

**CENTRAL YAVAPAI FIRE DISTRICT
BOARD OF DIRECTORS**

**CHINO VALLEY FIRE DISTRICT
BOARD OF DIRECTORS**

**CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY
BOARD OF DIRECTORS**

SPECIAL SESSION MINUTES

APRIL 6, 2016

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS

Central Yavapai Fire District (CYFD) Board Chairman Rutherford called the Central Yavapai Fire District Special Session Board meeting to order on Wednesday, April 6, 2016 at 10:05 a.m. at Central Yavapai Fire District Regional Training Academy, 9601 E. Valley Road, Prescott Valley, Arizona.

Central Yavapai Fire District Board Members Present

Board Chairman Steve Rutherford, Board Members ViciLee Jacobs, Darlene Packard, and Tom Steele

Board Clerk Bob Page arrived at 10:32 a.m.

Central Yavapai Fire District Board Members Absent

None

Central Yavapai Fire District Staff Present

Chief Scott Freitag, Assistant Chief of Administration Dave Tharp, Administrative Assistant III Laura Mowrer

Central Yavapai Fire District Legal Counsel Present

Attorney Nick Cornelius

Central Arizona Fire and Medical Authority Board Chairman Rutherford called the Central Arizona Fire and Medical Authority Special Session Board meeting to order on Wednesday, April 6, 2016 at 10:06 a.m. at Central Yavapai Fire District Regional Training Academy, 9601 E. Valley Road, Prescott Valley, Arizona.

Central Arizona Fire and Medical Authority Board Members Present

Board Chairman Steve Rutherford, Board Clerk Julie Pettit, Board Members Darlene Packard, and Dave Dobbs

Board Members Bob Page arrived at 10:32 a.m.

Central Arizona Fire and Medical Authority Board Members Absent

None

Central Arizona Fire and Medical Authority Staff Present

Chief Scott Freitag, Assistant Chief of Administration Dave Tharp, Administrative Assistant III Laura Mowrer

Central Arizona Fire and Medical Authority Legal Counsel Present

Attorney Nick Cornelius

Chino Valley Fire District (CVFD) Board Clerk Dobbs called the Chino Valley Fire District Special Session Board meeting to order on Wednesday, April 6, 2016 at 10:06 a.m. at Central Yavapai Fire District Regional Training Academy, 9601 E. Valley Road, Prescott Valley, Arizona.

Chino Valley Fire District Board Members Present

Board Clerk Dave Dobbs, Board Members Travis Bard and Julie Pettit

Board Member David McConnell arrived at 10:08 a.m.

Chino Valley Fire District Board Members Absent

Board Chair Cyndy Ducote

Chino Valley Fire District Staff Present

Fire Chief Scott Freitag

Chino Valley Fire District Legal Counsel Present

Attorney Nick Cornelius

Others in Attendance

Members of the public

2. PLEDGE OF ALLEGIANCE

CAFMA Board Chairman Rutherford led the recitation of the Pledge of Allegiance.

3. CALL TO THE PUBLIC

CAFMA Chairman Rutherford opened the meeting for comments to all Boards.

No comments.

4. CHIEF'S REPORT INCLUDING PRESCOTT CITY COUNCIL MEETING UPDATE

Chief Freitag explained that the April 19 Board meeting will be held in Chino Valley. He explained that with the recommendation from Mark Stone, camera equipment has been purchased and should be available so that the April meeting can be recorded.

Chino Valley Fire District Board Member McConnell joined meeting at 10:08 a.m.

Chief Freitag stated that he and Chief Polacek attended the Prescott City Council meeting last night as their decisions will directly impact us next year. The City does not want to cut personnel, and they are preparing a public safety tax for the November ballot. Chief Freitag explained that he was not sure if that is to be used for paying PSPRS or used for payroll. Prescott Fire Chief Light has three positions that were frozen, and he just had three additional people leave for more stable job opportunities. He does not have authority to hire personnel at this point. There are also additional personnel seeking other employment opportunities. He also has three people in deferred retirement option plan (DROP) that will be retiring next fiscal year. Chief Freitag stated that at some point there has to be some hiring in order to keep the Prescott Fire Department open. They also have 2 employees on extended medical leave. Chief Freitag stated that Prescott is paying overtime every day and they still have to brown out stations. Last week they had to black out a station, because they could not find anyone to work.

Chief Freitag explained that the City Council wants to keep the Department open; it does not appear that they are shutting anything down at this point.

Chairman Rutherford stated that speaking for both Central Yavapai and Central Arizona Fire and Medical Authority Boards; we welcome the opportunity to discuss options with City officials in order to possibly solve some of these problems moving forward. He stated he has no idea what the solutions might be, but clearly, their decisions impact residents outside the City of Prescott.

Chief Freitag mentioned that he wanted to hear the Council Member's decisions firsthand instead of deciphering between the numerous stories out there. The City Council approved the purchase of self-contained breathing apparatus (SCBAs). Chief Light recommended a vendor other than the lowest bid in order to standardize the SCBAs with Central and Chino. Prescott has a 90/10 grant; therefore, out of the

\$480,000 purchase, the City only had to pay \$48,000. They unanimously approved the Scott Air-Pak which is also used by Central and Chino.

Chief Freitag mentioned that Central Yavapai loaned a person to Prescott Fire last week in order to keep a Prescott station open. Central had an extra person on an engine last week. Central paid for the person; it's similar to automatic aid; however, he explained that this is not a practice we want to get into on a regular basis.

Chairman Rutherford agreed that this should not be a standard practice.

Chief Freitag explained that we could consider an intergovernmental agreement to assist when the City is short staffed. The City would have access to our overtime list to staff their engine and then we would invoice them for services to recoup the cost.

5. NEW BUSINESS

A. Discussion and Possible Action Regarding Property and Building at 8603 Eastridge Drive – Prescott Valley, Arizona (Parcel 103-05-009P)

Chief Freitag mentioned that an administration facility plan has been on the capital replacement schedule for the past 10 years. The administrative staff no longer fits in the current building.

Chief Freitag explained the current situation with Administration currently working out of Station 53.

- All administrative staff has been moved to Station 53, because the Chino Valley office does not fit everyone.
- Placing some members in Chino Valley was insufficient; finance and human resources cannot be 30 miles apart.
- We have rented a portion of Chino Valley office to the State Forestry – This is a good source of revenue and it has also brought the Forestry resources to Chino Valle and the Prescott Basin area.
- Staff is crammed into Station 53 offices.
- During the strategic planning session the administrative offices were identified as a weakness.
- We have been working on a plan for 10 years; however, it has never been funded.
- The building was built in 1983 and houses administration and engine crews.
- It has been renovated at least 8 times.
- It was never designed for what we are using it for today; the building was not wired for all the computer systems.
- Renovations did not follow defined plans.

- There is a temporary wall constructed between the administrative manager's office and the human resource assistant's office.
- The HVAC system is no longer balanced for the building.

Chief Freitag explained our current challenges:

- There is limited space with 12 people currently.
- Infrastructure issues have come to light within the last month.
 - Limited electrical outlets in office
 - The electrical circuits are overloaded; lights dim and the computer shuts down when trying to print.
 - The sewer system is in need of repairs.
- We have no room to bring light-duty members in.
- Space is limited when board members come in to sign checks.
- The human resource assistant's office is the kitchen; therefore, it lacks privacy.
- There are no closed-door meetings because you can hear the conversations in the hallway.
- Fire Prevention is in a double wide trailer.
- Records are stored on and off site due to space limitations.
- There is only one conference room with limited meeting access.
- Servers are located in the finance manager's closet, so she is interrupted when the servers need to be worked on.
- The finance manager opens the server closet door to help warm her office as the HVAC system is inadequate.
- The Chief wears his coat all day.

Chief Freitag stated that the original plan was always to build something at the training center. It is a 10-year plan with \$2.1 million in the capital replacement budget for a building. The blue prints for the building was 23,000 square feet. A low estimate of a commercial building of this size would be \$4 million. To build a smaller building similar to what we are looking at would about \$3 million at \$200 per square foot. The building is listed on the capital plan; however it is not funded and is under estimated. The problem is we do not have \$4 million and we do not foresee a time when those funds will be available to construct a building.

Chief Freitag explained Plan B – look for an existing building. Within a few days Chief found a building located at 8603 Eastridge; located off of Navajo and Highway 69.

- Property is 14,035 square feet – good for long-term.
- It is currently listed for \$1.395 million / \$95 per square foot.
- We estimate renovation at about \$300,000 – \$350,000.

- There is a current lease of 8,000 square feet expiring at the end of this year.

Board Clerk Bob Page arrived at 10:32 a.m.

- There is an area that is not currently being used; however, it can be used for future expansion as needed. This area can be used for storage at this point.

Chief explained that he looked at other available buildings. One was less expensive, but was a strip mall that is occupied by tenants. It also did not fit our needs with the layout and traffic congestion. The other properties were two or three times more expensive. He also considered property in the Airport industrial area – either they did not fit or were more expensive and located in Prescott.

Chief Freitag explained that this is the only property that makes sense and he reviewed some of the items that needed to be renovated.

Chief Freitag explained that we are currently using 4,500 square feet and there is no space. There is no room for additional staff, filing cabinets, and it is not big enough as it is.

Chief Bliss explained that we have a little over \$10 million in the capital savings account under the Fire Authority. The capital replacement plan is a 10-year plan and it is critical that we maintain it for equipment/apparatus purchases. This account should be used to buffer capital purchases, not to make all the purchases. Without this purchase, the current capital plan we will see a leveling off of the balance at a little more than \$6 million. With the purchase the balance will be closer to \$4.8 million. Chief Bliss stated that he believes the lower balance is sustainable; however, we need to continue to monitor the capital reserve and shift the capital purchases more into the maintenance and operating budget as it was prior to the recession. The capital reserve should be used to prevent large spikes in the tax rate.

Chief Freitag mentioned that funds obtained from bonding must stay within that specific agency.

Chairman Rutherford explained that an administrative building has been discussed for the past several years, and if we move forward with the purchase, that will accelerate the need to look at the capital reserve account and determine how to replenish those funds.

Chief Freitag mentioned that staff also reviewed other items that are on the horizon such as the Prescott Regional Communications Center (PRCC). He

stated that we need to maintain a regional dispatch center, and that he is opposed to having our own dispatch center. When PRCC was created, there was a 10 year period in which to repay the capital costs; Central Yavapai paid that up front. Every year since, we have had to contact the City of Prescott and remind them that the District has already paid those costs. Chief Freitag stated that if there are capital expenditures, it would be easier to pay like the other partners. Central's expense is about 10% - 11%. There does not appear to be a large increase in these costs.

Chief Freitag mentioned there is a lot of talk statewide about the need for Certificate of Necessity for 911 transports. That large discussion is beyond the capital plan. That discussion would include the general plan, cost recovery, etc. This is on our radar as there is a point where private companies will not add ambulances even though the 911 call volume has increased. We are currently seeing 35-45 minute response times, and yesterday we waited 2 hours for an ambulance to arrive on scene.

Chief Freitag stated that radios need to be changed out, but they do not need to be purchased with capital replacement dollars if we can obtain a grant. However, grants are not always available. Some items are already in the capital reserve plan; we still need to review for the next 10 years.

Chief Freitag explained possible changes if the administrative building is purchased.

- Repurpose Station 53 to a wellness center
- Exercise equipment in the back of CYRTA can be move to Station 53 which opens additional space at CYRTA
- Other partnership discussions have begun for Station 53
- Move EMS Captain to administration as he needs to be with the administrative staff (opens office at warehouse)
- Move training chief into office at Warehouse – keeps him on training grounds and provides privacy
- Other possible partnerships for training facility for possible revenue for classroom construction
- Commits training grounds to training instead of adding administration to training grounds
- Creates additional multi-purpose classroom space at the new building

The sewer line at Station 53 needs to be replaced at some point; however, there is no place to move administration to while work is being completed. This is not an immediate need as part of the problem is the demand on the system.

Chief Freitag requested the Board to consider approving Chairman Rutherford to work with senior staff to start negotiations to purchase the property. If the Board decided, the intent would be to structure a contract starting under CYFD, because three months from now all money is going to be one pot. The contract would be written in a way that would allow CYFD or a player to be named later so that closing could take place after July 1 in the name of CAFMA without having to transfer everything over as we are doing with the other properties.

Chief Freitag explained that the current lessee is leasing 8,000 square feet for \$3,500 a month, and they would like to extend that lease which expires at the end of the year. We need to consider the agreement prior to the current owner entering into another agreement with the lessee. The owner would prefer to sell instead of lease.

Chief Freitag mentioned that Chairman Rutherford viewed the property with him as Chairman Rutherford has a background in construction. The building is 14,000 square feet with 8,000 currently being leased through the end of the year. If we purchase the building, we collect revenue from lease for six months and place those funds into the capital reserve fund for build-out. The 4,000 feet of office space needs to be renovated including securing the lobby and moving walls. The floorplan needs changes and communications needs to be installed. We are currently using 4,500 square feet with administration and prevention offices. We also have people in other locations. We would use about 10,000 for office space to fit everyone. There is a multipurpose room that could serve as a Board room and classroom. We would use about 10,000 square feet and then there is about 4,000 to expand into that could be used for storage.

Board Member Steele asked if the 4,000 square feet could be used as a revenue source and brought up the option of having a mortgage on the property. Chief Freitag stated that this area would require AC and electrical panels at a substantial cost in order to lease. We may be able to store the parade engine in this area.

Attorney Cornelius explained that state statutes place limitations on the type of business and leasing activities the District can be involved in.

Chairman Rutherford mentioned that if the District could rent this space as is, the revenue would be very minimal. He questioned why we would want to pay interest on a mortgage if we have money sitting in the bank. There would also be origination fees, appraisals, etc. if a loan was obtained. Paying with cash gives us the opportunity for a quick close which might be of interest to the owner.

Board Member Steele voiced concern related to rebuilding the capital reserve balance over the next 10 years. Chairman Rutherford suggested creating a line item in the budget to replenish the capital reserve account.

Board Member Pettit stated she would rather not be locked into a mortgage. She asked if the purpose of the discussion is to give Chairman Rutherford the authorization to move forward in discussion. Chief Freitag answered, "Yes". Board Member Pettit also confirmed that after speaking with the seller, options would be brought back for final decision and analysis.

Chairman Rutherford stated he believes staff should take the lead and if that is the direction the Boards would like to go, he would be happy to be an advisor/consultant as he has experience in this area. He stated there are a number of safeguards that need to be included: 1) An assignment ability of the buyer; who is the buyer going to be? We may negotiate on behalf of CYFD, but we know this is really a CAFMA decision. 2) Any offer we would make would be subject to approval by the appropriate Boards. He stated they have no authority to enter into an agreement that says this is final; it has to be approved by the Board(s). He asked if there was any reason that this purchase could not be completed prior to July 1 by Central and then conveyed to CAFMA as all the other real property is going to be done.

Attorney Cornelius stated a straight forward transaction.

Chairman Rutherford confirmed that if there were some advantage to a quick closing, that option exists. Attorney Cornelius stated that legally there is no impediment to proceeding now.

Chief Freitag stated he is working with Pioneer Title on transferring the other property as of July 1, 2016. He mentioned that Attorney Cornelius is preparing the resolution that states the Board's authority.

Chief Freitag mentioned that Chino Valley Fire District owns property on Highway 89 that they have leased to an upholstery business as it was not suitable for District needs. He recommended that the Board consider selling this property. Lease is good through 2017 with the lessee having the first right of refusal. It is possible that someone else could purchase the property and honor the lease. The Town of Chino Valley is interested in this property. Those dollars would assist with some renovations or could help replenish a portion of the capital reserve account.

Board Member Steele asked if the capital reserve funds are separated between Central Yavapai and Chino Valley? Chairman Rutherford stated they are separate today, but will be combined July 1. Chief Freitag confirmed that there is \$2.5 mil in Chino Valley's and \$8 mil Central Yavapai's capital reserve.

Board Member McConnell asked what the recommendation was from Standards and Poor's Rating Service (S&P) for the capital reserve account. Chief Tharp stated it is 15% of maintenance and operating (MO) budget. That is pretty minimal at about \$3 mil. He stated that he does not believe anyone is comfortable with that number on a \$22 mil operating budget. Discussions continue on how to replenish the money that is being expended from the capital reserve account.

Board Member McConnell stated that remodeling Station 53 is not a good idea. He asked about parking capability. Consensus is that the building does have adequate parking.

Board Member Steele asked if the renovation quote included data lines for networking. Chief Freitag stated that the estimate was for a modern office. Chairman Rutherford explained that the building has a networking room and all the cabling infrastructure was installed around 2003.

Chief Freitag stated that if we move forward with the building, we will have to create a request for proposal for multiple contractors to bid the renovations. Technical Services may also be able to perform some of the work.

Chief Tharp mentioned that our network is connected through microwave hops versus underground cabling.

Chief Bliss mentioned that Merit Technologies to assist with the networking.

Chairman Rutherford mentioned that the building next door, old Copper State building, sold for \$96 per square foot. This building is similar in construction, but smaller, and does not contain as high of quality improvements as the proposed property. The old Midas building across the street sold a few months ago at \$76 per square foot. It was a garage and not many improvements. The proposed building has some high quality improvements. The property is listed at the right price, we are hoping for a lesser selling price.

Central Yavapai Fire District Board Clerk Page made a motion to move forward with negotiations on the purchase of 8603 E. Eastridge Drive in Prescott Valley. Board Member Jacobs seconded the motion. MOTION CARRIED

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

Central Arizona Fire and Medical Authority Board Member Page made a motion to move forward with negotiations on the purchase of 8603 E. Eastridge Drive in

Prescott Valley. Board Member Packard seconded the motion. MOTION CARRIED

AYES: Dobbs, Packard, Page, Pettit, Rutherford

NAYS: None

Chino Valley Fire District Board Member Pettit made a motion to move forward with negotiations on the purchase of 8603 E. Eastridge Drive in Prescott Valley. Board Member McConnell seconded the motion. MOTION CARRIED

AYES: Bard, Dobbs, McConnell, Pettit

NAYS: None

Chairman Rutherford reiterated that all that was approved today is to move forward with negotiations. It is our intent that we will have a contingency in the contract that needs to come back to the appropriate boards for approval.

The meeting was temporarily recessed at 11:32 a.m. for lunch.

The meeting was reconvened at 11:48 a.m.

B. 2017 Budgets for Central Yavapai Fire District, Chino Valley Fire District, and Central Arizona Fire and Medical Authority

Chief Bliss provided Chino Valley Fire District financial history explaining that the basic maintenance and operating (M&O) budget peaked, had a drop, and is projected to increase over time along with their tax collection. He pointed out that there is a gap between taxes collected and the M&O budget, by itself, is not a problem. We are seeing the same happen with Central Yavapai. There has to be other revenue to make up the different. The total budget is the M&O plus contingency plus capital. The spikes are for equipment purchases that need to be made regardless of the Fire Authority.

The problem with the Chino Valley budget when it was analyzed last year was that the M&O expenses exceeded the tax revenue. Therefore, money had to be spent from the savings account, and that is not sustainable long term. The M&O has not decreases in the 2016 budget to meet revenue. This was primarily a result of cutting three positions. Chief Bliss stated that as of today, Chino Valley is spending what they are bringing in.

Chairman Rutherford clarified that the only way to increase the tax collection is through growth and net assessed value; the tax rate is at full capacity.

Chief Bliss state that the M&O is below revenue; however, there is no margin for error. Chino is stable.

Chief Bliss explained that Central Yavapai's tax collections are below M&O. The difference is being made up with the Fire District Assistance Tax (FDAT). For years, we were very close on tax collections and the M&O. For a while we were collecting a lot more to allow for savings with the anticipated economic recession. He mentioned that it is important that there is a closer relationship between taxes and M&O and that the tax rate is steady.

Central Yavapai is projecting a tax rate of \$2.69 as a standalone agency before the rate starts to decline. With the Fire Authority, we believe we can keep the tax rate lower.

Chief Tharp confirmed that we are not to the peak tax rate yet. We are trying to save the taxpayer money; however, the tax rate is still going to increase over the next few years as we are still trying to recover from the economic downturn. In 2020, we anticipate the tax rate to start leveling and come down. The rate will not peak as high as originally anticipated and the break over point is still in the range of that was originally forecasted around 2020.

Chairman Rutherford mentioned that a few years ago, the projection for 2020 was within 90% of the legal maximum tax rate.

Chief Tharp mentioned that prior projections had the tax rate at \$3.20 by 2020 with only \$1.1 mil in the capital reserve account.

Chief Tharp stated that Central Yavapai has about 17 years left to pay for the bonds that were refunded in 2013. We have about 8 years to pay off the 2005 bonds if we do not refinance them. The current bond tax rate for Central Yavapai is about \$.22; Chino Valley's rate is about \$.42. The bond tax rate fluctuates as the net assessed valuation changes. The bond tax rate has leveled off the last two years for both Districts. Chief Tharp stated that the Central Yavapai bond tax rate needs to be lowered, because we are carrying too much money forward.

Board Member Steele asked for an update on the public safety retirement system (PSPRS). Chief Freitag stated that there is no change until July 1, 2017 and only if it passes by the voters in May. We are not accounting for any PSPRS changes in this budget.

Chief Bliss stated that we are anticipating an increase in PSPRS, because if there are changes, it will only be for new hires. He explained that the advantage of the Fire Authority is not that taxes are going down; the advantage is that they will not be raised as much.

Chief Bliss provided the Central Arizona Fire and Medical Authority budget projections and stated that with combining the two Districts we continue the stable projections of tax levy growth and budget. The Chino Valley tax rate will stay at \$3.25 for a while. Central Yavapai's rate peaks at \$2.60 and then starts to decrease. He explained that with last year's net assessed valuation increases of 2.6% for Chino and 2.53% for Central Yavapai, it gave the impression that both Districts were growing at the same rate. When we received the values this year of 1.86% for Chino and 4.86% for Central, we contact the County Assessor's Office and found out that the County has a two-year cycle for assessments. One year typically has an increase and the following year is more flat. The projections over ten years are similar; however, there are differences year-to-year. The capital reserve fund should be used to assist in balancing these differences.

Chief Freitag mentioned that the District's assessments are on opposite cycles; therefore, when Central Yavapai has a flat year, Chino has an increase. This is a benefit under the Fire Authority.

Chairman Rutherford reiterated that the capital reserve account should be utilized to balance the levy amount.

Chief Tharp explained that The County Assessor's office does not have enough staffing to assess property every year; therefore, the fluctuation of the valuations. He will be assisting the County in creating an educational video to be utilized by other agencies.

Chief Bliss mentioned that we need 4-6 years of data before we can make adequate projections.

Chief Bliss stated that the Chino's budget is now formatted to match Central Yavapai's budget; therefore, there are a lot of blank areas.

Some of the detail included in the Chino Valley budget is as follows:

- M&O budget increase of \$15,000 or .38%
- Reduction of 3 positions \$86,000
- Increase to overtime budget \$12,000
- PSPRS increase
- Health insurance increase
- Dispatch increase
- Radio replacement

Chief Bliss mentioned that the Chino Valley and Central Yavapai budgets are for comparison purposes. We will not be asking for approval of the individual budgets.

- Chino's capital is up significantly with the purchase of Type 1 and Type 3 engines that are funded by the bond.
- The contingency fund went from 2.7% to 5%
- Tax levy is up \$66,500

Chief Bliss recommended Board members review budget line by line and bring their questions back to the April 19 Board meetings.

Central Yavapai budget changes include:

- M&O increased by \$546,205 or 3.73%
- PSPRS increase of \$150,000 put us over the 2% - 2.5% goal
- Wage increases reduced to 2.5% annually
- Overtime and fuel costs have been reduced
- Added new administrative manager
- Health insurance increase \$70,000
- Normal wage scale increases (1/2 as much as it would have been)
- Overtime \$40,000 increase due to injuries and expenses with employing people
- Board elections
- Contingency remains at 5% but increased with increase in M&O
- Capital spending slightly decreased

Chief Bliss explained that the budget does not include the purchase of the administrative building. Some of the detailed line items have been combined into a larger single item as the individual program managers are responsible to keep track of their detailed purchases. He informed the Board that they may request specific accounts detailed.

Chief Tharp stated that each program manager is required to provide a detailed list of their entire program every three years. He confirmed that detailed ledgers are available if requested.

Chief Bliss stated that Chino and Central compare costs over last 4 years and the Fire Authority only compares the costs for 2016-2017 to the Districts.

Chief Bliss explained that we have to increase our tax collections for Central Yavapai, as a stand-alone agency, by \$931,000 or (7.01%) over last's budget. This means that the taxpayer will see a 7.01% increase on their tax bill. The cost only increased approximately \$500,000; the difference is from a decrease in revenue from the SAFER Grant and we are not spending as much from the capital fund. He explained that we have to maintain the capital fund by spending less.

Board Member Jacobs excused herself from the meeting at 12:39 p.m.

Chief Freitag explained that we need to educate the public once the budget is finalized. Board Member Packard also mentioned that if we purchase the administrative building that should also be included in the education.

Chief Bliss mentioned that if we purchase the administrative building that capital reserve account balance will be affected, not the M&O budget. The Central Yavapai stand-alone budget has a tax rate of \$2.53 which is an increase of just over \$.05.

Chief Bliss stated that the CAFMA draft budget will be presented in May and once approved, it cannot be increased.

Chief Bliss explained that if the administrative building is purchased after July 1, we should try to include it in the budget. We need to make a decision prior to the May meeting whether to include it in the budget. If Central Yavapai purchases the property prior to July 1, it would not be included in the budget. If the purchase is included in the draft budget, it can be removed prior to final budget approval. There will be matching revenue for the purchase, so the purchase will not affect the tax rate.

Chairman Rutherford asked if the District can make the real estate purchase as it is not in the budget.

Chief Bliss stated that there is a contingency fund of \$732,000; however, that would not cover the entire purchase. Chief Tharp stated that the Central Yavapai Board would have to approve the expenditure from the contingency fund.

Attorney Cornelius stated that the Board could approve the expenditure from the contingency fund; however, not in excess of the contingency fund even though it might be in the capital reserve fund. Attorney Cornelius will verify the legal requirements.

Chief Bliss will add the administrative building purchase into 2017 budget with matching revenue.

Chief Tharp mentioned that the capital expenditure account balance needs to be reviewed. We had budgeted \$1.2 mil; we had approval to purchase a hazmat vehicle with the City of Prescott and a Type 1 engine. Money may be moved to different accounts; however, the District cannot expend more than the total budget.

Chief Bliss reviewed the Central Arizona Fire and Medical Authority (CAFMA) budget. The comparison is between the Fire Authority and the standalone District budgets.

Chairman Rutherford mentioned there is a \$405,000 savings with moving to the Fire Authority. Chief Bliss mentioned that \$377,000 is M&O expenses.

Chief Bliss provided a sample of items in which we have a savings under the Fire Authority:

- Health insurance -\$70,000
- PSPRS -\$75,000
- Overall personnel costs savings -\$115,637
- Chino pays \$45,000 to Central Yavapai for fire marshal (wash)
- Chino tax rate stays the same \$3.2492
- Central Yavapai has a lower tax rate \$2.5138 (\$-0.0236 over stand-alone)

Chief Bliss mentioned that there is a line item for records management software in the IT capital budget. This program would combine training, occupancy, staffing, etc.

Chief Freitag explained that the current reporting system will be unusable in a few years unless we spend over \$40,000 for an upgrade, and we have had system failures with previous upgrades.

Chief Freitag explained that the Chino and Central Yavapai budgets are attached to the CAFMA budget as they are in support of the CAFMA budget. Chino and Central budgets cover legal and election expenses along with the transferring of funds to CAFMA.

Chief Bliss mentioned that the CAFMA Board will need to approve the CAFMA budget and we will also need approval from the Chino and Central Boards for their smaller budgets. The draft budget will be presented April 19 with the tentative budgets being presented at the May meeting. The budget cannot be increased once the tentative budget is approved. The final budget will be presented for Board approval in June.

Board Member Pettit commended staff on an excellent job. Chairman Rutherford also echoed appreciation.

6. ADJOURNMENT

Central Yavapai Fire District Board Clerk Page made a motion to adjourn. Board Member Steele seconded the motion. MOTION CARRIED

