



# Superstition Fire & Medical District

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## Governing Board Meeting Minutes August 16, 2017

PURSUANT TO A.R.S. §38.431.02, NOTICE IS HEREBY GIVEN TO THE GENERAL PUBLIC THAT THE SUPERSTITION FIRE & MEDICAL DISTRICT GOVERNING BOARD OF DIRECTORS HELD A MEETING ON WEDNESDAY, AUGUST 16, 2017. THE MEETING WAS HELD AT THE SUPERSTITION FIRE & MEDICAL DISTRICT'S ADMINISTRATION OFFICE, 565 N. IDAHO ROAD, APACHE JUNCTION, ARIZONA.

THIS MEETING WAS OPEN TO THE GENERAL PUBLIC AND BEGAN AT 5:30 PM.

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### A. Call to Order

Clerk Gehrt called the meeting to order at 5:32 PM.

### B. Pledge of Allegiance

Pledge of Allegiance was led by Director Strand.

### C. Roll Call

Chairman Jeff Cross (telephonically), Clerk Gene Gehrt, Director Todd House, Director Jason Moeller (telephonically), and Director Larry Strand as present.

Senior Leadership Team in attendance: Interim Fire Chief Mike Farber, Acting Assistant Chief Richard Ochs, Acting Assistant Chief Richard Mooney, and Finance Director Roger Wood.

Legal Counsel Donna Aversa and Executive Assistant acting as Board Secretary Jasmin Jones were also present for the meeting.

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## 1. Review and approval of July 2017 financial reports and bank reconciliations. (BOD #2017-08-01)

**Motion** by Director House to approve the July 2017 financial reports and bank reconciliations. **Seconded** by Director Strand.

**Vote** 5 ayes, 0 nays. **MOTION PASSED.**

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## 2. Recognition of employee performance, achievements, and special recognition for community members. (BOD #2017-08-02)

Acting Assistant Chief Richard Ochs introduced newly promoted SFMD members Battalion Chief Brian White, Captain Tanner Fox and their families for the traditional badge pinning ceremony. Engineer Bryan Heun was not present because he was deployed on a Wildland fire.

Chief Ochs presented Administrative Assistant Kelly Bartz with her 10 year service award.

Chief Ochs read the list of August anniversaries Captain/Paramedic Andy Kuhn (28 years of service), Captain/Paramedic Jon Williamson (12 years of service), Transportation Services Manager Billy Warrant (2 years of service), and Payroll Clerk Lori Hlavin (2 years of service).

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## 3. Call to the Public. (BOD #2017-08-n/a)

**Charlie Fox (address redacted)**

*“Yes, I am Charlie Fox, I live in the District. I have two very simple requests. Would all of you please speak into your mics, a little closer? The other is, when you send out changes to the By-Laws would you highlight them, so Susan doesn’t have to read both copies all the way through for me to know what is happening. Thank you.”*

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**4. Consideration and possible approval of all consent agenda items listed below: (BOD #2017-08-03)**

- A. Work Session Meeting Minutes from July 12, 2017
- B. Work Session Executive Session Minutes from July 12, 2017
- C. Board Meeting Minutes from July 19, 2017
- D. Toshiba Multi-Function Copier/Printer Lease

**Motion** by Director House to approve consent agenda items for August 16, 2017. **Seconded** by Director Strand.

**Vote** 5 ayes, 0 nays. **MOTION PASSED.**

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Clerk Gehrt requested to pull the following items from the agenda:

- 5. Discussion, presentation, and possible action proposing a pilot program for an additional engine at Fire Station 263. (BOD #2017-08-04)
  - 6. Discussion, presentation, and possible approval of an updated organizational chart. (BOD #2017-08-05)
  - 8. Discussion, consideration, and possible approval of the amendment to the Fiscal Year 2017/2018 Revenue and Expenditure Budget that was adopted at the July 19, 2017 Board Meeting and the possible adoption of Resolution of 2017-07. (BOD #2017-08-07)
  - 17. Discussion and possible direction regarding the previously approved mechanic’s position. (BOD #2017-08-16)
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**7. Discussion and update regarding the JPA/Merger/Consolidation Committee. (BOD #2017-08-06) – [Addendum A](#)**

Interim Fire Chief Mike Farber introduced this item to the Board by summarizing the August 4, 2017 committee meeting. He stated that the committee discussed the differences between JPA, Mergers, and Consolidations. The JPA/Merger/Consolidation Committee will meet once a month for six (6) months to discuss what will occur in the future and will then brief the Board after each meeting.

Chief Farber went on to say that he spoke to Mesa Fire & Medical, the City of Apache Junction and the Apache Junction Unified School District (AJUSD) on the possibility of creating a partnership for a Joint Purchasing Agreement (JPA). He stated he also spoke the City of Queen Creek about the possibility of handling their fleet services.

Chief Farber met with Fire Chief Rob Biscoe from [North County Fire & Medical District](#) (NCFMD) as well and discussed the process NCFMD took to establish Arizona Fire & Medical Authority with [Sun Lakes Fire](#) and Wittman Fire. Chief Farber briefly discussed the [Central Yavapai Fire & Medical Authority](#) (CYFMA), they were one of the first in the State of Arizona to create a Joint Purchasing Agreement (JPA) with local school districts and other fire districts.

Clerk Gehrt stated that he would like information from Districts that have already gone through the process, what they have done with it, what their successes have been, advantages, disadvantages, and lessons learned by going through the process. He went on to say, he doesn’t feel we are at the point where we can decide what option is best or what District the SFMD would include. Other comments from the Board included:

### **Director House**

*"I would like to say that it was a real good give and take between a lot of individuals there was a lot of good ideas put out. It was an honest and genuine effort to really analyze and look at the possibilities. So, I think everyone gave it for what it was worth and hope to continue to look at it that way because we want to make sure we exhaust all of our possibilities."*

### **Director Moeller**

*"I would like to echo what Todd said, we did have a lot of new information that we didn't know beforehand and going forward for the next five months we are going to gather a lot more information and hopefully go down the path that you were speaking to, as far as not looking into doing it with anyone, just to say we did it with someone. But, to gather a lot more information to see if it is feasible and if it would be more beneficial if we did it on our own. So, the first meeting was very eye opening and informative and I hope that the next five are the same."*

### **Chairman Cross**

*"I just like your comments (Clerk Gehrt) to bring all the information to find out everything we can to find out if this is something we want to do."*

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## **9. Presentation, discussion, and possible direction of a 3-year forecast for planning purposes. (BOD #2017-08-08) – [Addendum B](#)**

Finance Director Roger Wood presented ([Addendum B](#)) this item to the Board, he stated that the forecast is a financial planning tool. The assumptions that are key drivers of the forecast are NAV, transports, transport rate, labor and benefit expense, and historical trending. Key items discussed were:

### **General (100) Fund**

- General Fund is 98% property tax revenue, variations in the Net Assessed Value (NAV) will have significant impact on total revenue.
- Since Proposition 117 went into effect in FY 14/15, the NAV growth has been 1.35%, 2.05%, 1.46%, and 4.64%, for an average of 2.375%.
- Sun Lakes Fire District hired an outside consulting firm to estimate their NAV for period 2017-2025; their estimates were 5.7% in 2017 and 3.7% thereafter until 2025.
- North County Fire & Medical Authority is estimating 6.0% in 2017, 6.3% in 2018, 5.6% for years 2019-2022, and 5.7% thereafter until 2025.
- For this forecast for the SFMD, a conservative 3.0% NAV growth was used.
- Each 1.0% NAV change is worth approximately \$130,000 over a 3-year period of the forecast.
- 100 Fund expenses are primarily wage & benefit related, making up 79.2% of the FY 17/18 budget. Operating expense make up 12.2%, and the financial reserve makes up the remaining 8.6%.
- Greatest risk for the District are PSPRS pension and employee benefits funding.
- The District has recently lengthened its PSPRS amortization period from 20 to 30 years to lessen the impact of recent significant unexpected increases in its employer contribution rate. Future increases are out of the control of the District.
- The average increase in the District's PSPRS rate over 8 years (FY 10/11 – FY 17/18), is 1.58%.
- A 2.0% annual increase factor was used in the forecast for ER contribution rates
  - 25.88% (current)
  - 27.88% (FY 18/19)
  - 29.88% (FY 19/20)
  - 31.88% (FY 20/21)
- Attrition (cost of replacing sworn employees at various ranks Firefighter, Engineer, Captain, Battalion Chief, or Assistant Chief)

- The cost analysis is that a departure at any given level is not a huge financial burden. The larger concern is the loss of institutional knowledge and experience
- Over six years, the replacement cost for the ranks of Captain and below is approximately \$10,000
- Battalion Chief and Assistant Chief is approximately \$20,000
- The “savings” related to the new Tier 3 PSPRS retirement plan has proven to be far less than expected.

### **Transport (150) Fund**

- Payer Mix from January 2016-July 2017, historically the District receives approximately \$0.43 for every \$1.00 billed for transport services
  - Medicare 62.08%
  - Medicaid 19.78%
  - Commercial 10.33%
  - Self-Insurance 7.05%
  - Auto & Worker’s Comp 0.76%
- Timing of payments for transports varies from 1-12 months and ranges from 3% - 44% with the third month being the highest for collection rate. For the forecast a 3.0% growth in transports was assumed.
- The general rate increase was submitted to DHS on June 13, 2017. For the forecast a conservative increase of 3.0% was utilized.
  - The District can also apply for an automatic rate increase that DHS values each January. For 2017 the increase was 3.7%.
- The 150 Fund has several types of allocated costs from the 100 fund:
  - Facilities and Utilities related costs
  - Administrative Support
- It is estimated that the Transport Division will pay the following allocated costs:
  - \$613,536 – FY 18/19
  - \$633,300 – FY 19/20
  - \$658,818 – FY 20/21

### **Capital (200) Fund**

- November 2016 the Temporary Override Initiative was approved by voters allowing for a special assessment up to \$0.25 per \$100 of Limited Property Value for a maximum of 5-years.
- The District plans for future capital purchases through its Capital Replacement Schedule – a *‘living’* document that is updated and changed depending on the needs of the District.

### **Debt (500 & 600) Funds**

- 20-year GADA bond was passed in 2006, the District continues to pay principal and interest until 2026 to fulfill the bond repayment.
  - Currently a special assessment of \$0.22 per \$100 of Limited Property Value towards the repayment.
  - The principal paid each year increases as the amount of the interest decreases, in FY 18/19, it is projected that the GADA Bond special assessment can be reduced to \$0.18.
  - Future reductions may be possible in FY 20/21 and beyond.

### **Summary**

- The 3-Year Forecast is meant to be a planning tool, that can be updated as the assumptions and facts change.
- The next relevant update should happen if the District is approved for the Transport Service general rate increase, which has the potential to significantly change the ability of the Transport Services Division to repay Capital (200) Fund for its initial investment to launch the ambulance services.

- The District’s financial health is stable and should improve over time as indicated in the increases of the General (100) Fund and Capital (200) Fund financial reserve balances.

Mr. Wood stated that the handouts that were given to the Board goes more extensively into the forecast ([Addendum B](#)). Comments from the Board were as follows:

**Director House**

*“Roger, I think you did an excellent job, you obviously spent a lot of time on this. I see a lot of conservative estimates which I like which will keep us in good play, depending on how things work out in the future, you never know. It appears to me that you tapped out every single possibility, you looked at every possibility and have presented us with a really good figure as to what we can look at in the future. I appreciate all of the hard work and whoever got involved with you, because I know there was more involved than just you. This sets my mind at ease a little bit and that was one of my major concerns. To make sure we weren’t facing a cliff next year. I appreciate all of the hard work and energy you put into this and you actually rather extensively worked on this and I appreciate that.”*

**Clerk Gehrt**

*“I would like to echo that, you did a fantastic job and what we needed, it determines where we are at.”*

**Chairman Cross**

*“I would just like to reiterate, that I like that we have a working, living document now anytime that we discuss raises or benefits, or anything that is going to effect new hires. If it is going to effect the financial bottom dollar, we can go back to this living document and see how it changes over the years. I appreciate you taking the time and building that and I agree that I am sure you had help with this and I just want to reiterate that I appreciate you guys taking the time and building that and doing it so quickly and very thoroughly.”*

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**10. Discussion and possible approval of an amendment to Resolution 2009-02, Meet and Confer. (BOD #2017-08-09)**

Interim Fire Chief Mike Farber introduced this item to the Board affirming that the amendment to Resolution 2009-02 states the change to the District’s name (from AJFD to SFMD), it also addresses the correct posting time for budgets (from 30 to 20 days).

**Motion** by Director House to approve the amendment for Resolution 2009-02, Meet and Confer, with the amendment changes, updating the District name and updating the fiscal year budget posting requirements. **Seconded** by Director Strand.

**Vote** 5 ayes, 0 nays. **MOTION PASSED.**

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**11. Review, discussion, and possible approval of the updated District By-Laws. (BOD #2017-08-10)**

Director House requested that Section 10(d)(4) – Role of the Fire Board, be updated to add *as it pertains to agenda items*.

Legal Counsel Donna Aversa will make the changes as stated.

Director House thanked Clerk Gehrt for all of this hard work on updating the Board By-Laws.

**Motion** by Director Strand to approve the SFMD Governing Board By-Laws with changes as previously stated, by Director House (sic *Section 10(d)(4) – Role of the Fire Board, be updated to add – as it pertains to agenda items*). **Seconded** by Director House.

**Vote** 5 ayes, 0 nays. **MOTION PASSED.**

**12. Discussion, update, and possible approval of changing Policy 102.01, Updating and Revising Policy, SOG's and Procedures. (BOD #2017-08-11)**

Clerk Gehrt introduced this item to the Board, stating that this item was added per his request. The first step in the process for the Board to approve policies is to update Policy 102.01 to include that the Board gives final approval before it is added to Volume I. He went on to say that he worked with Staff to come up with a process to not overwhelm the Board with policy approvals. The Board will be given two (2) policies each month to read and they will then be added to the following months Board agenda for approval.

**Motion** by Director House to approve Policy 102.01, Updating and Revising Policy, SOG's, and Procedures and to bring policies forward to the Board according to the new process. **Seconded** by Director Strand.

**Vote** 5 ayes, 0 nays. **MOTION PASSED.**

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**13. Discussion, presentation, and possible approval of the implementation of a Self-Inspection Program. (BOD #2017-08-12)**

Interim Fire Chief Mike Farber briefed the Board on the new Self-Inspection Program and invited Acting Assistant Chief Richard Mooney to describe the program.

Chief Mooney stated that this program will allow B-Occupancy businesses to conduct their own self-inspections, which will include a minimum administrative cost of \$20 per year. He went on to say that the nominal fee is comparable with neighboring cities and towns for self-inspection programs. Chief Mooney stated that Class B-Occupancy businesses have a lower fire risk than other high risk occupancies. The occupancy risk is set by the city or county. Examples of Class B-Occupancies include doctor's offices, banks, insurance agencies, police agencies, and fire stations. The District has approximately 1,050 businesses within SFMD boundaries, out of those there are 375 businesses that fall into the classification to qualify for the Self-Inspection Program. In order to help businesses with the program, an [instructional video](#) was created, Chief Mooney introduced the video to the Board.

Chief Mooney and Chief Farber answered brief questions from the Board. The members of the Board all agreed, the video is a great tool for businesses to utilize and thanked Ace Hardware for allowing the District to film at their location. Clerk Gehrt suggested a video be created for residential homes.

**Motion** by Director House to approve the SFMD Self-Inspection Program, including the \$20 charge for businesses to participate. **Seconded** by Director Strand.

**Vote** 5 ayes, 0 nays. **MOTION PASSED.**

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**\*Director Moeller was disconnected telephonically at approximately 6:55 PM**

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**14. Discussion and update regarding the completion of the Community Medicine Grant. (BOD #2017-08-13)**

Acting Assistant Chief Richard Ochs introduced this item to the Board, he gave a brief update on the Community Medicine Grant that began on November 14, 2014 and will come to a close on August 31, 2017. He went on to say that a more in depth analysis will be brought to the Board at the September meeting, Dr. Gary Smith will be presenting.

Chief Ochs said that the program did have several benefits such as:

- The ability to manage low acuity medical calls at a patient's home, to avoid unnecessary transports to area hospitals with long wait times.

- A review of patient’s medical history and medications helped determine if a follow-up with their primary care physician or other social services was necessary. The primary goal was to assure patients were connected to the appropriate entity of the health care system.
- Home safety checks were completed when visiting patient’s homes. This helped prevent future injuries from falls or trip hazards and to check if their smoke alarm system was working.

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**15. Discussion of the District’s Public Safety Personnel Retirement System (PSPRS) contribution costs related to the new Tier 3 members (firefighters hired on or after July 1, 2017). (BOD #2017-08-14)**

Finance Director Roger Wood briefed the Board on this item. After Senate Bill 1428 was passed by the legislature in 2016, it established a new Tier 3 member class for firefighters hired on or after July 1, 2017. They will receive a significantly different retirement plan from Tier 1 and Tier 2 firefighters.

Mr. Wood went on to explain that Tier 3 members have 90 days from the date of hire to make an irrevocable choice that remains in effect for their entire career. Members must choose between a Defined Benefit (DB) or a “pension” plan and a Defined Contribution (DC) or “401a” plan. If a member does not make a decision by the 90<sup>th</sup> day, they will automatically be enrolled in the DB plan. Depending on which plan a member selects, the District will pay between 20.66% or 20.89%.

Mr. Wood explained that there are legacy rates which are built in to both the Tier 1 and Tier 2 plans at 25.88%. Tier 3 does not have built in costs, there is a cost on top of the 9% and 4%, and it is broken out. PSPRS is utilizing the legacy costs as a way to bridge the unfunded liability for the next 30 years. The cost of the unfunded liability to our District is 10.72% on top of 14%. Tier 3 originally thought to be a savings to the employer, however, it is not as big of a savings as originally thought and instead of the 13% the District thought we would be seeing, it is 7% to 10% higher.

Clerk Gehrt stated that he has worked closely with Mr. Roger Wood while serving as the Chair of the Pension Board. He stated Roger is extremely dedicated and works hard to understand the new PSPRS legislation, he leaves no rock unturned.

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**16. Discussion and possible direction regarding the Fire Chief hiring process. (BOD #2017-08-15) – [Addendum C](#)**

Chairman Cross introduced this item, he stated he requested this item to be placed on the board agenda. He would like to take a proactive approach for the Fire Chief hiring process, if the Board has a need for this down the road and he feels six (6) months is a good lead time.

Chairman Cross stated the documents that were handed out to the Board represent the last Fire Chief hiring process. The Board received copies of the Fire Chief Job Description and a breakdown of costs associated with using an outside HR consulting firm for the hiring process. Mr. Cross went onto say that the last interview process was done in an Executive Session with the Board and those records are confidential per ARS.

Clerk Gehrt stated the cost breakdown was in the range of \$19,000 for the Fire Chief hiring process for the services that were required.

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**18. Future agenda items brought forth by the Board. (BOD #2017-08-17)**

N/A

## 19. Reports (BOD #2017-08-18) – [Addendum D](#)

### Fire Chief

- *Thank You* email received by Mr. Roy Lewis regarding exceptional service that his Mother In-law received on July 22<sup>nd</sup> from E261, C-Shift – Captain/Paramedic Amy Brooks, Engineer John Christensen, Firefighter/Paramedic Ryan Ledbetter and Firefighter/Paramedic Jason Chapman, went above and beyond the call of duty. Mr. Lewis also thanked Jasmin Jones for being extremely helpful and having such a positive attitude, he stated that she is an invaluable asset and he appreciated her help assisting him with all of information he needed to find and recognize the amazing crew.
- Spoke at a Leadership Academy for 6<sup>th</sup> grade students in the Apache Junction Unified School District.

### Operations

- Cardiac Survivor – L263 & M263 Crew(s)
  - Captain/Paramedic Jeff Ehrlich
  - Firefighter/Paramedic Dan Elliott
  - Firefighter Bryan Heun
  - Firefighter Chris Robson
  - Paramedic Chad Rutledge
  - EMT Aaron Costello
- Intern Academy Planning Process
- Fire Academy – Potential New Hires
- Wildland Deployment – Wesfir, OR, the crew did have a near miss, a tree fell across the road that would have caused grave damage had it not been for the crew being so diligent while traveling.
  - Bryan Heun
  - Jeremy Rocha
  - Mike Wolfe
  - Ryan Philips
- July Operations Reports
  - Call Times
  - Incident Type
  - Transportation Division Compliance
  - Transportation Services Call Type
  - Transportation Revenue

### Administrative Services

- Community Service
  - August 1<sup>st</sup> accepted the Drowning Impact Awareness Month proclamation from the City of Apache Junction.
  - August 5<sup>th</sup> – provided Cost Guard Approved life vests to The Crossing apartment complex
  - August 14<sup>th</sup> – AED/CCR Training for teachers and staff at Peralta Trail Elementary
  - August 30<sup>th</sup> – 263 Station Tour
- Thank You to our Volunteers for putting in over 1,400 hours worth of dedicated time with the SFMD in FY 16/17!

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## 20. Announcements (BOD #2017-08-n/a)

Director House announced he is still working with the City of Apache Junction and Pinal County regarding paving Mountain Vista Road.

Director House also thanked the SFMD for the response at the fire at the Mining Camp Restaurant. The crews went above and beyond assisting the family and helping them save personal items.

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**21. Adjourn (BOD #2017-08-19)**

**Motion** by Director Strand at 7:15 PM to adjourn the meeting. **Seconded** by Clerk Gehrt.

**Vote** 4 ayes, 0 nays. (Moeller not present). **MOTION PASSED.**

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**Governing Board Approval:**



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Gene Gehrt, Board Clerk

*Jasmin Jones*



## ARIZONA FIRE DISTRICT ASSOCIATION

### ARIZONA FIRE DISTRICT MERGER PROCESS

Arizona fire districts, as independent special taxing districts and political subdivisions of the state, are authorized to merge to form a new single entity fire district pursuant to A.R.S. §48-820 et.al. The process for merging fire districts in Arizona is fairly complex. The following outline provides a process guide for merging two or more fire districts in Arizona, either by unanimous consent of the respective fire boards or through the special election process.

1. Adopt resolution calling for public hearing on merger – the Governing Board of each District will adopt a resolution ordering a public hearing on the possible merger to determine whether merger would be in the best interests of the districts and would promote public health, comfort, convenience, necessity or welfare.
2. Mail notice of public hearing to property owners - via 1st class mail with copy of resolution and statement of purpose, time of hearing, description of boundaries/map, estimated assessed value of district / estimated change in tax liability.
3. Publish and post notice of public hearing - Publish notice 2x, at least 10 days before the public hearing; post notice 3 places and mail notice with resolution to BOS before hearing.
4. Submit notice of public hearing to Board of Supervisors (BOS) - BOS will review and submit written comments within 10 days of receipt.
5. Obtain written consent of 30% owner (if exists) – this won't apply if there is no property owner that holds 30% or more of the assessed value of the district.



### **ARIZONA FIRE DISTRICT ASSOCIATION**

NOTE: This could be done after the public hearing, but must be done prior to signing the resolution.

6. Public hearing – hold public hearing to decide if merger is in best interest of the Districts.

If merger is to be accomplished by unanimous vote of the respective fire boards, skip to number 18 below.

7. Submit resolution from public hearing to BOS to request the call for election – This must be provided to the BOS more than 120 days prior to date of the election. [16-226(A)]. If the District wishes to have a "mail ballot election" (where members vote via mail and there is no polling places available) it must be requested in this resolution. [16-558(A)].
8. Publish call or mail call – Publish 2x (at least one week apart) during six weeks prior to the election. The publication shall contain: (1) purpose; (2) date; (3) last date to register to vote; (4) name of election district; and (5) date mail ballots will be mailed to electors (if a mail ballot election).
9. Provide Recorder with description of election precincts – This must be done 60 days prior to the election. If it is a mail ballot election, must designate return places for mailed ballots. [Typically done by County if fire district contracts for election services]
10. Mail notice of election to property owners – This must be done at least 60 days prior to election. Must include notice and map of boundaries. Mail via 1<sup>st</sup> class. [48-802(f)] [Typically done by County if fire district contracts for election services]



### ARIZONA FIRE DISTRICT ASSOCIATION

11. Publish notice of election – 2x (at least one week apart) during six weeks prior to election. The publication shall contain: (1) date of election; (2) location of polls; (3) hours of operation; (4) purpose; and (5) conducting district. [16-228] [Typically done by County if fire district contracts for election services]
  - a. If a mail ballot election - publish 2x (one week apart) during two weeks before six weeks preceding election. Publication shall contain: (1) date; (2) date ballots will be mailed; (3) deadline and location to return ballot; (4) how to obtain replacement ballot; (5) statement no polling place; (6) name of district; and (7) qualifications of electors.
12. Board appoints election workers – At least 20 days before election, appoint minimum of 3 election workers for each polling place, consisting of at least 1 inspector and 2 judges, and if possible qual. Electors [16-531(c)] [Typically done by County if fire district contracts for election services]
13. Designate polling place – this must be done at least 10 days before the election. [Typically done by County if fire district contracts for election services]
14. The Board may appoint a tally board – at least 10 days before election.
15. Board sends affidavit of compliance to BOS – at least 5 days before election.
16. **Election Day** (This must be held 60-90 days after order for election. NOTE: election dates are statutorily mandated).
17. Board canvas election – Must complete within 14 days of election.
18. Unanimous resolution (if completed via election, skip this step)



## **ARIZONA FIRE DISTRICT ASSOCIATION**

19. Joint meeting to select new board – district with largest population calls meeting. Appoint five (5) Board members from the two boards. No more than three (3) members can be appointed from any one fire board. The new Board immediately holds meeting [48-820 (H) & (I)]. At that meeting they appoint a Chairman and Clerk. They also pass a resolution declaring districts have merged, adopt a new district name, and accept the assets and liabilities of both Districts. Resolution needs to include names and terms of new Board members and be sent to the BOS.
  
20. Thirty days after resolution, merger is effective.

### **ARIZONA FIRE DISTRICT CONSOLIDATION PROCESS**

Arizona fire districts, as independent special taxing districts and political subdivisions of the state, are authorized to consolidate to form a single entity fire district pursuant to A.R.S. §48-822 et.al. In a fire district consolidation, one fire district absorbs the other with the primary fire district remaining as the single entity going forward. The process for consolidating fire districts in Arizona is fairly complex. The following outline provides a process guide for consolidating two fire districts in Arizona, either by unanimous consent of the respective fire boards or through the special election process.

1. Adopt resolution calling for consolidation into another fire district – the Governing Board of the District requesting consolidation shall send notice by First Class mail to fire district in which consolidation is requested.
  
2. Adopt resolution calling for public hearing on consolidation – the Governing Board of each District will adopt a resolution ordering a public hearing on the possible consolidation to determine whether consolidation would be in the best



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interests of the districts and would promote public health, comfort, convenience, necessity or welfare.

3. Mail notice of public hearing to property owners - via 1st class mail with copy of resolution and statement of purpose, time of hearing, description of boundaries/map, estimated assessed value of district / estimated change in tax liability.
4. Publish and post notice of public hearing - Publish notice 2x, at least 10 days before the public hearing; post notice 3 places and mail notice with resolution to BOS before hearing.
5. Submit notice of public hearing to Board of Supervisors (BOS) - BOS will review and submit written comments within 10 days of receipt.
6. Obtain written consent of 30% owner (if exists) – this won't apply if there is no property owner that holds 30% or more of the assessed value of the district. NOTE: This could be done after the public hearing, but must be done prior to signing the resolution.
7. Public hearing – hold public hearing to decide if consolidation is in best interest of the Districts.

If consolidation is to be accomplished by unanimous vote of the respective fire boards, skip to number 19 below.

8. Submit resolution from public hearing to BOS to request the call for election – This must be provided to the BOS more than 120 days prior to date of the election. [16-226(A)]. If the District wishes to have a "mail ballot election" (where



**ARIZONA FIRE DISTRICT ASSOCIATION**

members vote via mail and there is no polling places available) it must be requested in this resolution. [16-558(A)].

9. Publish call or mail call – Publish 2x (at least one week apart) during six weeks prior to the election. The publication shall contain: (1) purpose; (2) date; (3) last date to register to vote; (4) name of election district; and (5) date mail ballots will be mailed to electors (if a mail ballot election).
10. Provide Recorder with description of election precincts – This must be done 60 days prior to the election. If it is a mail ballot election, must designate return places for mailed ballots. [Typically done by County if fire district contracts for election services]
11. Mail notice of election to property owners – This must be done at least 60 days prior to election. Must include notice and map of boundaries. Mail via 1<sup>st</sup> class. [48-802(f)] [Typically done by County if fire district contracts for election services]
12. Publish notice of election – 2x (at least one week apart) during six weeks prior to election. The publication shall contain: (1) date of election; (2) location of polls; (3) hours of operation; (4) purpose; and (5) conducting district. [16-228] [Typically done by County if fire district contracts for election services]
  - a. If a mail ballot election - publish 2x (one week apart) during two weeks before six weeks preceding election. Publication shall contain: (1) date; (2) date ballots will be mailed; (3) deadline and location to return ballot; (4) how to obtain replacement ballot; (5) statement no polling place; (6) name of district; and (7) qualifications of electors.

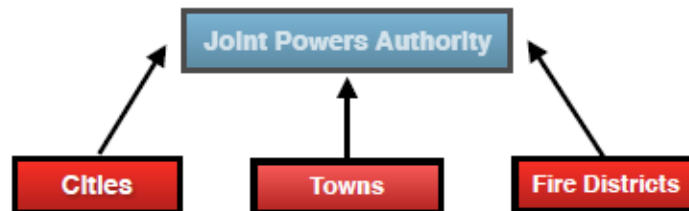


### ARIZONA FIRE DISTRICT ASSOCIATION

13. Board appoints election workers – At least 20 days before election, appoint minimum of 3 election workers for each polling place, consisting of at least 1 inspector and 2 judges, and if possible qual. Electors [16-531(c)] [Typically done by County if fire district contracts for election services]
14. Designate polling place – this must be done at least 10 days before the election. [Typically done by County if fire district contracts for election services]
15. The Board may appoint a tally board – at least 10 days before election.
16. Board sends affidavit of compliance to BOS – at least 5 days before election.
17. **Election Day** (This must be held 60-90 days after order for election. NOTE: election dates are statutorily mandated).
18. Board canvas election – Must complete within 14 days of election.
19. Resolution of fire board into which consolidation was requested declares the districts joined.
20. Meeting of newly joined fire district board – the board of the district into which consolidation was requested continues to serve through their regular terms of office. A consolidated district board must consist of five (5) board members. The board by resolution declares the name of the consolidated fire district. The resolution needs to include names and terms of new Board members and be sent to the BOS.



## JOINT POWERS AUTHORITY SUMMARY



### Structural:

- ARS 48-805.01 allows cities, towns, counties and fire districts to create a Separate Legal Entity (SLE). Resulting in a diversified revenue stream.
- JPA structures can vary and may be divided into geographical areas.
- JPA will be created through an Intergovernmental Agreement (IGA) as adopted by the governing boards of both districts.
- Formation requires a majority vote by both agencies.
- JPA Board of Directors will be comprised of elected officials who are appointed from each agency.

### Financial:

- Each entity retains local control of their budget and services provided. Tax rates of each agency remain independent.
- No blending of debt
- JPA does not have taxing or bonding authority.
- The personnel, equipment, facilities and daily operations of the functionally combined agencies will be governed by a new JPA Board.
- JPA may acquire, construct, manage, maintain and operate buildings, works, infrastructure, apparatus, equipment and improvements.
- JPA may employ agents and employees
- JPA may set policies, recommend an annual operating budget, assist in long-range planning, negotiate labor/management agreements, and perform other duties as outlined in the JPA governance documents.

### JPA examples:

- Arizona Fire Medical Authority (Sun City West, Sun Lakes, Wittman)
- Central Arizona Fire Medical Authority (Central Yavapai, Chino Valley)
- Orange County Fire Authority, Ca. (23 cities, 71 stations)



## MERGER / CONSOLIDATION SUMMARY



### Structure:

- Only allows for Fire Districts to merge/consolidate. Excludes cities and towns.
- A new, single Fire Board will be appointed of the elected officials from the two Districts, followed by dissolving the two Boards.
- Single entity.

### Financial:

- Each agency's tax rate blends into a single tax rate.
- In the event one District carries debt the new consolidated District assumes the liability.
- Formation requires a unanimous "yes" vote by both Fire Boards to consolidate. In the event of a mixed vote, a public election must be held.
- All assets transfer to the new consolidated fire district.

### Consolidation Examples:

- Golder Ranch / Mnt Vista
- Daisy Mnt / Black Canyon
- Verde Valley Fire District

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# Arizona Fire Districts Guide for Implementing a Joint Powers Authority

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## Introduction

Arizona Revised Statutes (ARS) 11-952 allows public entities to enter into an agreement or form a separate legal entity (SLE), including a non-profit organization, to perform powers that are held by all the contracting parties. Since the fire districts and fire departments are authorized to provide fire protection, EMS and other lifesaving services a Fire Authority, which is a SLE, may be formed to provide these services for the fire agencies that want to contract with each other. Since police agencies and fire agencies are authorized to provide 911 answering points and dispatching services they may form a SLE that provides dispatching for the agencies in the agreement. Some public entities have formed insurance pools for providing insurance to the entities at a better rate while others have formed a purchasing consortium to improve their purchasing power and save money for the entities. In other words if two or more public agencies provide the same service they may form a SLE that will provide the service that they want to share.

A joint powers authority (JPA) is an example of a SLE and the JPA will be referred to as a SLE in this document for consistency with ARS.

The following information is a general guideline for forming a SLE between an Arizona Fire District and another public entity or entities, including other Fire Districts. This information is not a complete document for developing a SLE, but a guideline for developing, funding and governing a SLE in Arizona.

Since different governmental agencies are governed by different laws, and different positions held in each SLE may be governed by different laws, a knowledgeable attorney should be involved in the developing any SLE and an attorney must approve each SLE.

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## Arizona Fire Districts Guide for Implementing a Joint Powers Authority

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### Examples of Public Agencies sharing joint powers

Any fire district can enter into an Intergovernmental Agreement (IGA) with another public agency even if they are not a fire district. Fire districts across Arizona have used IGAs to work together in different ways to operate more efficiently. This document focuses on forming SLEs as a way to work together. Ideas can be gained from how other agencies are now working together. The following examples can be used as ideas to consider when thinking of ways to work together with other agencies.

Mutual Aid and Automatic Aid Agreements are some of the most common types of IGAs between fire service agencies. Most municipal fire departments and fire districts in Yavapai County are part of the Yavapai County Mutual Aid Agreement. In this IGA the agencies agree to provide emergencies for participating agencies when requested by another contracting agency. The document spells out operational and administrative parts of the agreement. Items like what happens when one agency requests help from another and the other agency is not available, what happens when there is reimbursement for a call from another party etc.. The fire districts and fire departments in the Verde Valley have entered into an Automatic Aid Agreement to automatically dispatch one agency into another agencies area on different types calls for service.

The Verde Valley Fire Chiefs Association is an agency that consists of 5 fire districts and 2 municipal fire departments. It is a non-profit organization SLE that was originally formed to build a regional fire training facility. It has since added funding and provided guidance for regional Haz Mat response, regional public education program, fire investigation team and works together to address other issues that affect fire and EMS response in the Verde Valley. This SLE has also entered into an agreement with Yavapai College to fund, build and manage a classroom/meeting room and offices on the regional training center. This organization is funded by the 7 fire agencies that pay dues to the association annually for operating funds. It also receives funds from donations from local companies and charges for the use of the training center by outside agencies.

The Greater Yavapai County Purchasing Consortium is an IGA that was started by Yavapai County school districts and fire districts. This consortium is governed by a board that consists of a representative from each of the contracting agencies. The intent was to increase their buying power and ultimately save the districts and taxpayers money. This is an example of non-fire governmental agencies joining with fire districts to provide a service that benefit both types of agencies. This organization has expanded beyond Yavapai County and now includes Arizona governmental agencies outside of Yavapai County. Fire districts should not limit their vision of IGAs or SLEs to just fire or emergency service agencies but consider other public agencies as well.

Summit Fire District (SFD) contracted with Fort Valley Fire District (FVFD) and Eldon Lookout Road Fire District (ELRFD) to provide all of the fire services for FVFD and ELFD. FVFD and ELFD did not have any structures, fire equipment or employees and SFD provided all the equipment, structures and manpower to provide fire and EMS services to their community. This IGA was used until the three districts merged under SFD.

Other public entities have formed insurance pools for providing insurance to the entities at a better rate and other emergency service agencies in Arizona are working on a regional dispatch center.

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## Arizona Fire Districts Guide for Implementing a Joint Powers Authority

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### Laws relating to Arizona fire districts forming a Separate Legal Entity

The legal framework for merger, consolidation and joint power authorities for public agencies in Arizona is found in the Arizona Revised Statutes (ARS). The statutes authorize or prohibit or are silent concerning public agency's power to undertake certain activities. Arizona Fire Districts Association sponsored legislation regarding ARS 48-805.01 to give direction for fire districts that are working to form a SLE.

Title 48 relates to Special Districts and uses Title 11 as the foundation basis for developing a SLE. ARS 11-952 specifies the general form, framework, components of the contract for an IGA to form and operate a SLE. ARS 48-805.01 gives more specific guidelines for Arizona fire districts to form and operate a SLE. Other Statutes that are referred to in these statutes are title 38 relating to Public Officers and Employees which govern a SLE, title 36 relating to providing ambulance transport services, and statutes 35-431 and 48-806 which relate to general obligation bonds.

### What Separate Legal Entities can and cannot do.

As stated previously Arizona law authorizes, prohibits or is silent concerning Public Agency's power to undertake certain activities. This includes fire districts entering into SLEs. The following is a simple list of some of the things ARS 11-592 and ARS 48-805.01 allows SLEs to do and as well as what they cannot do.

- When 2 or more Public Agencies form a SLE, the entity can only have powers common to all the contracting parties.
  - If the SLE is formed to provide fire protection it can include fire districts and municipal fire departments but not a county sheriff's department as the sheriff's department does not have the power to provide fire protection.
  - If the SLE is formed as a regional dispatch center it may include all 3 different entities as the power to receive and dispatch emergency calls for service are common to all of the agencies.
- Common powers that contracting parties can authorize a SLE to provide include fire protection, the preservation of life, providing emergency medical service and carrying out its other powers and duties according to ARS 48-805.01.
- Another common power contracting parties can authorize a SLE to provide is ambulance transportation services but only when issued a Certificate of Necessity by the Arizona Department of Health Services.
- The SLE may be a non-profit organization.
- The agreement must explain what joint common powers of the contracting parties the SLE will exercise.
- An officer or elected member of the governing body of a party to the agreement may also act in the capacity of a member of the governing body of the SLE as long as they still meet the requirements of title 38.

## Arizona Fire Districts Guide for Implementing a Joint Powers Authority

- ARS 48-805.01 allows cities, towns, counties and fire districts to create a SLE, but one of the entities must be a fire district.
- The SLE can enter into contract, including contracts, leases or other transactions with one or more of the parties to the agreement forming the SLE.
- The SLE can employ agents and employees
- The SLE can acquire, construct, manage, maintain and operate buildings, works, infrastructure, apparatus, equipment and improvements.
- The SLE can incur debts, liabilities and obligations.
- The SLE can sue and be sued.
- The SLE has the rights and immunities of the parties that are granted by the constitution and statutes of Arizona including immunity of its property to be taxed.
- The SLE does not have taxing or bonding authority.
- The contracting agencies of the SLE may issue general obligation bonds for the purpose of funding the costs of and expenses of acquiring or constructing any structures, facilities or equipment necessary to effectuate the purposes of the agreement.
  - Each of the participating party's general obligation bonding authority is limited to that of each party's enabling legislation.
- The SLE cannot relieve any public agency that is party to the SLE of any obligation or responsibility imposed on it by law. Fire districts are formed to provide fire protection and other life safety services. They may use the SLE to provide the services but they are still responsible to see that the services are provided.

### Writing the contract for a Separate Legal Entity

The SLE can exercise part of the powers the agencies exercise like dispatching or the majority of the powers like a fire authority that provides fire protection, EMS and fire prevention. The contract will be the guideline for what powers the SLE will be exercising, how it will be funded, why it was formed, how it will be governed and how it will be divided up if one or more of the agencies separate from the SLE. A SLE formed under ARS 48-805.01 must have one fire district but the other public agencies can be cities, public school districts or other public agencies. Each of the non-fire district agencies are governed by different statutes and it is important that the SLE meets their requirements of each of the contracting parties as well. Therefore the contract will have to be reviewed and approved by the attorney from each agency to determine if the agreement is in proper form and is within the powers and authority granted under the laws of Arizona for each public agency. Two exceptions to this requirement is if one the entities is a federal department or from

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## Arizona Fire Districts Guide for Implementing a Joint Powers Authority

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another state. Unless required by federal law or the law of the other state those contracting agencies do not have to have their attorney approve the agreement.

Some of the things that are required to be in the contract are the precise organization, composition, title and nature of the SLE. It must also include the duration, purpose, manner of financing, establishing and maintaining a budget, and what will happen if all or part of the organization is terminated. It must also include any other necessary and proper matters. No agreement shall relieve any public agency of any obligation or responsibility imposed on it by law.

It may be helpful to hire an attorney that is knowledgeable in the Arizona revised statutes that govern the different agencies to help write the contract.

### Governing a Separate Legal Entity

The governing body of a SLE formed in pursuant of ARS 48-805.01 shall be composed of officials elected to one or more of the governing bodies of the political subdivisions that are parties to the agreement or their designees. How the governing body is set up will be described in the contract.

An officer or elected member of the governing body of a party to the agreement may also be a member of the of the governing body of the separate legal entity as long as it meets the requirements of ARS title 38 which governs public officers and employees. Therefore an elected board member of a fire district that is party to a SLE may serve on the governing board of the SLE. In the same manner a Fire Chief or other officer may serve on the governing board of the SLE if appointed as the representative by the elected officials and they meet the requirements of ARS title 38.

The governing bodies of the seven fire agencies in the Verde Valley formed a SLE as a non-profit organization called the Verde Valley Fire Chiefs Association. An example of governing body of an existing SLE is the Verde Valley Fire Chiefs Association. Their governing body consists of a Fire Chief from each one of the contracting agencies. Another SLE may have an elected official from each of the agencies that are party to the SLE on the governing board. The governing board of an SLE may be made up of other designees from the agencies that are party to an SLE as stated in the agreement.

### Funding a Separate Legal Entity

All SLEs formed under ARS 11-952 must include in the contract the manner of financing the SLE and how it will establish and maintain a budget. There are several ways to fund a SLE.

The SLE is not authorized to collect taxes but can be funded by the parties that are contracted to the SLE which are authorized to collect taxes. The mechanism for determining how much funding each agency should provide should be written in the contract. If the SLE is a Fire Authority that provides all fire protection, technical rescue, EMS services, fire prevention and public education for the contracted parties, and purchases and maintains all equipment and facilities, and hires all operational and administrative personnel the contracting agencies will collect taxes and pay for the portion of the budget that they are responsible for. The agencies that are fire districts will accomplish all or part of this payment through property tax. Each district will set their own mil rate based on their assessed valuation and the combination of funds they will

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## Arizona Fire Districts Guide for Implementing a Joint Powers Authority

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need to pay to the SLE and any other expenses. Different fire districts will be able to have different mil rates. Each district will collect their own Fire Districts Assistance Tax, donations or other income that they normally get.

ARS 11-952 allows for the SLE to be a non-profit organization. Non-profit organizations are eligible for certain grants and donors may receive tax credits for donations given to non-profit SLEs.

SLE may also bill and/or contract for services. If services are provided for property that is outside of the area of the contracted agencies or to people who are not taxpayers of the contracted agencies, the SLE may bill for those services. If property owners that are not contiguous with any of the contracted agencies request the services of the SLE, and the SLE wishes to provide those services to the requesting property owner, they may contract for services.

If a SLE applies for a CON to provide ambulance transport services and the CON is granted, the SLE may bill for the services at the rates approved by ADHS.

If a SLE contracts with the State to send personnel and apparatus on wild land fires, it may receive funds the same as a fire district or fire department does.

These are some of the ways a SLE may be funded.

### Conclusion

Carefully considered and thoughtfully planned, an Arizona Joint Powers Authority or SLE can be an effective and efficient service delivery methodology benefitting the public and fire service providers. AFDA has resources and/or can recommend assistance for any Arizona fire district that is considering forming Joint Powers Authorities or entering into an IGA with other fire districts or other public agencies.

This research was done by Jerry Doerksen, Assistant Chief for Verde Valley Fire District. Questions may be directed to him or your District Attorney.

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**Addendum B**

**SFMD 3-Year Forecast**

To provide a longer term financial planning tool, a 3-Year Forecast has been developed for the following funds:

- General (100) Fund
- Transport Services (150) Fund
- Capital (200) Fund
- Debt Retirement Principal (500) & Debt Retirement Interest (600) Funds

Assumptions on key drivers of revenue (NAV, transports, transport rates) are documented.

The forecast of labor and benefit expenses was made at the individual employee level.

Other key expense categories were forecast based on historical cost trending.

The following is a summary of a great deal of detail which is available should anyone want to review it in detail.



**SFMD 3-Year Forecast - General (100) Fund**

General (100) Fund expenses are primarily wage & benefit related, making up 79.2% of the FY17/18 budget. Operating expenses make up 12.2%, and the financial reserve makes up the remaining 8.6%.

The areas of greatest exposure or risk for the District are PSPRS pension and employee benefits funding for medical, dental, vision, etc. insurance.

The District recently lengthened its PSPRS amortization period from 20 to 30 years to lessen the impact of recent significant, unexpected increases in its employer contribution rate. However, future increases in PSPRS costs are almost entirely out of the control of the District except for the application of political influence.

Over the last 8 fiscal years (FY10/11 – FY17/18), the average increase in the District's PSPRS contribution rate was 1.58%

For the 3-Year Forecast for SFMD, a 2.0% annual increase factor was used. This resulted in ER contribution rates of 25.88% (current), 27.88%, 29.88% and 31.88% for FY17/18 through FY20/21, respectively.



**SFMD 3-Year Forecast - General (100) Fund**

To address the concern regarding the potential impact of firefighter attrition, an analysis of the cost of replacing sworn employees at various ranks was performed to determine the estimated impact of the departure of a Firefighter, Engineer, Captain, Battalion Chief, or Assistant Chief.

At the higher ranks, the impact of promoting from existing rank, and then hiring a new Firefighter was included.

The result of the attrition cost analysis is that a departure at any given level is not a huge, insurmountable financial burden. The larger concern is the loss of institutional knowledge and experience that comes with the departure of any employee with any prolonged period of tenure.

Over six years, the replacement cost for the ranks of Firefighter, Engineer, or Captain is approximately \$10,000. For the ranks of BC, AC it is approximately \$20,000.

On important takeaway from this analysis is that the "savings" related to the new Tier 3 PSPRS retirement plan has proven to be far less than expected.



**SFMD 3-Year Forecast – Transport (150) Fund**

Transport Services (150) Fund revenue is generated by the ground ambulance transport of District citizen to hospitals for medical services. The revenue received is highly impacted by three significant factors:

1. Payer Mix – the share of transports related to each of the five major Payers. Based on transports from January 2016 – July 2017, the District's Payer Mix is:

- Medicare (62.08%)
- Medicaid (19.78%)
- Commercial (10.33%)
- Self Insurance (7.05%)
- Auto & Worker's Comp (0.76%)



**SFMD 3-Year Forecast - General (100) Fund**

General (100) Fund revenue is 98% property tax revenue.

Variations in the District's NAV have significant impact of total revenue.

In the four fiscal years since FY 14/15 when Proposition 117 went into effect, the District's NAV growth has been 1.35%, 2.05%, 1.46%, and 4.64%, respectively, for an average of 2.375%.

Sun Lakes Fire District hired an outside consulting firm to estimate their NAV for the period 2017 – 2025; their estimate was 5.7% in 2017 and 3.7% thereafter until 2025.

North County Fire District is estimating 6.0% in 2017, 6.3% in 2018, 5.6% for years 2019 – 2022, and 5.7% thereafter until 2025.

For the 3-Year Forecast for SFMD, a conservative 3.0% NAV growth was used.

Each 1.0% NAV change is worth approximately \$130,000 over the 3 year period of the forecast.



**SFMD 3-Year Forecast - General (100) Fund**

To better control its employee benefit funding costs, the District has joined the United Firefighters Health Care Trust which contracts for medical insurance services with Blue Cross Blue Shield.

The District provides health insurance benefits through its Section 125 Cafeteria plan. Medical insurance is approximately 96.5% of the monthly health insurance costs for employees, dental is 3.0%, and vision is 0.5%.

The District's focus on containing the annual increases in medical insurance is intended to control this cost to the extent possible.

For the 3-Year Forecast for SFMD, a 1.0% annual increase factor was used in estimating the per pay period amount of the Employee Benefit Contribution.

As a result, the amounts for each fiscal year are:

FY17/18 - \$390; FY18/19 - \$394; FY19/20 - \$398; FY20/21 - \$402



**SFMD 3-Year Forecast - General (100) Fund**

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
NAV Projections	\$ 380,788,020	\$ 392,211,661	\$ 403,978,011	\$ 416,097,351
Estimated Tax Rate	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25
	FY17/18 Amended	FY18/19 Forecast	FY19/20 Forecast	FY20/21 Forecast
Beginning Cash	\$ 1,349,644	\$ 1,229,093	\$ 1,257,738	\$ 1,392,151
Tax Revenue	\$ 12,375,611	\$ 12,746,879	\$ 13,129,285	\$ 13,523,164
Other Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Abatements	\$ (15,000)	\$ (15,450)	\$ (16,000)	\$ (16,500)
Services	\$ 276,300	\$ 258,300	\$ 259,300	\$ 259,300
Other	\$ 29,800	\$ 20,000	\$ 20,000	\$ 20,000
Grant Matching	\$ -	\$ (16,200)	\$ (20,000)	\$ (20,000)
	\$ 13,166,711	\$ 13,494,529	\$ 13,872,585	\$ 14,265,964
EXPENSE PROJECTION				
Wages & Benefits	\$ 8,221,884	\$ 8,291,644	\$ 8,383,788	\$ 8,436,563
Pension	\$ 1,853,159	\$ 2,006,561	\$ 2,147,320	\$ 2,292,262
Benefit Contribution	\$ 1,186,323	\$ 1,183,014	\$ 1,170,089	\$ 1,180,285
ELBO / SELBO	\$ 234,029	\$ 195,750	\$ 226,600	\$ 352,000
Operations	\$ 1,791,867	\$ 1,808,875	\$ 1,810,375	\$ 1,855,375
Financial Reserve	\$ 1,229,093	\$ 1,257,738	\$ 1,392,151	\$ 1,541,630
	\$ 14,516,355	\$ 14,723,622	\$ 15,130,323	\$ 15,658,115
Balance	\$ -	\$ -	\$ -	\$ -



**SFMD 3-Year Forecast – Transport (150) Fund**

2. Gross % - the amount of each \$1.00 billed that each Payer pays. Based on payments from August 2016 – April 2017, the Gross % per Payer is:

- Medicare (35.83%)
- Medicaid (65.56%)
- Commercial (63.12%)
- Self Insurance (4.16%)
- Auto & Worker's Comp (65.84%)

Therefore, historically the District is receiving approximately \$0.43 for every \$1.00 billed for transport services.



## SFMD 3-Year Forecast – Transport (150) Fund

3. Timing of Payments – the number of months it takes for the District to be paid by each Payer for a given transport. According to Intermedix, our contracted billing company, it takes over 12 months to be completely paid for some transports. Their data indicates:
- Month 1: 8%
  - Month 2: 44%
  - Month 3: 22%
  - Month 4: 10%
  - Month 5: 6%
  - Month 6: 4%
  - Month 7: 2%
  - Month 8: 1%
  - Months 9 – 12+: 3%

The District is still receiving co-payments for transports from January 2016.

For the 3-Year Forecast, a 3.0% growth in transport volume was assumed.



## SFMD 3-Year Forecast – Transport (150) Fund

Similar to the General (100) Fund, one of the greatest areas of exposure for the District in its Transport Services division is employee benefits funding for medical, dental, vision, etc. insurance. Transport Services employees receive the same benefits as all other employees including the per pay period Employee Benefit Contribution to use to purchase their health insurance needs.

The Transport Division pays for “allocated costs” that are charged to its operations due to the use of District fire stations, and support from District Administrative personnel.

Based on the result of the 3-Year Forecast, it is estimated that the Transport Division will pay \$613,536, \$633,300, and \$658,818 in allocated costs for FY18/19, FY19/20, and FY20/21, respectively.

Actual levels may differ according to actual financial performance.



## SFMD 3-Year Forecast - Capital (200) Fund

In November 2016, the residents of the District passed the ballot initiative allowing for a special assessment up to \$0.25 per \$100 of Limited Property Value for a maximum of five years. This new revenue stream is to be used solely for the purchase of capital items.

The District plans for future capital purchases through its Capital Replacement Schedule, which is a “living” document that is updated / changed as the needs and priorities of the District change.

The expenses in the 3-Year Forecast are based on the items planned for in the current version of the Capital Replacement Plan.



## SFMD 3-Year Forecast – Debt (500 & 600) Funds

The District placed a 20-year GADA bond in 2006, and continues to pay principal and interest until 2026 to fulfill its bond repayment obligations.

The District property owners currently pay a special assessment of \$0.22 per \$100 of Limited Property Value toward the repayment of the 2006 GADA Bond.

Over time, the amount of principal paid each year increases as the amount of interest decreases. Starting in FY18/19, it is projected that the GADA Bond special assessment can be reduced to \$0.18.

Future reductions may be possible in fiscal years beyond FY20/21.



## SFMD 3-Year Forecast – Transport (150) Fund

The District has not received word if its application for a general rate increase has been approved yet. So no additional revenue was assumed in the forecast.

The District can apply for the “automatic” rate increase that DHS values each January. The automatic rate increase goes into effect on July 1 of each year. In 2017, the automatic rate increase was 3.7%.

For the 3-Year Forecast, a 3.0% increase in transport rates was assumed.



## SFMD 3-Year Forecast – Transport (150) Fund

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
Transports	4,958	5,109	5,264	5,421
ALS Rate	\$ 1,066.46	\$ 1,102.90	\$ 1,135.99	\$ 1,170.07
BLS Rate	\$ 923.30	\$ 954.84	\$ 983.49	\$ 1,012.99
Mileage Rate	\$ 18.26	\$ 18.88	\$ 19.45	\$ 20.03
	<b>FY17/18</b>	<b>FY18/19</b>	<b>FY19/20</b>	<b>FY20/21</b>
	Amended	Forecast	Forecast	Forecast
Beginning Cash	\$ 159,389	\$ 150,000	\$ 150,000	\$ 150,000
Transport Revenue (Net)	\$ 2,707,410	\$ 2,830,205	\$ 3,006,050	\$ 3,188,785
Customer Refunds	\$ (20,000)	\$ (20,000)	\$ (25,000)	\$ (25,000)
Collections	\$ 14,655	\$ 15,000	\$ 15,000	\$ 15,000
Other	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Transfers to 200 Fund	\$ -	\$ -	\$ (60,000)	\$ (135,000)
	<b>\$ 2,704,065</b>	<b>\$ 2,827,205</b>	<b>\$ 2,938,050</b>	<b>\$ 3,045,785</b>
EXPENSE PROJECTION				
Wages & Benefits	\$ 1,520,064	\$ 1,587,967	\$ 1,651,649	\$ 1,704,753
Pension	\$ 160,109	\$ 176,822	\$ 195,505	\$ 206,292
Benefit Contribution	\$ 261,839	\$ 268,416	\$ 273,925	\$ 276,313
Operations	\$ 621,033	\$ 644,000	\$ 656,971	\$ 689,427
Billing & Collections	\$ 141,020	\$ 150,000	\$ 160,000	\$ 169,000
Financial Reserve	\$ 159,389	\$ 150,000	\$ 150,000	\$ 150,000
	\$ 2,863,454	\$ 2,977,205	\$ 3,088,050	\$ 3,195,785
Balance	\$ -	\$ -	\$ -	\$ -
Allocated Costs from 100 Fund	\$ 563,848	\$ 613,536	\$ 633,300	\$ 658,818



## SFMD 3-Year Forecast - Capital (200) Fund

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
NAV Projections	\$ 380,788,020	\$ 392,211,661	\$ 403,978,011	\$ 416,097,351
Estimated Tax Rate	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
	<b>FY17/18</b>	<b>FY18/19</b>	<b>FY19/20</b>	<b>FY20/21</b>
	Amended	Forecast	Forecast	Forecast
Beginning Cash	\$ 906,102	\$ 1,138,664	\$ 1,322,888	\$ 1,450,111
Tax Revenue	\$ 951,970	\$ 980,529	\$ 1,009,945	\$ 1,040,244
Other	\$ 4,000	\$ 5,000	\$ 5,000	\$ 5,000
Grant Matching	\$ -	\$ (25,000)	\$ 10,000	\$ 85,000
	<b>\$ 955,970</b>	<b>\$ 960,529</b>	<b>\$ 1,024,945</b>	<b>\$ 1,130,244</b>
EXPENSE PROJECTION				
Buildings & Systems	\$ 62,330	\$ 22,500	\$ 22,500	\$ 22,500
Apparatus & Equipment	\$ 303,502	\$ 548,170	\$ 569,170	\$ 663,877
Communication Equipment	\$ 117,076	\$ 88,135	\$ 71,052	\$ 69,522
Fire Ops Equipment	\$ -	\$ 25,000	\$ 75,000	\$ 15,000
Medical Equipment	\$ 41,500	\$ 42,500	\$ 85,000	\$ -
Office & Station Equipment	\$ 192,000	\$ 50,000	\$ 75,000	\$ 25,000
Training Equipment	\$ 7,000	\$ -	\$ -	\$ 7,500
Financial Reserve	\$ 1,138,664	\$ 1,322,888	\$ 1,450,111	\$ 1,776,956
	<b>\$ 1,862,072</b>	<b>\$ 2,099,193</b>	<b>\$ 2,347,833</b>	<b>\$ 2,580,355</b>
Balance	\$ -	\$ -	\$ -	\$ -



## SFMD 3-Year Forecast – Debt (500 & 600) Funds

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
NAV Projections	\$ 380,788,020	\$ 392,211,661	\$ 403,978,011	\$ 416,097,351
Estimated Tax Rate	\$ 0.22	\$ 0.18	\$ 0.18	\$ 0.18
	<b>FY17/18</b>	<b>FY18/19</b>	<b>FY19/20</b>	<b>FY20/21</b>
	Amended	Forecast	Forecast	Forecast
Beginning Cash	\$ 151,078	\$ 234,330	\$ 188,919	\$ 163,464
Tax Revenue	\$ 836,852	\$ 705,239	\$ 726,395	\$ 748,188
Other	\$ 2,400	\$ 2,100	\$ 1,650	\$ 1,400
	<b>\$ 839,252</b>	<b>\$ 707,339</b>	<b>\$ 728,045</b>	<b>\$ 749,588</b>
EXPENSE PROJECTIONS				
Principal	\$ 465,000	\$ 485,000	\$ 510,000	\$ 535,000
Interest	\$ 291,000	\$ 267,750	\$ 243,500	\$ 218,000
Financial Reserve	\$ 234,330	\$ 188,919	\$ 163,464	\$ 160,052
	<b>\$ 990,330</b>	<b>\$ 941,669</b>	<b>\$ 916,964</b>	<b>\$ 913,052</b>
Balance	\$ -	\$ -	\$ -	\$ -



## SFMD 3-Year Forecast – Summary

As is the case with any forecast, the 3-Year Forecast for SFMD is meant to be a planning tool, and will need to be updated as the assumptions and facts change.

The next relevant update should happen if the District is approved for the Transport Services general rate increase, which has the potential to significantly change the ability of the Transport Services division to repay the Capital (200) Fund for its initial investment to launch the ambulance services for the District.

In closing, it appears the District's financial "health" is increasing over time as indicated in the increase of the General (100) Fund and Capital (200) Fund financial reserve balances.





## *Superstition Fire & Medical District*

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To: Superstition Fire & Medical District Governing Board  
Senior Leadership Team

From: Roger Wood, Finance Director

Date: August 16, 2017

RE: SFMD 3-Year Forecast

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### **Introduction.**

A Forecast for the next 3 fiscal years (FY18/19, FY19/20, and FY20/21) has been developed for the Superstition Fire & Medical District (SFMD) Governing Board ("Board") and Senior Leadership Team ("SLT"). The intent of the 3-Year Forecast is to provide a long range planning tool for the following funds:

1. General (100 ) Fund
2. Transport Services (150) Fund
3. Capital (200) Fund
4. Debt Retirement Principal (500) Fund & Debt Retirement Interest (600) Fund - combined

The primary goal of the forecast is to identify if the District has obvious risk(s) that bring into question the financial stability of the District. If such risk(s) are identified, the Board and SLT will hopefully have sufficient lead time to address the issue(s) as soon as possible to prevent undue financial impact to the District.

As is the case with any forecast, the challenge is that it is a "point-in-time" analysis based on the best known facts or assumptions at the time. The intent of this new planning tool is that it be considered a "living" document to be updated as any of the material underlying assumptions change. At a minimum, the forecast should be updated each year as part of the budget cycle.

### **Revenue Forecasting.**

The District has two main types of revenue streams.

#### **1. Property Tax Receipts.**

Property tax receipts are the most important revenue stream for the District, impacting multiple Funds.

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General (100) Fund – 98% of revenue is property tax revenues  
Capital (200) Fund – 100% of revenue  
Debt Retirement Principal (500) & Debt Retirement Interest (600) Funds – 100% of revenue

Any forecast of property tax revenues is highly dependent on change(s) in the District's Net Assessed Valuation ("NAV") of all the properties within the District' borders. In the last four fiscal years since the implementation of Proposition 117 in FY14/15, the District has experienced an average increase in its NAV of 2.375% (1.35%, 2.05%, 1.46%, and 4.64%).

Each change of 1.0% change in the District's NAV is worth approximately:

- General (100) Fund – \$130,000/year at \$3.25 tax rate
- Capital (200) Fund – \$10,000/year at \$0.25 tax rate
- Debt Retirement Principal (500) & Debt Retirement (600) Fund – \$8,400/year at \$0.22 tax rate

When making assumptions of any kind, it is valuable to find source of comparable information to assess the relevancy of your assumption or estimate. The District is currently evaluating entering into a Joint Powers Authority ("JPA") with the Arizona Fire & Medical Authority ("AFMA") who have provided copies of the financial analysis they used in the formation of AFMA. AFMA currently represents the combination of what was North County Fire District and Sun Lake Fire District into a new combined JPA. A review of this analysis and the assumed NAV growth assumptions included within the analysis was performed.

In AFMA's "Shared Fire and Emergency Services Analysis and Recommendation" white paper prepared by AFMA's Fire Chief Biscoe, it is documented that Sun Lakes Fire District hired the Rounds Consulting Group, Inc., to prepare the Sun Lakes Valuation Projections analysis which estimated that Sun Lakes NAV growth would range from 5.6% in 2017 and average 4.09% over the next 10 years after 2017. In the AFMA white paper, the NAV growth assumptions used for the Sun Lakes Fire District forecast was 5.7% in 2017 and 3.7% for the fiscal years after.

In the same white paper, the assumed NAV growth for North County Fire District was 6.0% in 2017, 6.3% in 2018, 5.6% for fiscal years 2019 – 2022, and 5.7% thereafter.

No supporting information was provided to justify the use of NAV growth estimates above the maximum 5.0% allowed by Proposition 117, but one can only assume they are expecting organic new growth to justify the growth rates above 5.0%.

In the SFMD 3-Year Forecast, a more conservative 3.0% annual NAV growth factor was used. No attempt was made to estimate the timing of the addition of new growth in the SFMD NAV, so the addition of new properties like the new Fry's grocery complex, Peralta Trails new construction, or any of the other new construction that can be seen in Apache Junction or Gold Canyon should result in upside benefit to future property tax revenue streams for the District's various Funds.

It is important to point out that the District's dependency on property tax receipts makes it susceptible to the fluctuations in property values. Proposition 117 caps the annual growth in the limited property value (LPV) to 5.0%, and yet there is no legislative "floor" to prevent the District from the next real estate collapse should one occur. Unfortunately no one is capable of accurately forecasting changes in real estate market values.

## **2. Ground Transport Receipts.**

The District also depends on the revenue generated by its Transport Service division as its ambulances transport District's citizens to various hospitals for medical treatment.

One of the reasons for launching the Transport Division, in addition to providing greater overall medical service to the District's citizens, was to develop a secondary revenue stream that was not dependent of property values which will hopefully help the District weather any future real estate market decline.

The Transport Services revenue is highly dependent on the impact of the following factors:

### **A. Payer Mix.**

The mixture of transports associated with each of the five (5) major Payers. Based on transport data for the period January 2016 – July 2017, the District's current Payer Mix is:

- Medicare (62.08%)
- Medicaid (19.78%)
- Commercial (10.33%)
- Self or No Insurance (7.05%)
- Auto / Worker's Comp (0.76%)

### **B. Gross Payment Percent ("Gross %").**

The amount of each \$1.00 in gross billings that each Payer pays. Based on actual transport payment data for the period August 2016 – April 2017, the District's current Gross % by Payer is:

- Medicare (35.83%)
- Medicaid (65.56%)
- Commercial (63.12%)
- Self (No) Insurance (4.16%)
- Auto / Worker's Comp (65.84%)

Therefore, taking the Payer Mix and Gross % per Payer into account, the actual aggregate Gross % is currently approximately 43%, meaning the District receives approximately 43 cents of each \$1.00 billed for transport services.

C. Length of Payment "Stream".

As indicated in Appendix A, the Payment Stream of the District's transport billings can exceed 12 months, with approximately 74% received within the first 3 months after billing, and 98% within 9 months after billing. Based on actual experience, the District is still receiving payment for transports that happened in January 2016 which is 19+ months in the past.

It is important to acknowledge that any delay in entering the transport information into the billing system only delays the receipt of cash further. This was the case in the first few months of operations in early 2016.

For forecasting purposes, a 3.0% annual growth in transport volume has been assumed. It has also been assumed that the District will take advantage of the approximate 3.0% automatic rate increase that is granted annually by DHS. The automatic rate increase is based on Department of Labor and Department of Transportation data is compiled by DHS. The District can apply for the automatic rate increase each spring, with the increase having an effective date of each July 1.

Even though the District has applied for a general rate increase, the outcome of this effort is not known at the time, and therefore the impact has not been included in this forecast.

**Expense Forecasting.**

The District has several areas of risk or challenge pertaining to expenses, including the following:

1. Retirement costs.
2. Medical costs.
3. Attrition.
4. Wage Competition.
5. Earned Leave Buy Out.
6. Minimum Wage Increase.
7. Legislative rulings.

Some of these areas of risk are outside the control of the Board and SLT. For example, future increases in the District's employer contribution rate to the Public Safety Personnel Retirement System ("PSPRS") are not determined by anyone at the District. However, the Board recently approved extending the amortization period for its PSPRS fund from 20 to 30 years which resulted in a significant reduction in the FY17/18 employer contribution rate.

Historically, over the last 8 fiscal years the District has averaged a 1.58% increase in its PSPRS employer contribution rate. For the 3-Year Forecast, a 2% annual increase has been assumed.

The District provides its employees with health insurance benefits through an IRS Section 125 Cafeteria benefit plan which provides each employee with benefit dollars to purchase their medical, dental, vision, etc. insurance premiums with pretax dollars. The District increases the per pay period benefit dollars to compensate for increases in premium rates as they occur each fiscal year.

From a cost perspective, medical insurance is by far the most expense coverage for the District employees representing approximately 95.5% of the monthly cost of medical, dental and vision coverage. Dental represents approximately 3.0%, and vision the remaining 0.5%.

In an attempt to have more control over the annual increase in medical premiums, starting July 1, 2017 the District joined the United Firefighters Health Care ("UFHC") Trust which contracts with Blue Cross Blue Shield for medical insurance coverage. The belief is that this self-funded trust will provide less variability in the annual medical premium increases the District has experienced in recent years.

As a result of the District joining the UFHC Trust, a 1.0% increase in health insurance premiums has been assumed in the 3-Year Forecast.

To address the concern regarding the impact of attrition of the District's firefighter personnel, an analysis of the 6-year cost of replacing the departure of a Firefighter, Engineer, Captain, Battalion Chief, or Assistant Chief was prepared. (See Appendix B.)

After considering the wage and benefit costs of hiring new Firefighters, and promoting from existing ranks to backfill the departure of ranks higher than Firefighter, the estimated 6-year cost of the attrition related to the departure of any given rank ranges from an estimated \$10,000 to \$20,000, depending on the rank. This cost is not deemed an insurmountable financial burden. However, the intrinsic loss of institutional knowledge and experience cannot be quantified and is readily recognized as the greatest cost of attrition.

One important takeaway from the attrition analysis is the realization that the new Tier 3 PSPRS retirement cost is not the savings originally thought. New Tier 3 firefighters can choose between a defined benefit ("DB") plan or a defined contribution ("DC") retirement plan. The District's employer contribution cost ranges from 20.89% for the DC plan, to 23.66% for the DB plan. Compared to the current 25.88% contribution rate for the existing Tier 1 and 2 firefighters, the Tier 3 plan is a savings but not to the extent originally communicated by PSPRS.

In forecasting all other expenses, costs like utilities and fuel were increase between 5.0% and 6.67% depending on historical cost trending. Other expenses that are more directly in control by SLT were either left the same year over year, or increased at a lesser rate.

**General (100) Fund 3-Year Forecast**

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
NAV Projections	\$ 380,788,020	\$ 392,211,661	\$ 403,978,011	\$ 416,097,351
Estimated Tax Rate	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25
	FY17/18	FY18/19	FY19/20	FY20/21
	Amended	Forecast	Forecast	Forecast
Beginning Cash	\$ 1,349,644	\$ 1,229,093	\$ 1,257,738	\$ 1,392,151
Tax Revenue	\$ 12,375,611	\$ 12,746,879	\$ 13,129,285	\$ 13,523,164
Other Taxes	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Abatements	\$ (15,000)	\$ (15,450)	\$ (16,000)	\$ (16,500)
Services	\$ 276,300	\$ 259,300	\$ 259,300	\$ 259,300
Other	\$ 29,800	\$ 20,000	\$ 20,000	\$ 20,000
Grant Matching	\$ -	\$ (16,200)	\$ (20,000)	\$ (20,000)
	\$ 13,166,711	\$ 13,494,529	\$ 13,872,585	\$ 14,265,964
EXPENSE PROJECTION				
Wages & Benefits	\$ 8,221,884	\$ 8,291,644	\$ 8,383,788	\$ 8,436,563
Pension	\$ 1,853,159	\$ 2,006,561	\$ 2,147,320	\$ 2,292,262
Benefit Contribution	\$ 1,186,323	\$ 1,163,014	\$ 1,170,089	\$ 1,180,285
ELBO / SELBO	\$ 234,029	\$ 195,790	\$ 226,600	\$ 352,000
Operations	\$ 1,791,867	\$ 1,808,875	\$ 1,810,375	\$ 1,855,375
Financial Reserve	\$ 1,229,093	\$ 1,257,738	\$ 1,392,151	\$ 1,541,630
	\$ 14,516,355	\$ 14,723,622	\$ 15,130,323	\$ 15,658,115
Balance	\$ -	\$ -	\$ -	\$ -

Based on revenue and expense assumptions discussed earlier in this document, the 3-Year Forecast for the General (100) Fund is shown above.

At a high level, it appears the General Fund is financially viable over the 3-year forecast period. The forecast indicates the possibility of a 25.4% (\$312,537) increase in the Financial Reserve in FY20/21 over FY17/18 levels which, if realized, supports the position that the financial health of the General Fund will be increasing over time.

**Transport Services (150) Fund.**

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
Transports	4,958	5,109	5,264	5,421
ALS Rate	\$ 1,066.46	\$ 1,102.90	\$ 1,135.99	\$ 1,170.07
BLS Rate	\$ 923.30	\$ 954.84	\$ 983.49	\$ 1,012.99
Mileage Rate	\$ 18.26	\$ 18.88	\$ 19.45	\$ 20.03
	<b>FY17/18</b>	<b>FY18/19</b>	<b>FY19/20</b>	<b>FY20/21</b>
	<b>Amended</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Beginning Cash	\$ 159,389	\$ 150,000	\$ 150,000	\$ 150,000
Transport Revenue (Net)	\$ 2,707,410	\$ 2,830,205	\$ 3,006,050	\$ 3,188,785
Customer Refunds	\$ (20,000)	\$ (20,000)	\$ (25,000)	\$ (25,000)
Collections	\$ 14,655	\$ 15,000	\$ 15,000	\$ 15,000
Other	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Transfers to 200 Fund	\$ -	\$ -	\$ (60,000)	\$ (135,000)
	<b>\$ 2,704,065</b>	<b>\$ 2,827,205</b>	<b>\$ 2,938,050</b>	<b>\$ 3,045,785</b>
<b>EXPENSE PROJECTION</b>				
Wages & Benefits	\$ 1,520,064	\$ 1,587,967	\$ 1,651,649	\$ 1,704,753
Pension	\$ 160,109	\$ 176,822	\$ 195,505	\$ 206,292
Benefit Contribution	\$ 261,839	\$ 268,416	\$ 273,925	\$ 276,313
Operations	\$ 621,033	\$ 644,000	\$ 656,971	\$ 689,427
Billing & Collections	\$ 141,020	\$ 150,000	\$ 160,000	\$ 169,000
Financial Reserve	\$ 159,389	\$ 150,000	\$ 150,000	\$ 150,000
	<b>\$ 2,863,454</b>	<b>\$ 2,977,205</b>	<b>\$ 3,088,050</b>	<b>\$ 3,195,785</b>
Balance	\$ -	\$ -	\$ -	\$ -
Allocated Costs from 100 Fund	\$ 563,848	\$ 613,536	\$ 633,300	\$ 658,818

Based on revenue and expense assumptions discussed earlier in this document, the 3-Year Forecast for the Transport Services (150) Fund is shown above.

It is important to note two things:

1. The forecast above does NOT include the impact of the general rate increase that the District has applied for though the Department of Health Services. If the general rate increase is granted, the revenue generated from the Transport Services division will be increased significantly.
2. The Transport Services division pays a significant amount of the District's shared costs as indicated in the Allocated Costs from 100 Fund line above. This represents a share of the Administrative and facilities / utilities costs that are allocated to the Transport Services division based on various factors, including headcount, square footage, etc.

**Capital (200) Fund.**

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
NAV Projections	\$ 380,788,020	\$ 392,211,661	\$ 403,978,011	\$ 416,097,351
Estimated Tax Rate	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
	FY17/18	FY18/19	FY19/20	FY20/21
	Amended	Forecast	Forecast	Forecast
Beginning Cash	\$ 906,102	\$ 1,138,664	\$ 1,322,888	\$ 1,450,111
Tax Revenue	\$ 951,970	\$ 980,529	\$ 1,009,945	\$ 1,040,244
Other	\$ 4,000	\$ 5,000	\$ 5,000	\$ 5,000
Grant Matching	\$ -	\$ (25,000)	\$ 10,000	\$ 85,000
	\$ 955,970	\$ 960,529	\$ 1,024,945	\$ 1,130,244
EXPENSE PROJECTION				
Buildings & Systems	\$ 62,330	\$ 22,500	\$ 22,500	\$ 22,500
Apparatus & Equipment	\$ 303,502	\$ 548,170	\$ 569,170	\$ 663,877
Communication Equipment	\$ 117,076	\$ 88,135	\$ 71,052	\$ 69,522
Fire Ops Equipment	\$ -	\$ 25,000	\$ 75,000	\$ 15,000
Medical Equipment	\$ 41,500	\$ 42,500	\$ 85,000	\$ -
Office & Station Equipment	\$ 192,000	\$ 50,000	\$ 75,000	\$ 25,000
Training Equipment	\$ 7,000	\$ -	\$ -	\$ 7,500
Financial Reserve	\$ 1,138,664	\$ 1,322,888	\$ 1,450,111	\$ 1,776,956
	\$ 1,862,072	\$ 2,099,193	\$ 2,347,833	\$ 2,580,355
Balance	\$ -	\$ -	\$ -	\$ -

Based on revenue and expense assumptions discussed earlier in this document, the 3-Year Forecast for the Capital (200) Fund is shown above.

In November 2016, the residents of the District passed the ballot initiative allowing for a special assessment up to \$0.25 per \$100 of Limited Property Value for a maximum of five years. This new revenue stream is to be used solely for the purchase of capital items.

The District plans for future capital purchases through its Capital Replacement Schedule, which is a "living" document that is updated / changed as the needs and priorities of the District change.

The expenses in the 3-Year Forecast are based on the items planned for in the current version of the Capital Replacement Plan.

**Debt Principal (500) & Debt Interest (600) Funds Combined.**

REVENUE PROJECTION	3.0%	3.0%	3.0%	3.0%
NAV Projections	\$ 380,788,020	\$ 392,211,661	\$ 403,978,011	\$ 416,097,351
Estimated Tax Rate	\$ 0.22	\$ 0.18	\$ 0.18	\$ 0.18
	FY17/18	FY18/19	FY19/20	FY20/21
	Amended	Forecast	Forecast	Forecast
Beginning Cash	\$ 151,078	\$ 234,330	\$ 188,919	\$ 163,464
Tax Revenue	\$ 836,852	\$ 705,239	\$ 726,395	\$ 748,188
Other	\$ 2,400	\$ 2,100	\$ 1,650	\$ 1,400
	\$ 839,252	\$ 707,339	\$ 728,045	\$ 749,588
<b>EXPENSE PROJECTIONS</b>				
Principal	\$ 465,000	\$ 485,000	\$ 510,000	\$ 535,000
Interest	\$ 291,000	\$ 267,750	\$ 243,500	\$ 218,000
Financial Reserve	\$ 234,330	\$ 188,919	\$ 163,464	\$ 160,052
	\$ 990,330	\$ 941,669	\$ 916,964	\$ 913,052
Balance	\$ -	\$ -	\$ -	\$ -

The graph above represents the 3-Year Forecast for the Debt Principal (500) Fund and the Debt Interest (600) Fund combined.

In 2006, the District placed a 20-year GADA bond and continues to pay the associated principal and interest repayment obligations until 2026 when the bond will be fully repaid.

The District property owners currently pay a special assessment of \$0.22 per \$100 of Limited Property Value toward the repayment of the 2006 GADA Bond principal and interest. This special assessment is apportioned between the two funds to ensure the ability to pay the principal and interest obligations.

Over time, the amount of principal paid each year increases as the amount of interest decreases. Starting in FY18/19, it is projected that the GADA Bond special assessment can be reduced to \$0.18. This will continue to allow the District to meet its annual bond repayment obligations. Future reductions may be possible in fiscal years beyond FY20/21.

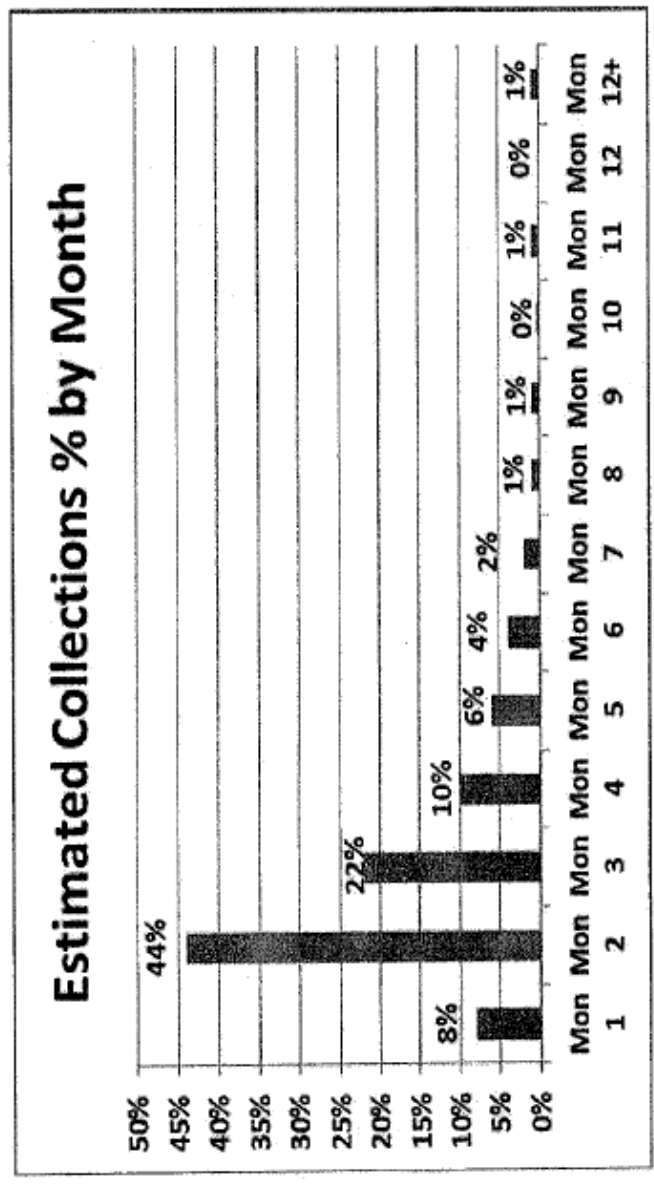
**Summary / Conclusion.**

As is the case with any forecast, the 3-Year Forecast for SFMD is meant to provide a high level view of what the future might look like, and to be a planning tool especially in instances when risks or concerns identified.

Any forecast is relevant only as long as the underlying assumptions remain viable. This forecast will need to be updated as assumptions and facts change.

In my opinion, the next most relevant update should happen if the District is approved for the Transport Services general rate increase, which has the potential to significantly change the ability of the Transport Services division to repay the Capital (200) Fund for its initial investment to launch the ambulance services for the District.

In closing, it appears the District's financial "health" is increasing over time as indicated in the increase of the General (100) Fund and Capital (200) Fund financial reserve balances.



Superstition Fire & Medical District  
Forecast - Sworn Cost Analysis

Appendix B

	Firefighter		Engineer		Captain		Battalion Chief		Assistant Chief		Firefighter to Captain Captain	
Base	63,096	47,084	73,491	47,084	85,228	47,084	114,622	47,084	136,249	47,084	85,228	47,084
Paramedic	7,500	7,500	7,500	7,500	7,500	7,500	-	7,500	-	7,500	7,500	7,500
TRT	1,800	1,800	1,800	1,800	1,800	1,800	-	1,800	-	1,800	1,800	1,800
Education	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Wages	73,596	57,584	83,991	57,584	95,728	57,584	115,822	57,584	137,449	57,584	95,728	57,584
PSPRS	19,047	13,624	21,737	13,624	24,774	13,624	29,975	13,624	35,572	13,624	24,774	13,624
Benefits \$	11,726	11,726	11,726	11,726	11,726	11,726	11,726	11,726	11,726	11,726	11,726	11,726
Medicare	1,067	835	1,218	835	1,388	835	1,679	835	1,993	835	1,388	835
WC	1,729	1,353	1,973	1,353	1,050	1,353	1,270	1,353	156	1,353	1,050	1,353
Academy		2,500		2,500		2,500		2,500		2,500		2,500
PPE		5,000		5,000		5,000		5,000		5,000		5,000
Promotions												
Engineer				4,620		4,620		4,620		4,620		
Captain						4,008		4,008		4,008		7,381
BC								17,571		17,571		
AC										11,419		
	107,164	92,622	120,645	97,242	134,666	101,250	160,472	118,821	186,896	130,240	134,666	100,003
FF Year 2		6,150		6,150		6,150		6,150		6,150		6,150
FF Year 3		3,308		3,308		3,308		3,308		3,308		3,308
FF Year 4		3,474		3,474		3,474		3,474		3,474		3,474
FF Year 5		3,647		3,647		3,647		3,647		3,647		3,647
FF Year 6		3,828		3,828		3,828		3,828		3,828		3,828
ENG Year 2				4,322		4,322		4,322		4,322		
ENG Year 3				4,538		4,538		4,538		4,538		
Capt Year 2						4,964		4,964		4,964		4,502
Capt Year 3						5,212		5,212		5,212		4,728
Capt Year 4												4,964
Capt Year 5												5,212
BC Year 2								6,358		6,358		
BC Year 3								6,676		6,676		
BC Year 4								7,010		7,010		
AC Year 2										7,875		
AC Year 3										8,269		
	107,164	113,029	120,645	126,510	134,666	140,695	160,472	178,309	186,896	205,872	134,666	139,817
		5,865		5,865		6,029		17,837		18,975		5,151
Year 1		(14,543)		(23,403)		(33,415)		(41,651)		(56,656)		(34,663)
Year 2		6,150		10,472		15,436		21,794		29,669		10,653
Year 3		3,308		7,846		13,059		19,735		28,003		8,036
Year 4		3,474		3,474		3,474		10,483		10,483		8,438
Year 5		3,647		3,647		3,647		3,647		3,647		8,859
Year 6		3,828		3,828		3,828		3,828		3,828		3,828
Total		5,865		5,865		6,029		17,837		18,975		5,151

## Addendum C



### JOB DESCRIPTION

<b>POSITION:</b>	Fire Chief
<b>CLASSIFICATION:</b>	Public Safety
<b>POSITION RANGE:</b>	# 58 – Fire Chief Salary Schedule
<b>REPORTS TO:</b>	Board of Directors
<b>FLSA STATUS:</b>	Exempt

#### **General Statement of Duties**

The fire chief provides administrative direction for all fire district functions, operations, and personnel through the supervision of subordinate staff and review of their activities.

Responsibilities include: reviewing the general operation of the department to determine efficiency; providing direction on major projects or problem areas; developing and implementing policies and procedures; administration of the merit system; administration of the labor relations program; and providing policy guidance. In addition, the fire chief is responsible, through study and consultation with elected officials, for developing recommendations for the protection of life and property in the district.

The fire chief is appointed by the board of directors. The fire chief receives general supervision from the board of directors, who reviews work on the basis of overall results achieved. The fire chief may consult with the board of directors on problems relating to policy planning, but works independently in supervising the overall technical operations and responsible for the proper administration of all affairs of the fire district.

#### **Representative Duties (Illustrative Only)**

Establishes and maintains effective working relationships with staff, board directors, community organizations, other agencies and the general public. Makes effective verbal and written presentations. Speaks before public groups on the plans, programs, and goals of the fire district. Advises district management and the board of directors of fire district progress. Responds courteously and tactfully to a demanding and diverse public in answering questions, explaining district policies, and handling complaints.

Plans, organizes and directs a progressive public fire district with several functional areas.

Organizes and directs the activities of staff engaged in providing emergency services. Plans, directs, and controls district activities such as: recruitment of personnel; purchase of equipment; assignment of personnel and equipment; and budgeting and control of expenditures. Coordinates fire district activities with other agencies. Plans, organizes, coordinates, prepares, administers, and monitors the fire district budget. Responsible for all personnel matters which includes employment and termination of all district personnel.

Analyzes and resolves operations, procedural and personnel problems. Resolves complex problems involving diverse functional areas. Analyzes information, statistics, and reports on district activities. Develops plans designed to maintain district efficiency and responsiveness.

Analyzes fire service needs, as well as the availability of resources, existing programs, and other related factors in developing district programs to meet those needs. Provides direction on major projects or problem areas. Develops and implements policies and procedures applicable to administrative functions, and provides policy guidance.

**Minimum Qualifications**

- Knowledge of the theories, principles, and practices of effective public administration, with special reference to fire district policies, personnel and budget administration.
- Knowledge of modern management techniques, supervisory, practices and evaluation methods.
- Knowledge of the modern principles and practices of human resources.
- Knowledge of governmental organization management.
- Knowledge of the principles and practices of effective administration with particular attention to short and long range strategic planning.
- Knowledge of the principles and methods of budget presentation and monitoring.
- Knowledge of the activities, objectives, and ideals of fire services, and operations.
- Knowledge of the facilities, equipment and personnel needed to provide fire services and operations.
- Knowledge of the methods, equipment, and materials used in providing fire services.
- Ability to plan, organize, and direct a progressive public agency with several functional areas.
- Ability to organize, and direct the activities of staff engaged in providing optimum fire services.
- Ability to plan, prepare, and administer an annual district budget.
- Ability to effectively analyze and resolve operational, procedural, and personnel problems.
- Ability to demonstrate knowledge in administering a labor relations program.
- Ability to develop formal agreements and contracts with other agencies and communities.
- Ability to make effective oral and written presentations.
- Ability to establish and maintain effective working relationships with district staff, elected officials, community organizations, other agencies and the general public.

**Required Training and Experience**

Requires any combination of training, education or experience equivalent to graduation from a four year college or university. With a major in Fire Science, Business Administration, Public Administration or related field, and extensive (5 years plus), progressively responsible, administrative and supervisory experience in fire prevention and suppression work, preferably with a municipal, county or state of fire department or district.

*This job specification should not be construed to imply that these requirements are the exclusive standards for the position. Incumbents will follow any other instructions, and perform any other related duties as may be required by the Board of Directors.*

8/16/17

Superstition Fire & Medical District  
GL History Account Ledger - Detail By Date Range  
7/1/11 - 6/30/14

Page: 1

Batch	Journal	Entry #	Date	Document	Job	Description	Debits	Credits	Balance
<b>100-10-61200-16</b>									
<b>HR TESTING</b>									
9736	CD	502982	09/07/11	HRTESTING-082211 /		Brenda S Tranchina - HR Testing	1,948.50	-	1,948.50
9801	CD	508080	10/11/11	SOP31116 / 19129		Cooperative Personnel Svcs - Oral Exam Base Fee	595.00	-	2,543.50
9801	CD	508081	10/11/11	SOP31116 / 19129		Cooperative Personnel Svcs - Interview Packets	60.00	-	2,603.50
9861	CD	513251	11/07/11	INV336584 / 19230		Cooperative Personnel Svcs - Deputy Chief Testing	2,200.00	-	4,803.50
9874	CD	515466	11/16/11	SOP31353 / 19272		Startup Cooperative Personnel Svcs - Firefighter Exam Testing (490)	4,906.00	-	9,709.50
10857	CS	591146	06/30/12			2011 Closing Entry	-	9,709.50	0.00
10700	CD	558166	07/25/12	071312 / 20103		Brenda S Tranchina - Chief's Testing	30,000.00	-	10,000.00
10702	CD	565261	07/31/12	25A2UM / 20118		Gold Canyon Holdings#2, LLC - Hotel Rooms/Fire Chief's Asses	3,581.25	-	11,581.25
10702	CD	565262	07/31/12	25A2UM-A / 20118		Gold Canyon Holdings#2, LLC - Conference Rooms/Fire Chief's	1,000.00	-	13,511.71
10856	CD	579466	10/10/12	091212 / 20347		Brenda S Tranchina - Fire Chief Testing	5,500.00	-	19,011.71
11852	CS	636892	06/30/13			2012 Closing Entry	-	19,011.71	0.00
12407	CD	662731	01/08/14	10992 / 21970		SST Benefits Consulting & Ins. - 457 Consulting Services	1,500.00	-	1,500.00
12853	CD	688043	03/19/14	030114 / 22246		Self Directed Brokerage Specia - Evaluation & Implementing 457 p	1,150.00	-	2,650.00
12746	CD	667360	04/16/14	SOP36557 / 22351		Cooperative Personnel Svcs - Entry Level Firefighter Tests	5,076.50	-	7,726.50
12746	CD	667361	04/16/14	TRRTN22757 / 22351		Cooperative Personnel Svcs - Entry Level Firefighter Tests	-	595.00	7,131.50
12825	CD	688807	05/14/14	MAY2014-050114 / 224		Self Directed Brokerage Specia - Evaluation & Implementing 457 p	1,150.00	-	8,281.50
12844	CD	699085	05/21/14	051514 / 22532		Self Directed Brokerage Specia - Evaluation & Implementing 457 p	1,150.00	-	9,431.50
12996	CS	672310	06/30/14			2013 Closing Entry	-	9,431.50	0.00
<b>HR TESTING TOTAL:</b>							<b>\$38,747.71</b>	<b>\$38,747.71</b>	<b>\$0.00</b>
<b>TOTAL OF LEDGER:</b>							<b>\$38,747.71</b>	<b>\$38,747.71</b>	<b>\$0.00</b>

Brenda \$15,500  
act diff. cost 8511<sup>71</sup>  
19011<sup>71</sup>

Addendum D

# Exceeding Expectations

To whom it may concern,

I wanted to send an email to let you know how much my family and I appreciate the high level of service that was received from one of your amazing crews who ran on my mother in law, Jeanie Elliot, on 7/22/17. They were nothing short of professional, compassionate and extremely thorough. I was on shift that day and was unable to help my mother in law. It was great to know that my Brother's and Sister's had my back and I hope you all know I have yours as well. In today's world, individuals are very quick to complain when their needs are not met but rarely give praise when "Above and beyond" customer service is administered. I believe in making sure people get the recognition they deserve which is why I am sending this email. Just wanted to say thank you to all of you for the help! Means the world to us. And thanks to Jasmin for getting me all the information needed. You were extremely helpful and your positive attitude was noticed. I am sure you're an invaluable asset and appreciate your help.

**Roy Lewis**  
Firefighter  
Gilbert Fire & Rescue Department



# 6<sup>th</sup> Grade Leadership Academy



# Operations

- Cardiac Survivor – L263 & M263 Crew
  - Captain/Paramedic Jeff Ehrlich
  - Firefighter/Paramedic Dan Elliott
  - Firefighter Bryan Heun
  - Firefighter Chris Robson
  - Paramedic Chad Rutledge
  - Aaron Costello
- Intern Academy Process
- Fire Academy – Potential New Hires



# Wildland Deployment Westfir, OR

- Bryan Heun, Engine Boss
- Jeremy Rocha
- Mike Wolfe
- Ryan Philips



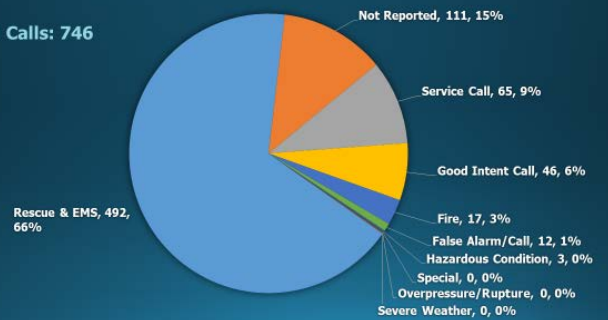
# July 2017 – Suppression Operations

Average Response Time For Emergent Incidents		
July 2017	July 2016	YTD (Fiscal)
5:04	5:07	5:07



# Incident Type by Category

Total Calls: 746

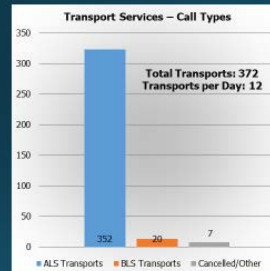


# July 2017 – Transportation Operations

CON Compliance Through June 2017 (Code 3 Only) (Licensure Reporting Period January 4, 2016 – March 17, 2019)				
Standard	Late	On-Time	Total Calls	Compliance
8:59 or less - 90%	23	389	412	94.42%
14:59 or less -95%	1	411	412	99.76%
19:59 or less -100%	0	412	412	100%



# July 2017 – Transportation Operations



## FY 2016/17 Transportation Revenue

- During FY 2016/17, the Transport Division covered \$781,124 in expense normally charged to the General (100) Fund.
- \$337,503 of facility and utility related costs normally paid for by the General (100) Fund
- \$443,621 in allocated Administrative/Support costs

Total Transports in FY 2016/17	4,236
Allocations	\$781,124
FY 2016/17 Annual Revenue	\$2,493,455
FY 2016/17 Annual Actual Ambo Ops Costs	\$1,712,331
Average Ambo Revenue Per Month	\$207,788
Monthly Actual Ambo Cost	\$142,694
Ambo Revenue Per Transport	\$588
Ambo Cost Per Transport	\$404

## Transport Revenue



## Community Service Events

- August 1<sup>st</sup>, SFMD accepted the City of AJ Proclamation for Drowning Impact Awareness Month.
- August 5<sup>th</sup>, In partnership with Mountain Vista Hospital – Provided The Crossing apartment complex 10 Coast Guard Approved Life Vests for residents to use.
- August 14<sup>th</sup>, AED/CCR Training with Teachers and Staff at Peralta Trail Elementary School.
- August 30<sup>th</sup>, 263 Station Tour & Fire Safety with "Parents as Teachers" Program.



## SFMD Volunteers

Worked Over 1,400 Hours in FY 2016/2017



## SFMD Volunteers

Worked Over 1,400 Hours in FY 2016/2017

# !!THANK YOU!!

