

HIGHLANDS FIRE DISTRICT BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
October 20, 2015

The regular meeting of the Highlands Fire District Board of Directors was held on Tuesday, October 20, 2015 at Station 21, 2838 Kona Trail, Flagstaff, Arizona.

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

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

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

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

WELCOME VISITORS. Chairperson Kloeber welcomed visitors.

CALL TO THE PUBLIC. Chairperson Kloeber dispensed with the call to the public.

APPROVAL OF THE MINUTES.

*SEPTEMBER 15, 2015 REGULAR MEETING.* The Board reviewed the minutes of the September 15, 2015 Regular Meeting Minutes. Director Martin pointed out two spelling errors in the minutes. **A MOTION was made by Director Martin and was seconded by Director Murphy to approve the minutes as amended;** the motion was unanimously APPROVED.

*OCTOBER 1, 2015 WORK SESSION.* Minutes for the October 20, 2015 Work Session were not available for the Board's review. This item was tabled until the November 17, 2015 Regular Meeting.

FINANCE.

*APPROVAL OF WARRANTS.* The Board reviewed the HFD & Bear Jaw warrants issued in September. **A MOTION was made by Director Martin and was seconded by Clerk Hirsch to approve the warrants as presented.** After questions, the motion was unanimously APPROVED.

*FINANCIAL REPORT.* The Board reviewed the monthly HFD and Bear Jaw financial reports, including the Bank Reconciliation Reports, Profit/Loss Budget Overviews, County's Fund Balance Summary Reports, and Cash Flow Projection. Chief Foreman assured the Board that we are a quarter of the way through the fiscal year, and for the most part, we have kept spending within budget.

*COUNTY INTEREST EARNING REPORT.* After review of the County Interest Earning Report, Chairperson Kloeber asked why investments percentages bounce up and down from month to month. Mrs. Wilson offered to call the County Treasurer for an explanation.

## SUMMARY REPORTS & CORRESPONDENCE.

*LOCAL CHAPTER 1505.* Captain Katrales reported the Chapter has provided financial assistance for two members in need. The annual Halloween Party will be held on October 24 at Station 23. The Holiday Award Ceremony & Banquet will be held on December 4 at Abineau Lodge; the Chapter is providing financial assistance for the event.

*BATTALION CHIEF'S REPORT.* Chief Miller reviewed the Battalion Chief and Activity Report. Chief Miller highlighted a few of the District's training events, and answered questions about various incidents.

*FIRE CHIEF'S REPORT.* Chief Foreman presented the Fire Chief's Report for September. He noted that the concrete work at Station 23 was completed in-house for under \$5,000. The Volunteer Pension Plan was terminated, and accounts with Mr. Innes were closed out. All remaining funds were deposited in the Wells Fargo Alternate Pension and Benefit Account. Wiatt Wong is seeking a quote for Workers Compensation Insurance through 7710 prior to our July renewal with Copperpoint. In addition, as part of the strategic planning process, the committee assembled a Community Input Survey, and we have received approximately 225 responses.

*FIRE BOARD CHAIRPERSON'S REPORT.* Chairperson Kloeber informed the Board that new Mission and Vision statements are available for review, and the Board recited responsibility items from their list.

*CORRESPONDENCE.* The Board reviewed a letter from Andrew Owen from Arizona State Forestry Division, which compliments Bear Jaw for their professionalism.

## TOPICS OF DISCUSSION AND POSSIBLE LEGAL ACTION.

- A. *PRESENTATION OF THE FY 2015 AUDIT; CONSIDERATION TO ACCEPT THE AUDIT PER A.R.S. § 48-805.02 (G).* Chairperson Kloeber welcomed Mr. Mark Frost of Hinton Burdick CPAs & Advisors. Mr. Frost provided copies of the FY 2015 Audit for the Board's review. Mr. Frost stated that first and foremost, "it was a clean opinion and everything looks very good". Mr. Frost stated that it is important for the Board to know it is of their opinion that the financial statements present fairly, in all measured respects, the perspective financial position of the governmental activities and each major fund of Highlands Fire District, as of June 30, 2015, and the respective changes in the financial position, and the respective budgetary comparison for the general fund.

Mr. Frost informed the Board that the audit appears several pages longer than before due to a new pronouncement in governmental accounting (GASB 68), which provides standards for measuring and recognizing pension liabilities and disclosure of information related to pension benefits. HFD is seeing a \$2.1 million liability on the balance sheet representing the unfunded pension liability. Mr. Frost advised the Board not to be overly concerned with the change; however, the additional work load associated with the reporting requirement may increase audit fees in FY 2017.

Mr. Frost reviewed a summary of financial highlights. He pointed out that the District's net position has changed from \$5.6 million in FY 2014 to \$3.5 million in FY 2015 due to the \$2.1 million unfunded pension cost associated with the GASB 68 reporting requirement. In addition, there is an adjusted \$40,357 decrease in our Governmental Net Position, which impacts the District's debt service ratio required by Wells Fargo Bank Lease Purchase covenants. This year the District is in compliance; however, Mr. Frost explained that if there comes a time that the debt coverage ratio is not met, they would ask our permission to communicate with Wells Fargo, and ask them to waive that particular loan covenant. Chairperson Kloeber commented that he would not be overly concerned as long as Wells Fargo is rational upon their analysis. Mr. Frost believed that it would be worth a phone call to find out how Wells Fargo would approach the issue. He suggested that staff call Wells Fargo and authorize him to speak to them regarding our account.

In addition, Mr. Frost pointed out that the District's budget was \$47,640 under budget in revenues as well as \$248,181 under budget in expenditures; therefore, ending the fiscal year with \$200,541 in excess funds. Mr. Frost provided managerial advice to avoid over spending any single line items in the budget, and he thanked the Board for the opportunity to perform the audit. After questions and further discussion, a MOTION was made by Director Murphy and was seconded Clerk Hirsch by to accept the FY 2015 Audit as presented. The motion was unanimously approved. The Board thanked Mr. Frost for his work.

- B. *CONSIDERATION TO APPROVE REVISED MISSION AND VISION STATEMENTS.* Chief Foreman informed the Board that he had requested the Strategic Planning Committee to review the mission and vision statements to confirm that they are still relevant. After discussion, a MOTION was made by Clerk Hirsch and was seconded by Director Murphy to approve the revised mission and vision statements as discussed. The motion was unanimously APPROVED.
- C. *DISCUSSION OF THE BEAR JAW CREW RELATIVE TO SUMMIT FIRE DISTRICT'S JOINT MANAGEMENT AGREEMENT WITH THE CITY OF FLAGSTAFF.* Chief Foreman reported that Chief Howard stated that there will be no change in SFD's commitment to the crew as long as he is Chief; however, he is retiring at the end of December. Chief Foreman met with Chief Gaillard of FFD, and Chief Foreman was assured that they have no intention of changing the arrangements with Bear Jaw, at least within the next two years. There is a potential of merging the crew with FFD in the future.
- D. *CONSIDERATION TO APPROVE THE PROCESS OF SELLING APPARATUS.* Chief Foreman provided information about entering into an agreement for selling apparatus through online auction at publicsurplus.com. The agreement has been affirmatively reviewed by counsel. A MOTION was made by Director Martin and was seconded by Director Murphy to approve the use of publicsurplus.com to sell excess apparatus online. Chairperson Kloeber stated that this would be the avenue for use; however, the authority to sell a specific item needs approval by the Board. After further discussion, the MOTION was revised to approve use of Public Surplus to auction off excess equipment with the understanding that the Fire Board will be notified before something is listed. The motion was unanimously APPROVED.

- E. *CONSIDERATION TO APPROVE THE PROCESS FOR COLLECTING FEES FOR SERVICE.* Chief Foreman explained that considering the approval of District Fee Schedule; how will we collect fees? Most commonly collections are either done in-house or by a collection service. Chief Foreman has been in contact with a company called Fire Recovery USA regarding billing for off-district fire responses. Chief Foreman requested guidance for the Board as to how our collections can be accomplished. A MOTION was made by Director Martin and was seconded by Clerk Hirsch to move forward with finding a company to process the collection of District fees based on our fee schedule. The motion was unanimously APPROVED.
- F. *CONSIDERATION TO APPROVE THE PROCESS FOR IMPLEMENTING CHIEF FOREMAN'S ANNUAL EVALUATION.* Chairperson Kloeber identified the following process; 1) evaluation forms, including goals and objective, are sent to Fire Board members; 2) Chief Foreman provides the Board with a self-assessment in November; 3) the Board will complete the evaluation in executive session in December; and 4) the Board will identify goals and objectives for next year's evaluation.
- G. *CONSIDERATION TO APPROVE CHIEF FOREMAN SERVING AS AFDA AREA 3 REPRESENTATIVE [DIRECTOR].* Chief Foreman informed the Board that John Welch of PFD has resigned his position on the ADFA Board, and Chief Foreman is interested in resuming the position. After discussion, A MOTION was made by Director Martin and was seconded by Clerk Hirsch to approve Chief Foreman to apply to serve on the ADFA Board as Area 3 Director. The motion was unanimously APPROVED.
- H. *CONSIDERATION TO APPROVE RENEWAL OF THE CONDITIONAL USE PERMIT (CUP) FOR STATION 24.* Chief Foreman informed the Board that the Conditional Use Permit (CUP) for Station 24 (Lake Mary) is due to expire in January 3, 2016. Chief Foreman recommends the Board approve renewing the CUP. After discussion, a MOTION was made by Director Martin and was seconded by Director Murphy to approve renewal of the CUP for Station 24. The motion was unanimously APPROVED.
- I. *REVIEW THE FIRE BOARD TASK CALENDAR.* The Board reviewed the Board Task Calendar. The Board agreed that the iPads are working well. Chairperson requested that the Board Packets and the seven reasons that the Board may conduct an Executive Session be downloaded into the "Corporate Distributed" area. Ms. Jones suggested that ARS pertaining to the Board be entered for reference.

ADJOURNMENT. The meeting adjourned at 7:05 PM.

Respectfully submitted by,

Jayne Jones  
Administrative Assistant III