

# NORTHWEST FIRE/RESCUE DISTRICT

SERVING RESIDENTS OF THE NORTHWEST FIRE DISTRICT, THE FLOWING WELLS  
COMMUNITY AND THE TOWN OF MARANA

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## MINUTES OF THE NORTHWEST FIRE DISTRICT SPECIAL GOVERNING BOARD MEETING February 9, 2010

### Call to Order/Roll Call/Affirmation of Quorum

George Carter called the meeting to order at 6:00 p.m. The meeting was held in the Northwest Fire District Training Facility Conference Room, 8165 N. Wade Road, Marana, Arizona.

**Present:** George Carter, Chairman  
Lee C. Mellor, Clerk  
David Talas

**Absent:** Richard Nassi, Vice Chairman (excused)  
Anka Mischel (excused)

It was determined a quorum existed with three of five members present. Richard Nassi and Anka Mischel were excused.

### Salute to the Flag of the United States of America

George Carter led the Pledge of Allegiance.

### Presentation of Service Awards

No awards were presented.

### Public Forum

Kyle Canty, of 8847 N. Moonfire Drive, Tucson, Arizona, President of Local Union 3572 and a resident of Northwest Fire District, said the Union is in the Meet and Confer process, and it is going very well. He anticipates giving a presentation at the Governing Board meeting later this month. He said he was here to answer any questions for the Board.



## **CONSENT AGENDA**

### **Approval of Minutes of the January 26, 2010, Regular Governing Board Meeting**

George Carter made the following motion, seconded by Lee C. Mellor, and approved unanimously with three ayes:

Move to approve Minutes of the January 26, 2010, Regular Governing Board Meeting.

## **NEW BUSINESS**

**Discussion and Possible Action about the Budget Adoption Process and the Economic Realities of Fiscal Year 2010-2011 including, but not limited to: Current Residential and Commercial Market Impact, Property Valuation Adjustments for Tax Years 2010-2011, Proposed Voter Initiatives and Legislative Property Tax Reform Measures, Projected Payroll and Benefits Expenses, Loss of Southwest Ambulance Revenues, Reserves, and Bond Debt Service; the District's Tax Rate and Budget Priorities will also be Addressed, as well as all Projected Revenues and Expenditures**

Dave Gephart said the Economic Realities report is information that is a budget guide and update of the District. He said some of the information is known and some is projected. He said he is available to answer any questions the Board may have.

Lee Mellor said, after reviewing the report, it appears in the coming year we will be facing challenges given the economic downturn and what is projected over the next couple of years indicating a 20-25% drop in assessed value which has a direct effect on our tax rate.

Mr. Carter asked what is the amount for the commercial decrease? Mr. Gephart said the most current information from the County is included in the report, and can provide an analysis at the next board meeting.

Lee Mellor asked if there is a percentage decrease every year for the commercial tax rate. Chief Piechura said there is currently a bill in the legislature that would bring the ratio from 20% where it would bottom out next fiscal year (2011-2012) down to 16% with a 1% a year decrease over the next four years.

In response to Mr. Carter's question of what is the projected decrease in the tax collections, Mr. Gephart said that currently this fiscal year our tax levy collections are ahead of last fiscal year and collections are stronger this fiscal year. Last year was the

District's lowest collection year as far as percentages in the last ten years. He said projections are conservative. They estimated 95% collection of the tax levy and last fiscal years, we received 94.4%. Every percentage difference is substantial as it involves thousands of dollars.

Mr. Mellor asked if a 20% drop in valuation means a 20% drop in our taxable income that we take in. Mr. Gephart said that a drop in valuation does not directly impact collections. The drop in assessed value will raise the tax rate if the levy stays the same, and the Board has the authority to determine the tax rate by setting the levy; both are limited by statute.

In response to Mr. Carter asking what were the numbers associated with the increase, Mr. Gephart said it is up to the board to decide a levy increase. There are a number of factors to consider such as a decrease in lease expenditures; the SAFER grant funds that the District will have to pick up for those employees hired through SAFER funding; and the Southwest Ambulance negotiations. If Southwest Ambulance decides not to contract, that will have an estimated \$400,000 decrease in funding this year that will not be available next year. The health insurance renewal cost was first expected to increase by 16%; it now appears the increase will be about 9% which is about \$140,000 of extra employer cost next year.

David Talas asked, due to the challenges, are all our accounts stable enough to take on these new ventures such as the Southwest Ambulance issue, purchase of a new Administration building and funding the firefighters under SAFER grants. Mr. Gephart said he believes the District's financial status is strong. but there are a number of issues that will need to be resolved that could impact the status.

Mr. Talas asked for an example of how that could impact us. Mr. Gephart said there are a number of factors, and each budget year stands on its own. Decisions that are made have an impact to future years such as the tax levy. The SAFER grant allows for full funding for the first two years and then the District picks up 100% funding of the positions for the third and following years. There are the capital expenditures, and the District may need to look at debt financing. These are factors that commit the District to expenditures.

Mr. Talas asked how much of the fund can be depended on for rollover. Mr. Gephart said until the auditors close out the fiscal year, it is not known what the rollover will be. Any adjustments that happen throughout the year will impact the rollover.

Mr. Carter asked if the reserve fund is the same amount every year. Mr. Gephart said the reserve amount will fluctuate from year to year for a number of reasons. He said the reserve account could sustain the District for approximately three months until tax collections are received in October/November of each year. Having better adequate

reserves allows the District to get bond rating and allows stability for the District from any contingencies or a major significant event. Mr. Gephart said that is the nature of the cash flow.

Lee Mellor asked how much is 1 cent equivalent to in our budget for the tax levy. Mr. Gephart replied that under the current projections for the next budget year, 1 cent would bring in revenue of about \$113,000 which is down from the current fiscal year of \$118,000 due to the decline in assessed values.

Mr. Carter asked what level is the District at with regard to manpower and coverage for response times. Chief Piechura said operationally the District is staffed 90%; after the recruitment process, the District will be at 95%; if the District gets the Station 39 staffing grant, those hires will put us at 100%.

Mr. Carter asked if the District is looking at any savings somewhere such as the board books. Chief Piechura said currently staff is working on board meeting technology and anticipates purchasing software very soon. The District is reviewing services and programs such as the arson/canine program. The cost is approximately \$12,000 a year in expenses and payroll. The District was asked by ATF if Jester will be recertified this year since he is due for retirement. The District is reimbursed if we go to an ATF deployment. Not knowing what the budgetary future holds, renewing the program was declined and Jester will be decertified on May 7. Another way the District is looking for ways to contain costs is through the Leadership Team process.

The board thanked Mr. Gephart for putting all the information together.

## **FUTURE AGENDA ITEMS**

**Future Agenda Items [A Governing Board Member may bring forth general topics for a future meeting agenda. The Governing Board may not discuss, deliberate or take any action on the topics presented, pursuant to A.R.S. § 38-431.02 (H).]**


There were no agenda items added by the Board.

## **Adjournment**

George Carter made the following motion, seconded by Dave Talas and approved unanimously with three ayes:

Move to adjourn the Special Governing Board Meeting of the Northwest Fire District at 6:38 p.m.

Minutes approved by the Northwest Fire District Board at its February 23, 2010, Regular Governing Board Meeting.

A handwritten signature in cursive script, appearing to read "Lee C. Mellor", is written over a horizontal line.

Lee C. Mellor  
Clerk of the Board