



## MEETING MINUTES OF A SPECIAL SESSION OF THE FOREST LAKES FIRE DISTRICT DECEMBER 17, 2022



1. Call to Order. The 2022 Strategic Planning Update, Session 4, meeting was called to order by STRAP Committee Chairman John Hennessey at 12:23 pm in the main equipment bay of the fire station.
2. Roll Call of Committee Members. In addition to Chairman Hennessey, also present were Pete Batschelet, Dennis Massion, Israel Torres and Julie Swanson. There was a quorum of the board.
3. Background Remarks. Chairman Hennessey provided the following introductory remarks.
  - a. This is our last scheduled session for the annual 2022 STRAP Update cycle.
  - b. Target publication date for the document is March 21, 2023.
  - c. The STRAP Update process has been an effective management tool to guide district operations. The first STRAP document was published December 2010. The 2022 update will be the 12<sup>th</sup> annual update for FLFD.
  - d. Chief's retirement and succession planning were addressed in Session 2, and will be revisited in this session.
  - e. Chief's stated retirement date is in year 4 of the current 5-year cycle associated with this update (FY23-24, FY24-25, FY25-26, FY26-27 and FY27-28).
  - f. We will look at Cooperative Services over the next 6 to 8 months in preparation for the 2023 STRAP Update as an alternative approach to addressing Chief's retirement.
  - g. The district conducted an 18-month merger study between HOFD and FLFD in the 2013-2014 time frame, so we do have experience with cooperative service issues.
  - h. The 2023 STRAP Update will address the fiscal and staffing issues related to our chosen succession plan strategy.
  - i. FLFD is an attractive destination should we choose to pursue a new chief. That was not the case when Chief Green resigned. Our candidate of choice declined our offer of employment as he didn't want to accept the challenge of rebuilding a dysfunctional department.
  - j. Chief has indicated he can be somewhat flexible with respect to his stated retirement date if the board needs additional time to manage the transition.
  - k. Pete and his Finance Committee have led the development of a balanced budget for FY23-24 and a sound forecast budget for FY24-25.
  - l. Pete has incorporated realistic inflation forecasts for all five years of the forecast window, which will be revisited as part of our STRAP update cycle.
  - m. We will remain aggressive with respect to grant strategies to address our aging rolling stock.
  - n. As noted in our preceding board meeting, we are revisiting our involvement in the National Special Districts Coalition.
4. Master Plan Update.
  - a. Strategic, CAPEX Funded (Chief's Residence e.g., FEL Garage, ...)
  - b. Building and Grounds

Chairman Hennessey indicated that on a go-forward basis the Master Plan will only address issues that deal with capital expenditures. The committee can be viewed as a subcommittee of the STRAP Committee and will be reconstituted accordingly. Reports will be scheduled as needed during regular board meetings.

Routine operational issues will be addressed by Chief Rodriguez as part of his Chief's duties and will be reported on his Chief's report at regular board meetings.



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5. Finalize 5-year Financial Plan, Revenue Model (will be included as-is in the published 2022 STRAP Update document).
  - a. Treasurer Batschelet, having reviewed the budget and forecast at a summary level at the board meeting for the next two years, explored the budget in more detail at this meeting. We took a hybrid approach to achieving a balanced budget at the finance committee meeting of December 12<sup>th</sup>, trimming expenses where appropriate and adding revenue, primarily to the EMS receivables account, where Chief had been successful with achieving an increase to ambulance billing rates of 11.67%. We focused on column Q line items which contained adjustments to the previous baseline budget, which was balanced, to accommodate the \$60K in expenses added since then, addressing the line items with the largest changes in detail, including the rationale for the changes. (See attached copy of the budget file.)



Copy of FLFD 10 Year  
STRAP - December Fir

- b. From a strategic perspective, we looked at the out years to make sure we are covered for the five-year window. To achieve a balanced budget, revenues must equal expenses. Since we have a balanced budget for FY23-24, we need to explore how expenses and revenues change year over year. Changes in expense line items are mainly driven by inflation factors and capital expenditures.

As seen in the attached table, conservative inflation factors have been included in the budget projection, with 6% assumed for FY23-24 and FY24-25; 5% for FY25-26 and FY26-27; and 3.5% for FY27-28. We have also included a pared down, but realistic, CAPEX profile which is based on the need to accomplish our service delivery model. The bottom line is that expenses can be expected to increase in line with inflation.

|                                   | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-----------------------------------|---------|---------|---------|---------|---------|
|                                   | Year 0  | Year 1  | Year 2  | Year 3  | Year 4  |
| <b>Operating Expense Section</b>  |         |         |         |         |         |
| PERSONNEL SALARIES                | 1.030   | 1.030   | 1.030   | 1.030   | 1.030   |
| EMPLOYEE BENEFITS                 | 1.045   | 1.045   | 1.045   | 1.045   | 1.045   |
| INSURANCE                         | 1.060   | 1.060   | 1.050   | 1.050   | 1.035   |
| FIRE DEPARTMENT<br>ADMINISTRATION | 1.060   | 1.060   | 1.050   | 1.050   | 1.035   |
| FUEL, OIL, LUBE, R&M              | 1.060   | 1.060   | 1.050   | 1.050   | 1.035   |
| FIRE & EMS OPERATIONS             | 1.060   | 1.060   | 1.050   | 1.050   | 1.035   |
| BUILDING & GROUNDS R & M          | 1.060   | 1.060   | 1.050   | 1.050   | 1.035   |
| UTILITIES                         | 1.060   | 1.060   | 1.050   | 1.050   | 1.035   |
| <b>Enterprise Income</b>          | 1.00    | 1.00    | 1.00    | 1.00    | 1.00    |
| <b>Max Mill Rate</b>              | 3.50    | 3.50    | 3.50    | 3.50    | 3.50    |
| <b>FDAT</b>                       | 18%     | 18%     | 18%     | 18%     | 18%     |



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| 2022 STRAP UPDATE CAPEX/DEBT SERVICE PLAN (LESS MASTER PLAN INPUT) |   |                     |           |            |           |         |            |            |
|--|---|---------------------|-----------|------------|-----------|---------|------------|------------|
| Item   | Comments  | STRAP 5-Year Window |           |            |           |         | FY28-29    | FY28-29    |
|  |   | FY23-24             | FY24-25   | FY25-26    | FY26-27   | FY27-28 |            |            |
| E1211  | Replace in year 7. Assume 90/10 grant. Show revenue of \$765K. Pursue a gently used unit as an option.        |                     |           |            |           |         |            | \$ 850,000 |
| R1211  | Move to reserve status in year 3.   |                     |           |            |           |         |            |            |
| R1212  | Pursue grant funding. Assume 90/10 grant. Show revenue of \$225K.   |                     |           | \$ 250,000 |           |         |            |            |
| Replace T1211  | Under evaluation. No capital expense anticipated within the 5-year STRAP window.                              |                     |           |            |           |         |            |            |
| B12  | In good shape. Just spent \$8K on maintenance. Replace with gently used unit in year 6. Show as debt service. |                     |           |            |           |         | \$ 60,000  |            |
| A1211  | Good for 3 to 5 years. Move to reserve status once A1212 is updated.  |                     |           |            |           |         |            |            |
| A1212  | Pursue grant funding. Assume 90/10 grant. Show revenue of \$200K.   |                     |           |            |           |         | \$ 250,000 |            |
| L1211  | No action required in the 5-year STRAP window. Re-evaluate in year 8.   |                     |           |            |           |         |            |            |
| HM Unit 1  | New in 2022. Replace in year 6.   |                     |           |            |           |         | \$ 30,000  |            |
| HM Unit 2  | Replace in year 2   |                     | \$ 30,000 |            |           |         |            |            |
| HM Unit 3  | Replace in year 4   |                     |           |            | \$ 30,000 |         |            |            |
| IT REFRESH   | We are 2.5 years into a 5 year refresh cycle.   |                     |           | \$ 20,000  |           |         |            |            |

On the revenue side of the equation, roughly 2/3 of our revenue comes from property taxes and FDAT combined, which by Prop 117 are limited to a 5% YOY increase. We use a 4.5% increase YOY for budget projections, which has proven to be an accurate estimate for FLFD. In terms of the overall budget, this means that 2/3 of 4.5%, or 3%, can be used for overall revenue projections. The balance of our revenue, or 1/3, comes primarily from EMS receivables, which are driven by call volume and ambulance billing rates. Since our call volume has been steady, any increase in revenue from EMS operations will come from increased ambulance billing rates. As noted above, Chief has just successfully secured an 11.67% increase in our rates, which Chief estimates to be about \$20K in added revenue or about 2% prorated to the overall revenue category. For budgetary estimates, we can therefore expect revenue to increase about 5% in FY24-25, versus a 6% increase in expenses due to inflation. There will be added budget pressures for the next two years or so. We may have to pursue increased ambulance billing rates more frequently than we have in the past.

6. Succession planning, Chief's retirement discussion. It was noted the district's response to Chief's pending retirement must be addressed in the next 8 to 12 months.
  - a. Review Prior Discussion Points (from Session 2 meeting minutes.).

Chief has announced his intent to retire at age 65, March 8, 2027. Assistant Chief DeMasi is not interested in a full-time position at FLFD. Dave said there is no one on the ODS roster who has a desire to be Chief. Dave stated he is not aware of anyone at Heber-Overgaard who has expressed an interest in being Chief at FLFD. Options for Dave's replacement: 1) Hire a new chief, which would probably entail a new staffing model; 2) Hire a full time PM for each shift, and supplement them with ODS; and 3) Explore a merger/ consolidation.

Tom noted that part of the succession plan needs to be an overlap, say two years or so, between Dave's departure and the arrival of a new Chief, to assure an orderly transition. For a new hire, the Master Plan Committee has been tasked with exploring district-provided housing suitable for a Chief and his family.

In a question regarding Julie's plans, Dave stated they are roughly the same as his timewise.



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- b. Dave's Stated Retirement Age (Year 4). Chief has stated he plans to retire at age 65, which would be March 8, 2027, or June 30, 2027 if it coincided with our fiscal year. During the discussion Dave noted he has no specific plans for what he would do post retirement and would be open to discussion for a possible extension to his retirement date if the district needed added flexibility for planning for his replacement.
- c. Cooperative Service Agreement Exploratory Discussion.
  - i. IGA -----→JPA-----→Merger.

By way of introduction, Chairman Hennessey related FLFD's experience with cooperative service agreements. He and Chief Rodriquez were part of a merger study between Heber-Overgaard Fire District (HOFD) and FLFD in the 2013-2014 time frame. At the time, the proposed merger looked promising, but for various reasons the study was put on hold. We have recently become aware of a successful cooperative services agreement that resulted in the formation of the Copper Canyon Fire and Medical (CCFM) District, which chose to go the route of IGAs (Inter-Governmental Agreements) to JPA (Joint Powers of Authority) to Merger. In contrast, the HOFD-FLFD study addressed merger only.

The following is from CCFM's web site.

CCFM provides emergency services to the communities of Camp Verde, Rimrock, Lake Montezuma, and the Yavapai Nation in north-central Arizona.

Chief Keller, CCFM, served as the Fire Chief of the Montezuma Rimrock Fire District (MRFD) for one year. He was then hired by the Camp Verde Fire District (CVFD) to serve as their Fire Chief while also continuing to serve the Montezuma Rimrock District as a "Shared Chief" under an Inter-Governmental Agreement (IGA).

This arrangement proved to be economically beneficial and led to further IGAs between the two districts, which in turn eventually resulted in the formation of a Joint Powers of Authority (JPA) so the Districts could operate as one agency- the Copper Canyon Fire and Medical Authority.

Chief Keller facilitated the merger of the two districts in 2019 which then became the Copper Canyon Fire and Medical District.

In order to fully explore our options, Chairman Hennessey recommended we form a new committee composed of Chief Rodriquez, Julie Swanson and John Hennessey, with others as needed, to explore our options related to cooperative service agreements with the expectation that a proposed approach would be presented to the board for discussion and approval as part of the 2023 STRAP Update. The committee would operate to a board approved charter and provide regular briefings to the board.

Note: Board Chairman Hennessey is authorized to form committees, so the new Cooperative Services Exploratory Committee is deemed to be formed as of December 17, 2022. The Committee will create a charter, which will be presented at the January board meeting for board approval.



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In parallel the Master Plan Committee will address the feasibility of providing living quarters for a new chief and his/her family, focusing on affordability issues for both the chief and the district.

- 7. 1-page Summary.
  - a. Chairman Hennessey stated last year’s 1-page summary is still relevant, and will be used with some freshening and updates.
- 8. Wrap-up and Publication Plan (John)
  - a. The publication date is March 21, 2023.
  - b. The document will be approved by board action at the March 18, 2023 board meeting.

Chairman Hennessey shared the Table of Contents with assignments for the publication of the update document.

**2022 STRAP Update TOC With Assignments (3/21/23 Publication Date)**

- I. Executive Summary (2/28/23).....JH**
- II. Introduction (2/28/23) .....JH**
- III. Standing Committees (2/9/23) ..... All**
- IV. Facilities/Master Plan (2/9/23) ..... JH/DR**
- V. Equipment (2/9/23).....DR/JM**
- VI. Services and Service Area (2/21/23) .....DR/JM**
- VII. Guiding Operational Principles (2/21/23).....JH**
- VIII. Goals (2/21/23) .....JH**
- Appendix A, Organization Chart (2/21/23).....JM**
- Appendix B, Five-Year Budget Projection (2/28/23).....PB**
- Appendix C, Definitions (2/28/23).....JH**

- 9. Adjournment. There being no further business before the committee, the meeting was adjourned at 1:30 pm.