

HIGHLANDS FIRE DISTRICT BOARD OF DIRECTORS
MINUTES
October 21, 2014

The regular meeting of the Highlands Fire District Board of Directors was held on Tuesday, September 16, 2014 at Station 21, 2838 Kona Trail, Flagstaff, Arizona.

CALL TO ORDER. The meeting was called to order at 5:00 PM.

PLEDGE OF ALLEGIANCE, INVOCATION, AND MISSION AND VISION STATEMENTS. The Pledge of Allegiance was recited, a silent invocation was offered, and the District's Mission and Vision Statement were stated.

ROLL CALL. Chairperson Peter Kloeber, Clerk Jan Hirsch, Director Bill Murphy, Director Brad Bippus, and were present. Director Robyn Martin was absent.

Present from Administrative staff were Chief Dirch Foreman, Battalion Chief Todd Miller, Ms. Jayme Jones, and Mrs. Robyn Wilson.

WELCOME VISITORS. Chairperson Kloeber welcomed visitors Supervisor Matt Ryan and Lucinda Andreani, Public Works Deputy Director and staff.

APPROVAL OF THE MINUTES.

SEPTEMBER 19, 2014 REGULAR MEETING. The Board reviewed the minutes of the September 19, 2014 regular meeting. A MOTION was made by Director Murphy and was seconded by Clerk Hirsch to accept the minutes as presented. The motion was unanimously APPROVED.

FINANCE.

APPROVAL OF THE AUGUST WARRANTS. The Board reviewed the HFD & Bear Jaw warrants issued in September. After question, a MOTION was made by Clerk Hirsch and was seconded by Director Murphy to approve the warrants as presented. The motion was unanimously APPROVED.

FINANCIAL REPORT. The Board reviewed the September HFD and Bear Jaw financial reports. Ms. Wilson answered Chairperson Kloeber's question regarding a journal entry that was made to correct an error. Ms. Wilson described the various expenses budgeted in the Professional Services Account.

REVIEW OF QUARTERLY INTEREST EARNINGS REPORT. The Board reviewed the Coconino County Quarterly Interest Earnings of their investments.

REPORTS & CORRESPONDENCE.

LOCAL CHAPTER 1505. Captain Brian Katrales, Local Chapter Trustee, reported the union has been busy this month. The International Association of Fire Fighter's (IAFF) Motorcycle Group came

through Flagstaff, and Captain Katrales escorted the group to the 89A switchbacks; he was honored to participate. The group was pleased with the hospitality provided over the weekend in Flagstaff.

Two union members are participating on the Strategic Planning Committee. The executive board attended a local retreat and discussed many issues including the future of our budget. A number of members attended the First Responder's Golf Tournament hosted by Forest Highlands. In addition, members attended the Kirk Smith Golf Tournament in Williams. Engineer Brandon Blue was recognized as the Exchange Club Firefighter of the Year.

BATTALION CHIEF'S REPORT. Chief Miller presented the Battalion Chief Activity and Call Report for September. In addition he noted that Chief True attended the National Firefighter Memorial in Colorado where the Granite Mountain Firefighters were honored this year. Chief Miller informed the Board that there were 41 calls for service in September. He reviewed the reported activity and training.

Clerk Hirsch commented that she had seen the Halloween Party banner, and she thanked those involved in organizing the event.

FIRE CHIEF'S REPORT. Chief Foreman presented the Fire Chief's Report. In addition he informed the Board that VFIS has come through with their promise to provide auxiliary services, and he believes the Board made a good decision to retain VFIS as the District's insurance provider.

Chief Foreman provided information regarding expenses associated with the repair and maintenance of the station bay doors. He explained that we have failed to maintain the bay doors regularly, and we are paying the cost of that now. Since the problem seems to be remedied, there should be a reduction in repair costs in the future. Chairperson Kloeber requested a cost/benefit analysis for each station as appropriate.

CORRESPONDENCE. The Board reviewed thank you letters from Shannon Sabatini of MDA and Jan Murphy.

TOPICS OF DISCUSSION AND POSSIBLE ACTION.

- A. *PRESENTATION OF COCONINO COUNTY ROAD MAINTENANCE SALES TAX BALLOT MEASURE.* The Board welcomed Supervisor Matt Ryan. Supervisor Ryan introduced Lucinda Andreani, Public Works Deputy Director, and explained that they are trying to raise community awareness of road maintenance, finance, and associated implications. Ms. Andreani distributed handouts, and explained that the current gas tax is not adequate revenue to meet the current service and maintenance needs. She provided information about projects specific to the Kachina Village area as well as the economic benefit of the 20 year increase in sales tax. Supervisor Ryan asked for the Board's support of the initiative. Chairperson Kloeber stated that the Board has been advised by counsel not to take an official position; however, the Board appreciates the presentation and will help to pass on the information.

Mr. Mark Frost of Hinton Burdick CPAs arrived at the meeting at 5:55 PM.

- B. *PRESENTATION OF FY 2014 AUDIT AND CONSIDERATION TO ACCEPT THE AUDIT IN ACCORDANCE WITH A.R.S. § 49-805.02 (G)*. Chairperson Kloeber welcomed Mr. Mark Frost. Mr. Frost provided a copies of the FY 2014 audit. Mr. Frost stated that it is important for the Board to know it is of their opinion that the basic financial statements present fairly the financial position of the District as of June 30, 2014.

Mr. Frost reviewed a summary of financial highlights. He informed the Board that assets exceeded liabilities by \$5,671,284. The net position of the District increased \$73,718 in FY 2014. The total revenue received was \$284,509 more than was budgeted, and expenditures exceeded budget \$53,000 primarily due to expenses associated to wildland fire assignments. Mr. Frost informed the Board that the unassigned fund balance increased \$123,895 and as of June 30, 2014 the balance was \$2,794,148. Mr. Frost reviewed the basic financial statements and governmental balance sheet, notes, and the District's compliance with the loan covenant to maintain a debt-coverage ratio of 1.25.

Mr. Frost informed the Board that he understands that a decision has been made to terminate the Volunteer Pension and Benefit Plan, and as part of the compliance portion of the audit, they question whether the District has been authorized by legal counsel to do so. Mr. Frost is awaiting an answer; however, they have published the audit because they feel confident that it is fine. The Board discussed measures to obtain legal counsel regarding this issue. Mr. Frost said that the pension plan would be reported as a note, and the assets of the plan are not reported in the audit.

After further discussion, A MOTION was made by Clerk Hirsch and was seconded by Director Bippus to approve the audit for fiscal year ending June 30, 2014. The motion was unanimously APPROVED.

- C. *CONSIDERATION TO APPROVE ADDITIONAL CHARGE (\$75.00 PER PAY PERIOD) TO PROVIDE PAYCHECKS AND ASSOCIATED QUARTERLY PAYROLL TAX RETURNS FOR BEAR JAW EMPLOYEES*. The Board reviewed the Bear Jaw Payroll Proposal from Hinton Burdick CPAs. After discussion, a MOTION was made by Director Murphy and was seconded by Director Hirsch to approve the proposal as presented. The motion was unanimously APPROVED.

Mr. Frost thanked the Board for their time; the Board thanked Mr. Frost.

- D. *CONSIDERATION TO APPROVE AGREEMENT WITH XEROX GOVERNMENT SYSTEMS FOR FIREHOUSE SOFTWARE APPLICATION HOSTING AND TECHNOLOGY SUPPORT SERVICES*. Chief Foreman presented a service agreement, which would enable the District to manage Firehouse functions "in the cloud". Chairperson Kloeber asked if there are security issues with sensitive information on the cloud. Chief Foreman responded that there are appropriate levels of security applied to this program, which complies with requirements of HIPPA. Chairperson Kloeber asked about the financial impact of the agreement. Chief Foreman was not able to respond with specific figures. After discussion, A MOTION was made by Clerk Hirsch and was seconded by Director Murphy to accept the Firehouse Service Agreement as presented. The motion was unanimously

APPROVED. Chairperson Kloeber requested staff present complete budgetary impact and purpose for recommending future proposals.

- E. *CONSIDERATION TO APPROVE REGIONAL TRAINING INTERGOVERNMENT AGREEMENT (IGA) WITH THE CITY OF FLAGSTAFF.* Chief Foreman requested the Board table this item until the IGA is available. Chief Foreman took the opportunity to describe the agreement to work with Flagstaff to develop a Regional Training Program. The agreement has been sent to Mr. Miller for legal review. Chief Foreman confirmed that an in-district training facility may not be needed if the regional training efforts proceed as envisioned. After further discussion, the issue was tabled.
- F. *CONSIDERATION TO APPROVE RETAINER AGREEMENT WITH LEE MILLER, ATTORNEY AT LAW, TO PROVIDE LEGAL REPRESENTATION FOR HIGHLANDS FIRE DISTRICT.* Chief Foreman provided historical information regarding the District's legal representation and recommended we retain the counsel of Mr. Miller per the Retainer Agreement provided. Chairperson Kloeber asked if there might be a conflict of interest associated with Mr. Miller's association with AFDA and/or Flagstaff Ranch Fire District. In addition, he questioned the fee structure. After further discussion, a MOTION was made by Director Murphy and was seconded by Director Bippus to approve the Retainer Agreement with Lee Miller to provide legal representation. The MOTION was unanimously APPROVED.
- G. *DISCUSSION OF PROCESS FOR CHIEF FOREMAN'S ANNUAL EVALUATION.* Ms. Jones informed the Board that this item is on the Task Calendar in October to enable any process analysis to be accomplished prior to the evaluation due in December. Chairperson Kloeber confirmed that there is no need for additional data collection.
- H. *REVIEW FIRE BOARD TASK CALENDAR.* The Board reviewed the Board Task Calendar. The Board agreed that the December meeting will be changed to December 9, 2014.

BOARD MEMBER COMMENTS. There were no further comments.

ADJOURNMENT. The meeting adjourned at 7:24 PM.

Respectfully submitted,

Jayne Jones, Administrative Assistant III