budget, potentially increases the cost of the project, and possibly exposes the District to liability issues down the road

### **Capital Projects- FY16**

- Migration of SRCC (Telecom) \$150,000
- Lease Purchase of Gurneys \$ 55,440 (3 yr.)  
*FY16 includes sales tax & shipping expenses*
- AV equip and new website \$ 60,000
- 2 new Ambulances \$330,000
- UTV \$ 22,000
- Staff Vehicle (replace 1999) \$ 45,000
- Telecom equipment \$100,000
- Operational equipment \$ 52,500

### **Facilities Projects**

- \$111,000 for projects listed below:
  - Station Safety and Security Measures
  - Exterior Painting (St. 1)
  - Carpet and Flooring Replacement (St. 1 & 3)
  - HVAC work (St. 1, 3, & 4)
  - Parking Lot resealing and painting (St. 1 & 3)
  - Landscape Projects (All Stations)

### **Things that Were Cut from the FY16 Budget**

- Part-time Admin. position in FY16
- New training room chairs at St. 1
- Cut 1 paramedic class funding
- Cut Reserve program
- Cut some facilities' projects
- Cut some training funding requested

### **Meet and Confer Process**

- The majority of issues worked on in Meet and Confer with both 3690 and ASEA were items that will not cost SFD significant dollars. Many changes were negotiated to allow for better operations and more in-line with management /operational objectives
- The only real outstanding issue is the decision by the Board on the COLA – Cost of Living Adjustment – traditionally considered at this meeting

### **COLA**

- Meet and Confer established a plan to use the Social Security Administration COLA as benchmark for SFD to base its consideration
- A 1.7% COLA has an impact of \$159,851 into the proposed budget – and is already factored in
- Our employees have clearly illustrated their continued commitment to SFD while enduring many changes over the years in the ways of pay freezes, benefit reduction programs, etc.

### **PSPRS Update**

- PSPRS (pension system) is in a state of flux right now
- PFFA is leading the charge to engage reform across the board – meeting with lukewarm reception

- SFD Unfunded Liability is considerable and growing
- Action will likely be taken by the legislators or PFFA in the next year to address the situation

**Workers Compensation**

- CopperPoint (Formerly SCF Arizona) was transformed from a state agency to a private for-profit company
- Recently, the Department of Insurance directed the book of business be broken out and is requiring CopperPoint to have brokers sell coverage – expecting some better advocacy in this area going forward

**Prospective Look Ahead**

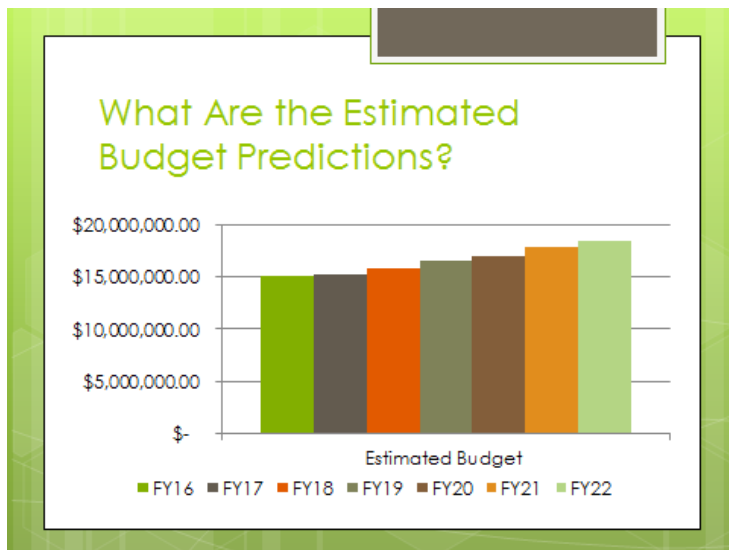
- Estimated levy for FY17 is estimated to be increased at much lower % than the last few years
- We will begin to have some direction on true impacts of Prop 117
- There may be progress made in the PSRPS legislative issue, hopefully reducing the need for levy amounts at the local level

**Looking to the Future**

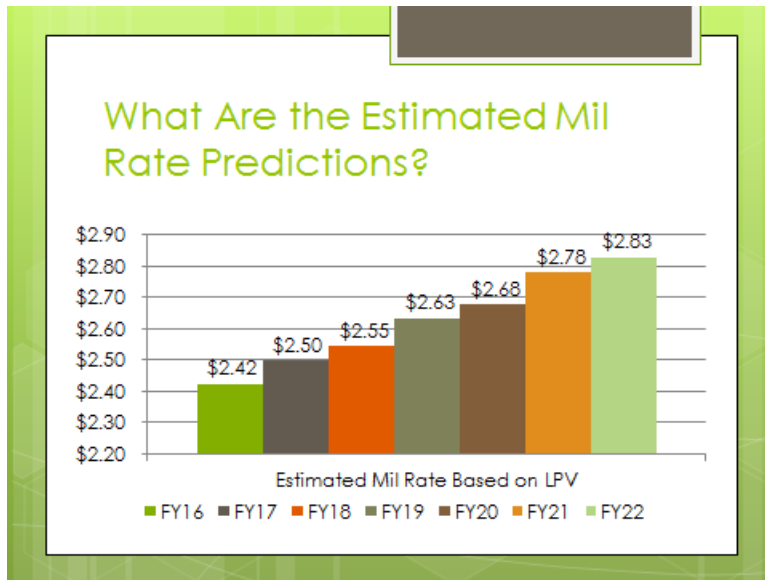
- SFD staff has made budget projections based on the following details:
  - 2% AV Growth
  - Employer PSPRS costs increasing at a 10% rate going forward
  - Healthcare costs increasing
  - Other Insurance costs remaining constant with a small increase to adjust for inflation factors

**Prospective Look Ahead**

- We will have bridged the budget and the philosophy we have developed will begin to smooth out the levy increases we have seen
- Realize, we are looking at numbers where we are because we have made some aggressive and dramatic reductions in many benefits and alterations to programs agreed on by labor and management, such as:
  - Healthcare deductibles
  - Leave Accruals
  - Holiday Pay







#### Where Does This Take Us?

- The Board needs to give some direction on what needs to be done for the FY16 budget:
  - Any comments about the budget as submitted?
  - Are we comfortable with the Capital Projects as presented?
  - Thoughts on the GIS position
  - Questions about PSPRS
  - Direction on the 1.7% COLA as presented

#### C. Public Comments.

**Brent Johnson – SFD Firefighter / Representative for Local 3690:** *I am here today to talk about the COLA as that is the only thing that hasn't been established yet. This year in Meet and Confer, and the Chief had mentioned it, was very mellow – we weren't too aggressive – we want to be careful with our impact to the budget. The only thing we discussed that really had a large number attached was the COLA – most things were net zero for the kind of changes we wanted to make this year. And I know after talking to the Chief there was some concern that might be a point of contention with this budget going forward, and I wanted to make sure you guys had our perspective on it, from labor, to make sure you were well informed and had all the details to consider when you are making this decision. The first thing that comes to mind is as we go forward, we know from PSPRS contributions, we are all going to be taking a 2% pay cut as our contribution increases, and our hope is that this COLA would offset – although it wouldn't completely cover that – cut in pay, with the 1.7% COLA. What we are seeing also is with the wage study that just came in, it supports what we're thinking. We have... I think low Firefighter was above average and everyone else from the high and low, all the way up to Battalion Chief, which is the group I represent, were all below average in pay. And to me, that puts us on the wrong side of that line. We've always been very, very careful when we plan and we Meet and Confer, to know that we want to be rational and not be the 80 percentile or the 100 percentile when it comes to pay. It's a safe place to be where we're at, but we are dropping under that line that I think is acceptable, when you look at the kind of service we provide and type of department we are. We certainly have a very large risk model considering where we're at. We do quite a bit of TRT, which puts us at a lot of physical risk – much more so, I would say, than our comparables. So, finding us falling behind in the below average range for our membership – I don't see that as the place we fit. We want to be rational and don't want to overreach and we certainly don't want to have large impacts to the budget in this area, but we do want to be relevant in today's market, so we make sure we are bringing in people to the organization that are the cream of the crop... that are the best and they are going to look at things like wages. This is going to impact that and we need to give some relevancy to those numbers. Another thing to consider, and this is just something I've heard recently and it's kind of been a doomsday kind of thing that's been hanging over my head, is there was something reported about our*

*comparables, since we're talking about it... Central Yavapai is looking to lay off people, brown out stations, and it was kind of a thing that was overbearing... it is Chino, sorry, and I just want to make sure everybody got that information because that particular department is very, very pertinent in terms of comparables to us, although they are not featured in the wage study there. They are the closest and most similar to us, and I didn't want that to be in anybody's minds, because it was in mine when I heard about it, so it was actually Chino – you are right. Actually, Central Yavapai is looking to pick up those Firefighters, if they have to, although I think one is attrition now, and another one is testing out. So, I just wanted to get that off the plate, and then, I think it's important to look at the history of Sedona when you start talking about the 15 million dollar budget. We have been there before, we've had that kind of a budget before. I don't think this is a bad budget. I look at the budgets of the past and I know we've had savings and we've had capital improvement plans and then, of course, we went through a very large dip, where some very unreasonable decisions were made, and we're still living with those things now. I'm not telling you anything you don't know. But I think we need to look with fresh eyes at that 15 million dollar number. That 15 million dollar number is not the old number. Now, we have two Division Chiefs, we have HR, we have a new secretary coming in, we have capital improvements happening that weren't happening before and we have a new station and staffing to go along with that. This is a larger department with a better service model for the same number we've had in the past. So, I don't take issue with this. I know it's a big number, but doing business costs money. And we are expanding that service model to our community, and it's falling into that number, and I think it's a good budget. I mean, we've all looked it over. I think management has done a good job coming up with it and we agree with it. And part of that, I don't want the relevancy of the COLA to be easily on the chopping block because it does mean quite a bit to our personnel, and it is one of the things at this year's Meet and Confer we were willing to ask for that wasn't cost zero, but we think it's right and it's relevant to people when they look at their Social Security and see 1.7%, they understand where that number comes from for us. Really, that's the only thing I came here to talk about today in order to represent my membership. I hope you consider these things and if you have any questions, feel free to ask me, but I will not be around at the next Board meeting, so I took the opportunity to speak to you today. Thanks again for your service, and we appreciate everything you do for our department and the community.*

Mr. Montgomery then opened the floor for discussion or comments on the budget presentation. Mrs. Cooperman asked about the amount left in capital reserves. Chief Kazian said he does not yet have a specific number, but explained the process; the district ends its fiscal year on June 30<sup>th</sup>, but still collects ambulance revenue into August, which gets “retro’ed” into the account; the audit is completed in December to determine exact amounts; therefore, the district is always in arrears; Chief Kazian said the carryover amount is yet to be determined. Finance Manager Sandi Schmidt said capital reserves will essentially be depleted and whatever is not spent from the budget will be carried over; we are working to get that number.

Mrs. Schoen used an analogy for what Mrs. Cooperman asked, as having a big savings account and think “I don't want to spend my savings that I have to fall back on” – it is balancing your assets, and we have increased the value of the district by upgrading and replacing items by using the “savings account”; it should not be skewed to having too much savings operating with old equipment; she said the district needs to upgrade with those funds. Chief Schwisow said budgeting every year for the Capital Improvement Plan means we are living within our budget. Mrs. Schoen commented that is being reactive instead of proactive, which is a danger in any organization's budget. Mr. Hazime said that is the goal, but unfortunately, because of poor decision making of past Boards, we are trying to catch up now.

Chief Kazian said the other piece is the purchases are made by taxpayers now, but if we save it for eight years, then the taxpayer moves, they did not receive the benefit; he said the savings account did sustain SFD through hard times, and the Board does have a policy to keep \$2 million in reserves for warrants and to pay interest, which could be considered a savings account. Mr. Jablow pointed out there have been many times when the district has needed emergency money, such as having a person drive a car into our fire station and hit a truck. Chief Kazian said there is a \$400,000 contingency fund in the proposed budget and believes that is sufficient, as the budget is tight; if the \$400,000 is not used, it is rolled over into the next fiscal year and we have planned for the worst case scenario. Mr. Jablow asked about any ideas for new revenues. Chief Kazian said he thinks about that all the time and staff continues to look for new money such as grants and how to use consolidated and shared services; however, most

taxing authorities are looking for new money too, and new revenues are limited. Chief Kazian said the goal is more service for the same money and he believes that is a net increase.

There was a brief discussion about the new gurneys proposed in the budget, and the ease of operation would help prevent lifting injuries to Firefighters, which saves on Workers Compensation. Chief Schwisow said we would upgrade slowly as we refurbish ambulances.

Mr. Hazime asked if SFD could do without the healthcare insurance broker; Human Resource Manager Jane Witt replied there are very few companies that will direct deal with organizations unless we made a change, such as self-funded insurance. Mr. Hazime then asked about staffing, indicating he thought it had gone down since 2009. Chief Kazian said since his arrival as Fire Chief, we were three positions short and now, we are back up to full staffing. He said a few years ago, SFD had 15 positions in dispatch, and now, we are down to 11, so overall, we have right-sized the organization and we do have less employees. Then, Mr. Hazime asked about the employee contribution percentage increase to PSPRS that Firefighter Johnson referenced; he asked if the COLA and step increases were included in the proposed budget; Chief Kazian replied affirmatively.

Firefighter Johnson then replied that as part of the pension reform in 2011, it changed the percentages of contributions and it used to be 7.65% for many years, but it is being increased over time. Chief Kazian said although he knows the employer contribution continues to rise, he has not heard of any percentage contribution increase for the firefighters coming up. Firefighter Johnson said he would double check, but his understanding is, the employees would have to pay another 2% next fiscal year. Mr. Montgomery clarified that SFD had given its employees a COLA every year for the last three years at 3%, 2.4% and 1.7%. Mrs. Schoen said if we “mirror” Social Security, people can understand the rationale, and she believes the actual cost of living will increase more than 1.7%. Mrs. Cooperman said she has been thinking about this for months, and our Firefighter starting salary is slightly above average, but the top is below; she said she does want to hire and retain the best possible personnel, and it costs the district to have to replace people from turnovers; she would like to see SFD slightly above average, although she is aware of the subsequent increases to Workers Comp and pension; she stated she is inclined to approve the 1.7% COLA.

Mr. Montgomery asked if capital items proposed could be lease-purchased. Chief Kazian said our goal is to purchase the ambulances, although the next ambulance would be a refurbishment of an existing “box” on a new chassis; he said staff would research lease purchasing options for the Board. Mr. Montgomery said there are two ways to look at this, by leasing, it expends the cost over the useful life of the item, and the taxpayers of this year do not have to pay 100% of the cost, as it is purchased over years; and it is one way to bring the overall budget amount down. Chief Kazian said the last fire engine the district bought was a three year lease, and we budgeted to pay it off in Year 2; at that time, the interest was low and we had an opportunity to do it. Mrs. Schoen said she calculated the budget increase at 11.75%, and next year is estimated at only 1.13%. Chief Kazian said that number is concerning to everyone, but what we are providing is doing a lot more with the same amount of money as was budgeted in past years. Mrs. Cooperman added, “with upgraded equipment”. Mr. Montgomery pointed out with the dispatch move, we will be back around 4 or 5% increases.

Mr. Hazime said he will not be present for the next meeting, but stated he is supporting the budget. Chief Kazian said the employer contribution for PSPRS is going from 20.74% to 24.07%. Chief Schwisow said he believes the highest contribution a Firefighter would pay into the PSPRS is currently 10.35%.

Mr. Montgomery asked for consensus from the Board to move forward with the budget, as presented, including the 1.7% COLA for employees; the Board gave its consensus.

### III. PUBLIC SESSION

#### A. **Discussion/Possible Action: Approval of Expenditure of Purchase Order #9644 to Aviat US Inc. for \$17,318.63 for multiplex equipment needed for the SFD migration of dispatch services to the Cottonwood Public Safety Communications Center and approval of contract for same.**

Chief Schwisow said this multiplex equipment is needed for the connection to the mobile data system for transitioning to the Cottonwood Public Safety Communications Center. *Mr. Montgomery then moved to approve*

*Purchase Order #9644 to Aviat US Inc. in the amount of \$17,318.63; Mr. Jablow seconded and the motion was unanimously approved.*

**B. Discussion/Possible Action: Approval of Expenditure of Purchase Order #9778 to AvePoint Public Sector Inc. in the amount of \$13,750.05 for the multi-generational upgrade of Sharepoint server.**

Chief Schwisow said this is to upgrade our SharePoint server to store files; the version we currently use is from 2007, and having skipped an upgrade, staff is recommending we move to the latest version; this is a sole source purchase. *Mr. Montgomery moved to approve Purchase Order #9778 to AvePoint Public Sector Inc. in the amount of \$13,750.05; Mr. Hazime seconded, and the motion was unanimously approved.*

**C. Discussion/Possible Action: Approval of Expenditure of Purchase Order #9773 to Merit Technology Partners in the amount of \$12,957.98 for a microwave link to support the connection to Cottonwood Public Safety Communications Center.**

Chief Schwisow stated this microwave link with licensing and connection pieces allows connectivity to the Cottonwood Public Safety Communications Center and is budgeted through contingency at State contract pricing. *Mr. Montgomery moved to approve Purchase Order #9773 to Merit Technology Partners in the amount of \$12,957.98; Mr. Jablow seconded, and the motion unanimously passed.*

**D. Discussion/Possible Action: Cottonwood Public Safety Communications Center Intergovernmental Agreement (IGA).**

Chief Kazian explained this (IGA) was drafted through Attorney Bill Whittington who had worked with the City of Cottonwood attorney; the terms are as expected, and essentially, mirror SFD's IGA for dispatch services; Chief Kazian said to be clear, the provisions are such that the IGA states it begins on July 1<sup>st</sup> or at what time services are rendered, and will be prorated accordingly. He pointed out we are sharing the legal costs with the other agencies because they will use the same IGA format. *Mrs. Cooperman moved to approve the Cottonwood Public Safety Communications Center Intergovernmental Agreement; Mr. Jablow seconded and it was unanimously approved.*

**E. Discussion/Possible Action: Addendum to SFD IGA for Dispatch Services.**

Chief Kazian said this Addendum extends the current IGA with our subscribers past 6/30/15, and includes a cost increase; this is necessary to continue providing dispatching services until the agencies have transitioned to another communication center. *Mr. Montgomery moved to approve the Addendum to SFD Intergovernmental Agreement for Dispatch Services, as submitted; Mrs. Schoen seconded and the motion unanimously passed.*

**F. Update: Sedona Clean-Up Event in conjunction with Defensible Space – May 15, 16, and 17, 2015.**

Chief Kazian said the 13<sup>th</sup> Annual Clean-Up Event for wildland fuel reduction will be held May 15<sup>th</sup>, 16<sup>th</sup>, and 17<sup>th</sup> at Station 4 in Uptown from 8:00 AM to 5:00 PM and anyone is welcome to bring yard debris; however, no cactuses are allowed. He said last year, this event was held right before the Slide Fire, and Pine Flats neighborhood residents brought a huge amount of yard cuttings, which made a difference in the outcome of the fire. He urged all residents to help us make your house defensible.

**IV. ADJOURNMENT**

*Original signed by Corrie Cooperman*

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Corrie Cooperman, Clerk of the Board

:tg