

MINUTES

AVRA VALLEY FIRE DISTRICT

PUBLIC HEARING AND

REGULAR MEETING OF THE BOARD OF DIRECTORS



Meeting Date: Wednesday June 26, 2013
Meeting Time: 6:00 PM
Location: 15790 W. Silverbell Road, Marana, AZ 85653

Recording On.

1) Call To Order

The meeting was called to order by Chairman Castaneda at 6:04 pm.

2) Pledge of Allegiance

The Pledge of Allegiance was recited by all present.

3) Roll Call

The roll was called by Secretary Palmquist. In attendance:

Board

Chairman Castaneda, Jr.
Vice-Chairman Lassen
Clerk Bauer
Director Neilson
Director Horch

Staff

Chief Delfs
Asst Chief Klein
Lorrie Palmquist
Counsel Wencker

Vice-Chairman Lassen motioned to open the Public Hearing on the Proposed Budget at 6:05 pm. The motion was seconded by Clerk Bauer. ***Motion carried unanimously, 5/0.***

4) Public Hearing on Proposed Budget FY 2013-2014

Pursuant to A.R.S. 48-805 and 48-807, The Avra Valley Fire District through its Board of Directors, has prepared an annual budget that contains detailed estimated expenditures for the fiscal year and clearly shows salaries payable to employees of the District, including the appointed Chief. The budget was posted in three public places as required and published in the Daily Territorial newspaper prior to twenty days before this Public Hearing to adopt the budget. The proposed budget was also posted on the District's website so as to be publicly viewable at least twenty days before the Public Hearing. Copies of the budget have also been made available to members of the public upon written request to the District. Following the Public Hearing, the District board may adopt a budget. After final adoption, a complete copy of the adopted budget shall be posted in a prominent location on the District's official website . within seven business days and shall be retained on the website for at least sixty months.

Chief Delfs addressed the Board and stated that the Proposed Budget was presented at the last meeting. He commented that the Budget has been published as required. He further commented that part of adopting the overall Budget includes adopting the bond levy rate, explaining that because of the current state of the market combined with the lower net assessed property values, the District's bond levy will be higher than anticipated. The discussion at the last meeting centered around setting the bond levy rate between \$.67, which includes an 6% delinquency factor, and \$.69, which includes a delinquency factor of 8%. The Chief reminded the Board that Pima County recommended that anything above a 5% factor would be safe. Chief Delfs reported that there has been no feedback from the public, so unless the Board requests a change at this meeting, the District is on solid ground to establish the rate as previously discussed. Vice-Chairman Lassen clarified, restating that the levy rate could contain a 5% minimum delinquency factor, but could safely include an 8% factor. She further summarized that the delinquency factor will be built in to the rate to help the District offset shortfalls in revenue next fiscal year. Vice-Chairman Lassen asked for a recommendation from the Chief. Chief Delfs responded that he is comfortable dropping the rate to \$.67, which includes the 6% delinquency factor.

Chairman Castaneda expressed thanks to the Chief and staff for their efforts in preparing the Budget, stating that it is a solid plan and an excellent starting place for strategic planning.

Counsel Wencker addressed the Board. He defined the delinquency factor as a buffer for the District's Budget to cover what is not collected on the bonds in light of the depressed property values and current market fluctuation. He further added that it is the best estimate of what will be short in the collection efforts. Vice-Chairman Lassen inquired about the tax rate in Pinal County. Counsel Wencker responded that Pinal County reports a slightly better collection rate than Pima County. Vice-Chairman Lassen again commented that including a delinquency factor in the bond levy rate is an insurance policy for the District. Chief Delfs stated that at the beginning of the bond process, the District had projected \$.57, but is now projecting bumping the rate up by \$.10. Director Neilson asked for clarification about what is currently happening in the market and how that will affect net proceeds from the bond sale. Chief Delfs responded that the bond issue will be 2.9 million plus underwriting fees. Further, for every 1% the interest rate goes up, it will cost the District \$35,000 in debt service. Therefore, we are recommending increasing the bond levy rate to offset that problem. The Chief further commented that the District intends to use all proceeds from the bond issue for capital needs and not to use the property tax levy to pay back debt service. Director Neilson inquired about the interest rate on the bond offering. Chief Delfs responded that the interest rate may either come back down to 4% shortly, or it could rise. Director Horch inquired about how quickly we anticipate the bonds selling. Chief Delfs stated that the bonds are expected to sell promptly upon issue. Director Neilson inquired about whether or not the District should consider private placement. Chief Delfs responded that our underwriter may offer privately first, but it depends on if a buyer is available at the time we choose to sell.

4.1)Public Comment on the FY 2013-2014 Budget - None present.

4.2) Adjourn Public Hearing

Vice-Chairman Lassen motioned to adjourn the Public Hearing at 6:23 PM. The motion was seconded by Clerk Bauer. *Motion carried unanimously, 5/0.*

The Regular meeting reconvened at: 6:23 PM.

5) Review, Discussion and Adoption of the FY 2013-14 Budget including the Adoption of the Secondary Property Tax Levy and the Bond Repayment Levy

Vice-Chairman Lassen motioned to approve the proposed Budget for Fiscal Year 2013-2014 in the amount of \$7,390,421 which includes capacity for \$1,500,000 in grants and \$3,000,000 in bonds, and to set the FY 2013-14 tax levy in the amount of \$3.25 and the bond levy rate at \$.67. The motion was seconded by Clerk Bauer. Chairman Castaneda called for a roll call vote. Chairman Castaneda, Ay; Vice-Chairman Lassen, Ay; Clerk Bauer, Ay; Director Nielson, Ay; Director Horch, Ay.

Motion carried unanimously, 5/0.

6) Approval of the Regular Session Minutes and Executive Session Minutes from the Board Meeting held May 22, 2013

Vice-Chairman Lassen asked for a correction of the misspelled name of the resident who visited the Board meeting last month. Clerk Bauer moved to approve and accept the minutes for the regular Board meeting held on May 22, 2013 to include the spelling change. The motion was seconded by Vice-Chairman Lassen. *Motion carried unanimously, 5/0.* Clerk Bauer motioned to approve the Executive Session minutes from the meeting held May 22, 2013. Vice-Chairman Lassen seconded.

Motion carried unanimously, 5/0.

7) Call To The Public None Present.

8) Announcements, Current Events & Correspondence None.

9) Chief's Reports

- **Chief Delfs** – training, vehicles, labor relations, personnel, stations, communications
- **Assistant Chief Klein** – operations, response times

Chief Delfs stated that he and the staff have spent a considerable amount of time working on the Budget, the new station, the bonds, as well as other important issues at the District. The Chief offered his congratulations to the staff on their great job keeping operations afloat, opining that the District has taken another step in professionalism. He stated that the new format for the website will be live this week, and the budget and minutes, etc., will be posted in a timely manner.

The Chief directed the Board to their packets. He summarized that the District is still awaiting notice on the AFG Grant. He stated that if we are not successful in getting these grant funds, then the Board will need to approve refurbishment of Apparatus 217 for the new station in Red Rock.

Chief Delfs reported that he recently met with the Pinal County building official, Mr. Tony Guasp, commenting that the plans are present tonight on the table in the back. The Chief explained that the building official was very amenable to the needs of our District and our urgency in opening the station in Red Rock. Chief Delfs shared that Mr. Guasp mentioned that the Pinal County manager announced within the last week that he is leaving, so we will be working with an interim manager at Pinal.

Chief Delfs further reported that the District did receive notification that the TransWorld Tower is proceeding. They have pulled permits and have up to 6 months to complete the tower.

Vice-Chairman Lassen inquired about the amount of grant proposals outstanding. Chief Klein responded that we have a total of 7 grant proposals we are still waiting to hear on. He further commented that he has been preparing narratives for the SAFER Grant release. Director Horch inquired if all of the grants are for Federal money. Chief Klein responded that they all are Federal grants except for the Hundred Club, Tohono O'odham and Pascua Yaqui grants.

Clerk Bauer inquired about response to wildland fires. Chief Delfs responded that our District has responded to 2 wildland fires so far, and that we are next on the wildland call list.

10) Reports of Board Members and Staff

- Chairman Castaneda, Jr. – nothing to report
- Vice-Chairman Lassen – nothing to report
- Clerk Bauer

Clerk Bauer shared that she is actively working on the Board retreat, commenting that she has been communicating with the Chief from Apache Junction. She stated that a schedule is in the works and wants to discuss dates at the next Board meeting.

- Director Neilson – nothing to report
- Director Horch – nothing to report
- District Counsel, Chris Wencker

Counsel Wencker addressed the Board. He explained that the Supreme Court issued important decisions striking down the formula for election preclearance requirements. He stated that the good news is everything has been cleared and the question now becomes whether we have to meet preclearance requirements in the future. Even though Congress struck down the Section that determines which states have to obtain preclearance for their elections, our District is a covered jurisdiction and we may still have to conduct election preclearance requests. Counsel Wencker suggested that the District continue to perform election preclearance requests until we hear otherwise, because the issue is likely to be up in the air for quite some time. Counsel Wencker opined that it is easy for us to get preclearance now, and that will help avoid election issues.

11) Financial Report – Cash Flow Statement and Budget Performance

Chief Delfs commented that the Cash Flow Statement is a snapshot as of the end of May. He stated that the District expects to end the fiscal year in the positive and will not exceed the budget cap. The Chief reminded the Board that historically, the next few months are tough, running negative in the Treasurer's account until tax revenues start coming in October.

Vice-Chairman Lassen expressed thanks for the notes to the financial statement, commenting that they provide helpful insight. Chairman Castaneda concurred.

12) Review, Discussion and possible Action regarding the District Bond Issue (recurring item)

Chief Delfs stated that we have already discussed everything previously during this meeting. Vice-Chairman Lassen commented that we will know more after July 11. Chief Delfs stated that the Board has given latitude in pricing the bonds, and that after July 11, he and Mr. LaValle will reassess the market situation and decide when to issue. The Chief explained that the immediate market crisis is due to a speech given by Federal Reserve Chairman Bernanke in which he stated that the economy is growing stronger, and, therefore, the federal government can stop printing money. As a result, Tnotes doubled in price causing an adverse affect on the bond portfolios. However, yesterday, a different federal bank Chairman stated that in his opinion, the prior statement was not correct. Therefore, the stock market has eased up a little. Mr. LaValle suggests that we let things settle a little and give time for government reports to come out so bond investors will regain confidence. Chief Delfs stated that he will email the Board prior to the selling. Vice-Chairman Lassen expressed thanks for the explanation of the situation. Director Neilson inquired if we need to do anything to give our Chief the authority to sell as soon as it is appropriate. Counsel Wencker responded that the Chief does have the authority to sell just as soon as it is possible.

13) Review, Discussion and possible Action regarding a Board Retreat and Strategic Planning Session

Clerk Bauer asked the Board to consider dates at the next Board meeting. Chief Delfs explained that three years ago the Board set out a 5-yr and 10-yr Strategic Plan. He reported that as of this Fall, the District will have accomplished both of those strategies. He further stated that now is the time to regroup and set out direction for the next 5 to 10 years, and, therefore, as part of the Board Retreat, he asked for a Strategic Planning Session. Chairman Castaneda commented that it is a great idea and pondered if the Board will be given guidelines to review ahead of time. Chief Delfs responded that everyone should plan to do brainstorming on ideas with the result of drafting a framework of what the Strategic Plan should look like. After the brainstorming session, the staff can coordinate the ideas and develop a report to be presented at the following Board meeting.

14) Review, Discussion and possible Action regarding Inter-Governmental Agreement with Northwest Fire District for dispatch services

Counsel Wencker clarified that the resolution under discussion is a Northwest Fire District resolution, so our Board is only being asked to approve the addendum. Chief Delfs further clarified that all Districts are being asked to consider the addendum. Vice-Chairman Lassen moved to continue the Intergovernmental Agreement between Avra Valley Fire District and Northwest Fire District for dispatch services and approve the addendum. The motion was seconded by Clerk Bauer.

Motion carried unanimously, 5/0.

15) The Board may vote to enter executive session, pursuant to ARS 38-431.03(A)(3), for discussion or consultation for legal advice with the District's attorney regarding the status of a discrimination claim filed by Charleane Boyles.

Chief Delfs stated that there is nothing new to discuss on this topic. Counsel Wencker commented that there is nothing of substantive development.

16) Discussion and possible Action regarding the discrimination claim filed by Charleane Boyles.

None, as per Agenda Item (15) above.

17) Future Agenda Items

Board Retreat to include a Strategic Planning Session
Mr. Wencker is leaving Phoenix in August.

18) Date of Next Board Meeting - July 24, 2013

19) Adjournment

Vice-Chairman Lassen motioned to adjourn the meeting at 7:07 PM. The motion was seconded by Director Horch. *Motion carried unanimously, 5/0.*

Recording Off.

Approved By: Chairman Luis Castaneda, Jr.

Date: July 24, 2013

Board Members

Luis Castaneda, Jr. Aleya Lassen Sara Bauer Eric Neilson Brian Horch

In accordance with the Federal law and the U.S. Department of Agriculture policy, Avra Valley Fire District is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202)720-6382 (TDD).