

CENTRAL YAVAPAI FIRE DISTRICT
FIRE BOARD
SPECIAL SESSION

April 1, 2015

MINUTES

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Chairman Rutherford called the Fire Board meeting to order on Wednesday, April 1, 2015 at 1:01 p.m. at Central Yavapai Fire District, Regional Training Academy, 9601 E. Valley Road, Prescott Valley, Arizona.

Members Present: Board Chairman Steve Rutherford, Board Clerk Bob Page, Board Members, ViciLee Jacobs, Darlene Packard, and Tom Steele

Members Absent: None

Staff: Fire Chief Scott Freitag, Assistant Chief of Administration Dave Tharp, Administrative/IT Assistant Laura Mowrer

Others in Attendance: None

Visitors in Attendance: District members and public.

2. PLEDGE OF ALLEGIANCE

Chairman Rutherford led the recitation of the Pledge of Allegiance.

3. WORK / STUDY SESSION

B. Non-Operations Succession Plans with Associated New Job Descriptions and Wage Scales

Chief Tharp reviewed the succession plan and explained how the plan works in conjunction with the budget. He provided the Board with a staffing plan with future proposed positions.

Board Member Jacobs arrived at 1:07 p.m.

Chief Tharp provided succession plans for fire prevention positions. These plans are a quick reference for individuals that wish to promote to higher positions. This assists with reducing employee turnover.

Chief Freitag joined the meeting at 1:09 p.m.

Chief Tharp explained that there were lower positions added to allow for entry level employees at a lower wage scale - allowing for a cost savings. He mentioned that all new positions and wage scales will be brought to the Board for approval.

Fleet Maintenance Succession Plan and job descriptions were presented. Chief Tharp explained that Mechanic I was added as an entry level position. This will allow for a new member to be hired and trained on District specific needs. The two management positions are being considered; however, it will be narrowed to one position. He explained that after the succession plan is completed for each division, new job descriptions have to be created to mirror the plan.

Chief Freitag explained that the Mechanic I and II job descriptions will be brought for Board approval in April as we may need to hire a new mechanic in the near future.

Chief Tharp provided a draft wage scale for Fleet Maintenance to the Board. He explained that some of the scales have not been modified for over 10 years. The format of the wage scales was clarified, and the plan is to provide separate scales for each division. Therefore, an office manager and fleet services manager would have unique scales. Current employees would be slid into the new scale; however, not necessarily provide them with a raise.

Chief Freitag mentioned that the District is in need of another half person in Fleet Maintenance; however, it is difficult to find individuals to fill a part time position. He recommended using half the funds from Central and half from Chino to hire an additional mechanic at no effect on the budget.

Chief Freitag suggested that some job descriptions may be created; however, the position would not be filled.

Chief Tharp explained that the human resource specialist is currently a Chino position; however, she is also performing work for Central.

Chairman Rutherford asked if Chino Valley was also reviewing future staffing needs. Chief Freitag explained that we are treating all personnel as operating under one organization. However, the budget and finances are separate. Chino only employs two members that are non-operational.

Chief Bliss explained that the mechanic I, II, III, and manager positions are all listed; however, there could be two employees under mechanic II and none under mechanic I.

It is anticipated that these plans will be completed by the end of this fiscal year. However, there should not be a financial impact on the budget.

A. Fiscal Year 2015-2016 Budget

It was explained that once the tentative budget is approved, it can be reduced; however, not increased.

Chief Bliss provided an overview of the District's call volume and an overview of the past financial situation.

Current Goals:

- Hold spending down
- Match collections to spending
- Decrease the tax rate
- Plan for long-term operations

The District's Full Cash assessed value went up 18% this year; however, the District only realized a 2.53% increase to the Limited Property Value. This is a result of Proposition 117.

Chief Freitag explained that Prop 117 is calculated in a way that the District will most likely never see a 5% increase. He stated that if every parcel value does not increase 5%, the District will not reach the 5%. This year commercial property typically stayed flat with some decreasing in value.

Chief Tharp also mentioned that retirees may seek a property value exemption and new nonprofit organizations may also apply.

Chief Bliss mentioned that Prop 117 did repair some issues; however, it also created some additional issues for districts related to revenue.

Chairman Rutherford suggested contacting other county assessor's offices to determine how they calculate their property tax revenue.

Chief Freitag stated that we only saw a .5% increase in valuation from new construction this year.

Board members voiced concern with the 4% projection in increased assessed value over the next several years.

Chief Bliss reviewed the cost projections. We were able to meet the 1% goal last year. The 2% expected increase is for health care and general maintenance and operating (M&O) expenses. We are expecting a cost increase of 6% for PSPRS for next year, and we were told to expect to be paying 55% of wages into PSPRS

within the next four years.

It was explained that PSPRS rules are governed under the State Constitution. The State Legislation did not feel this was a high priority; therefore they did not address it this year. Some agencies are already contributing 60% – 70%.

The goal for any budget is to keep personnel costs below 85% of the M&O budget. Chief Tharp expressed concern if the supplies and services budget continues to be used to help cover personnel expenses.

Chief Bliss explained that even if there were changes in the PSPRS system, the District would not see the change for several years.

The District does not have control over the costs for PSPRS, health insurance, workers' compensation, fuel, etc.

Chief Bliss reviewed the proposed tax rate of \$2.50. The increase is due to Prop 117 and providing for a contingency fund as that fund was used with reduced revenue. The increases in future year are due to the increase in PSPRS. This is a continual process as the affects for Prop 117 and PSPRS are revealed.

Board Member Jacobs mentioned that there is an increase of 5% to 7% in personnel costs due to PSPRS.

Board Member Steele expressed concern that the PSPRS issue needs to be addressed now. Chief Freitag explained that many agencies, including Chino Valley, will be laying off employees next year due to the PSPRS increases.

Chief Bliss stated that in order to reduce the tax rate, we must reduce costs. The proposed budget has a 2.16% increase from last year. He explained that if Maintenance and Operating Budget (M&O) goes up 2%, the contingency also increases proportionately.

Chief Bliss provided an overview of the draft 2015-2016 budget. The Carryover amounts consist of the contingency funds and unspent budgeted funds. The non-levy amounts are revenue derived from contracts and services, not property taxes.

Chief Bliss explained the wage scale design that provides for a 5% increase for the first 7 years of employment and then 1% increase over the next 13 years. He explained that there is a problem with this design if the revenue increase is only about 3%. The financial change in the budget for wages varies due to new hires, promotions, and retirements. However, after reviewing 2017 projections, the current scales will not work.

Chief Freitag mentioned that the entire staff is in agreement that something has

to be changed.

Chief Bliss presented the Board with an example of a 2.5% wage scale, which reduces the cost by approximately \$70,000. Prop 117 sets the tax rate limit that fire districts must remain within.

Chief Tharp stated that the wage scale adjustment would assist with PSPRS costs; however, it would not allow for any hiring for at least 5 years.

Chief Freitag explained that the District does have control over wages and the Joint Management Agreement also provided for a potential savings of \$130,000. There are other options, such as working with the City of Prescott for joint training needs.

Chief Bliss mentioned that the District is reviewing the possibilities of performing annual personnel evaluation versus the current semi-annual.

Chairman Rutherford asked for projected savings with modifying the wage scales by 2% and 3%. Chief Bliss explained there is an average of \$17,000 difference.

Chief Bliss explained that the Union would like a wage scale of 3% in 2016 and reduce it to 2.5% the following year. The 3% would reduce the current M&O budget by \$53,000.

The expense for vehicles being driving home by personnel was discussed. The total annual cost is \$21,700. Many members are on call and would respond directly from home to an incident. This includes Technical Services, Fire Prevention, and Fleet Maintenance personnel. If the District paid members \$1.00 an hour just to be *on call*, it would cost the District \$26,200 per year. This would truly cost about \$38,000 (including taxes and EREs). Members do not currently receive hourly compensation to be *on call*; they are provided a vehicle to satisfy this requirement. Federal DOL standards require employees be compensated for *on call*. Chief Freitag explained that if an employee is given an hourly rate of compensation for *on call*, instead of a vehicle, the employee could try to negotiate an increase. There is no negotiation for the take-home vehicle.

Chief Freitag encouraged the Board to contact him with their questions.

Chairman Rutherford mentioned that we received feedback from the financial report from S&P. They suggested that the District maintain 50% of our net operating budget in contingency funds and this needs to be factored into the budget.

Chief Tharp stated that we need to keep in good financial standing in order to obtain a good interest rate if needed in the future.

Chief Bliss expressed concern on refunding the contingency fund.

Chairman Rutherford requested that staff look at other options to improve the financial standing due to there being issues that have not been addressed yet; such as the desired level of savings.

Chief Tharp asked the Board to be ready to provide direction to staff at the April Board meeting for making budget adjustments. The tentative budget will be placed on the May agenda. After the tentative budget is approved, it cannot be increased. Final budget will be ready for approval at the June meeting.

The design of the wage scale was discussed. The scale runs for a total of 20 years. By reducing the percentage of wage increase each year, it slows down the increase in employee costs. This will also cut off the higher end of the scale. The current scale covers 20 years of employment. Modifications are being considered due to the change in PSPRS requiring 25 years of employment to be eligible for retirement. Chief Bliss explained that though he is estimating the PSPRS future increases; PSPRS can require a larger percentage next year.

Board Member Jacobs expressed concern for District personnel morale with reducing the wage scales.

Chief Freitag commended Union President Dibble for the work he has been doing and for District members' willingness to work with staff to resolve these financial issues.

Chief Freitag explained how Chino Valley Fire District may have to deal with budget cuts.

Chief Bliss stated that the fuel budget was cut by \$10,000 due to the reduced fuel prices. There is concern if fuel prices increase again.

Clerk Page asked about District boundaries on 89A. Chief Bliss explained that Coyote Springs and Mingus West Subdivisions are within the boundaries; however, Coyote Crest and Prescott Ridge are outside the boundaries and residents have fire protection agreements.

Chief Tharp stated that staff will provide draft budgets for 2%, 2.5%, and 3% wages scale for the April Board meeting. He also encouraged the Board to contact him with any questions.

Board Member Packard asked if residents could be provided with legislative representative's contact information, so that they may be contacted. Chief Freitag suggested that the Board Members, as elected officials, could provide that

information to concerned residents.

4. CALL TO THE PUBLIC

Those wishing to address the Central Yavapai Fire District Board need not request permission in advance. The Fire District Board is not permitted to discuss or take action on any item raised in the Call to the Public due to restrictions of the Open Meeting Law; however, individual Board members may be permitted to respond to criticism directed to them. Otherwise, the Board may direct the staff to review the matter or the matter be placed on a future agenda.

No public comments.

5. ADJOURNMENT

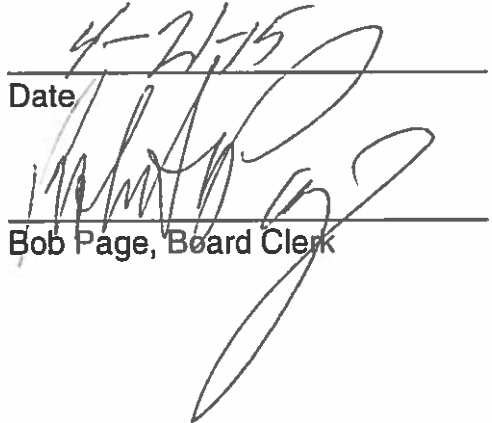
Board Member Jacobs made a motion to adjourn. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Jacobs, Packard, Page, Rutherford, Steele
NAYS: None

Meeting adjourned at 3:49 p.m.

4-21-15

Date



Bob Page, Board Clerk