



FOREST LAKES FIRE BOARD
REGULAR SESSION MEETING MINUTES
March 18, 2023
DRAFT



- 1 Call to Order. The meeting was called to order via MS Teams by Chairman John Hennessey at 10:15 am.
- 2 Pledge of Allegiance. Dispensed with due to the video conference.
- 3 Roll Call of Fire Board Members. In addition to Chairman Hennessey, Clerk Julie Swanson and Member Dennis Massion, Member Israel Torres were in attendance via video conference. Treasurer Pete Batschelet was absent. Also in attendance were Chief Dave Rodriguez, and Julie Mattila at the fire station. For the record, we had a quorum of the board.
- 4 Chairman's Welcome and Activity Report.
Chairman Hennessey welcomed everyone. Due to the inclement weather, we are holding the meeting in a virtual format using Microsoft (MS) Teams. As with physical meetings, virtual meetings are intended to be interactive in nature. There are special items to be addressed on today's agenda:
 - i) Status update re: annual audit and report.
 - ii) Status update re: activities with Zion Bank and DW Tower.
 - iii) Status update re: water tender modification and delivery by DB Trucks.
 - iv) Motion and possible action to approve the Finance Committee recommendation to amend the June 18, 2022, budget.
 - v) Motion and possible action to approve the Finance Committee recommended budget as amended.
- 5 Call to the Public/Audience Comments. There were no members of the present.
- 6 Review and Approve the Minutes for the February 18th, 2023, Regular Board Meeting.
Board Clerk Julie Swanson made a motion to approve the minutes as presented. Board member Torres seconded, and the motion passed unanimously.
- 7 Review and Approve the Financial Statements for February 2023. Chairman Hennessey reviewed the General Fund financial report for the previous month and provided a brief summary report. We are 67% through the year. In relation to our published Not-To-Exceed (NTE) budget, YTD revenue is at 65.9% while YTD expenses are at 73.3%. The end of the month cash balance was \$387,435.08. The projected year-end cash balance is \$408,412.08. FDAT receivables are at 68.7% YTD. Expenses this month were unfavorable to plan, due mostly to audit expenses and weather related staffing adjustments. This is the first time we have had to tap into contingency funds. This is due to unexpected expenditures (water tender payment, new heart monitor payment, R1211 repairs, B12 repairs, legal fees associated with our LPA with Zion Bank and our cell tower premises lease with DW Tower,...). As a result, the Finance Committee will recommend we post an amended budget (see Agenda item 8c.) Member Torres made a motion to approve the financial report. Member Massion seconded, and the motion passed unanimously.

In accordance with the statutory requirements of A.R.S. 48-807, by virtue of accepting the entire detailed financial report the Board certified that:
 - a) The District has reconciled all balance sheet accounts for the preceding fiscal month, and the Board has reviewed them.
 - b) The District has produced a financial report for the preceding fiscal month, including a register of all checks, warrants, and deposits; a statement of the District's financial activities; and a statement of the District's net assets.
 - c) The District has produced a cash flow projection report for the current fiscal year and said report has been updated to include the actual revenues and expenditures for the preceding fiscal month.
 - d) The Governing Board has reviewed the financial reports, the updated cash flow projection report, and all month end fund statements and reports of the preceding month, including any reports provided by the County Treasurer and each of the financial institutions in which the District maintains an account.
 - e) The District is in compliance pursuant to A.R.S. 48-807 (N) & (O) and no reports indicate an adverse impact on the ongoing operations or liquidity of the District.
- 8 Business.
 - a. Discussion re: Status Update re: Annual Audit Review With Kay Green



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Kay did not meet the statutory deadline for completion of the audit for Forest Lakes Fire District for the year ended June 30, 2022, for various reasons:

- 1) Cell Tower Lease - There are new governmental accounting standards (GASB-87) that we implemented for the first-time regarding accounting, presentation, and disclosure of leases.
 - 2) Close out of the pension plan previously administered by Innes. We needed to apply extensive auditing procedures relating to the close out of this plan and the transfer of funds to Nationwide.
 - 3) Water tender issue - additional documentation and accounting procedures due to the problems that the District had with the vendor relating to this capital asset acquisition. I believe that this problem has now been resolved.
 - 4) Implementation of Arizona State Retirement pension plan - Under GASB 68, there are extensive calculations and financial statement disclosures that must be properly presented in the financial statements. Her plan is to have the audited financial statement completed next week.
- b. Status Update re: Annual Report Due to County February 25th.
Upon receipt of the audited financials from Kay Green, Julie Mattila will complete the boiler plate information, attach the financial report, and submit to Lindsay Daley, Clerk, Coconino County Board of Supervisors.
Kay Green will present her annual report at the April Board meeting, following which it is anticipated the board will approve.
- c. Motion and Possible Action re: Approval to Amend FY22-23 Budget Approved June 18, 2022.

Background

Our budget for FY22-23 was approved at the June 18, 2022, board meeting.
It is a Not To Exceed (NTE) balanced budget which begins with ordinary and expected revenues being equal to ordinary and expected expenditures.
To provide the necessary headroom for extraordinary, unplanned expenditures we create a contingency expense category equal to ten percent of total planned expenses less capital expenditure and debt service.
To maintain a balanced budget, we tap our district funds for that same amount.
These funds come from our cash balance.
Contingency funds can only be expended with board approval.
To ensure we meet our fiduciary responsibilities to the district we track our financial position monthly against our operating budget, which is the NTE less contingencies, projecting our year end cash balance, which usually shows a modest increase in our cash position year over year.
This year has been an exceptional one for unplanned, or extraordinary, expenses.
Chief Rodriguez requested the following items be expensed against contingency funds.

DB Trucks Legal Fees	\$9,738.58
A1211 Repairs	\$14,846.00
B12	\$8,254.04
Total	\$32,838.62

The board approved chief's request.

Finance Committee Actions

Several Finance Committee meetings have been held following the February board meeting to determine the district's status against the contingency Line-Item budget.
Per the approved budget, the contingency allocation is \$107,353 and the NTE total is \$1,273,280.



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The board had previously approved contingency funding for the balance owed on the Water Tender, \$46,446 (July) and \$23,620 for the new Heart Monitor (August).

The total approved contingency, including Chief’s request, is \$102,904.62, leaving a margin of \$4,448.38.

Our normal and expected revenues and expenditures are tracked monthly and are within expectations.

The committee has identified additional necessary, incremental, unexpected expenditures that will cause us to violate the NTE budget, necessitating we create an amended budget.

State statutes allow districts to do an amended budget provided they follow the same rules as for the creation of the original budget.

Approval to Amend Budget

The first step in the process is for the board to approve a motion to amend the budget, which is being requested at today’s meeting.

A motion to approve amending the June 18, 2022, approved budget was made by Clerk Julie Swanson and seconded by Member Israel Torres. Motion was unanimously approved.

- d. Motion and Possible Action re: Approval of Proposed FY22-23 Amended Budget as Presented for Posting, Including Timeline for Final Approval.

Amended Budget Approval for Posting

The Finance Committee presented a Draft Amended Budget, prepared in advance, for review and approval by the board, including posting the amended budget.

Once approved, the Amended Budget will be posted for a time frame exceeding the statutorily required twenty-day period.

A public hearing will be held at the April board meeting, allowing questions to be addressed.

For final board approval, there will be an agenda item at the May board meeting to approve the amended budget, following which the newly amended budget will be in effect.

Amended Budget Details

There followed a discussion of the amended budget details.

Amended Budget Versus Prior Version

GENERAL FUND		FINAL AMENDED BUDGET 06-30-23		Expenses (Above Plan) Expected To Be Incurred [7+5] EOY	
EXPENSES	FY22/23 06-18-22	FY22/23 YEAR END	FY22/23 06-18-22	FY22/23 YEAR END	FY22/23 YEAR END
Personnel Salaries	\$ 632,867	\$ 655,619			Fuel Rebate \$ 13,571
Employee Benefits	\$ 82,152	\$ 82,152			Whittington \$ 10,800
Insurance	\$ 32,036	\$ 32,036			Added Manpower Weather \$ 9,181
Fire Department Administration	\$ 171,900	\$ 215,489			FEL Repairs \$ 1,200
Fuel, Oil, Lube R&M	\$ 58,075	\$ 92,421			Whittington, Ambulance Bil \$ -
Fire & EMS Operations	\$ 50,000	\$ 51,200			Diesel Fuel \$ 4,000
Building & Grounds R & M	\$ 8,450	\$ 8,450			Propane \$ 4,000
Utilities	\$ 38,050	\$ 38,050			Haz Fuels Grant \$ 20,000
Capital Expenditures	\$ 43,475	\$ 121,795			Roof Repair \$ 11,500
Debt Service	\$ 48,922	\$ 48,922			2022 RFC-DLA grant \$ 2,050
Contingency (Unplanned Spend)	\$ 107,353	\$ 14,448			AZ DFFM (State Forestry) \$ 1,000
	SUBTOTAL	\$ 1,273,280	\$ 1,360,582		Internal Financial Packet Au \$ -
REVENUES					Community Wildfire Protection Plan \$ -
PROPERTY TAXES	\$ 740,110	\$ 740,110			Contingency \$ 10,000
FIRE DISTRICT ASSISTANCE TAX	\$ 133,220	\$ 133,220			Subtotal \$ 87,302
ENTERPRISE ACCOUNT (NON-TAX)	\$ 292,070	\$ 292,070			
DISTRICT FUNDS	\$ 107,880	\$ 195,182			
	SUBTOTAL	\$ 1,273,280	\$ 1,360,582		



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A motion to approve the amended budget as proposed, and that the budget be posted per usual practice was made by Member Massion and seconded by Member Torres. Motion was unanimously approved.

Julie is hereby directed to post the amended budget in the same format used for the original June 18, 2022, budget. Note that the FY23-24 forecast year remains unchanged.

- e. Status Update of Recordation of Amendment 3 to the Lease Purchase Agreement with Zion Bank.
For the record, Amendment 3 of our LPA with Zion Bank has been recorded.
This clears the issue originally raised in November re: a potential breach of contract due to the lease income from DW Tower.
- f. Status Update of Recordation of Amendment 1 to the Option and Lease Agreement with DW Tower.
For the record, Amendment 1 of the Option and Lease Agreement with DW Tower has been recorded, eliminating the encroachment issue with Lot 297 and fulfilling our obligation as Lessor to DW Tower in its transaction with SBA to acquire the cell tower premises.
- g. Discussion re: DW Tower Invoice to Recover Legal Fees. An invoice was sent to DW Tower on 2-23-23 for the amount of \$4,215.83. We should receive the refund from DW Tower soon.
- h. Status Update re: Water Tender Modification and Delivery by DB Trucks.
Per email from Chief:
Final inspection of the water tender will be Friday, March 17th at DB Trucks.
When acceptance test is complete, the unit will be taken to Mic Ulinger's residence for safe keeping, then delivered to Swallow Graphics which is located in Gilbert, Monday morning.
Swallow Graphics will be measuring and developing a mock design for approval.
I am anticipating having the unit in Forest Lakes the last week of March.
- i. Status Update re: Surrendering the Title to the Old GMC Water Tender to DB Trucks. For the record, per email from Chief, said title was sent the week of 3/6/23.
- j. Status Update re: Grant Activities. Fuels Grant WFHF 20-205 (2021-2022) – completed successfully and our final report has been accepted and approved. Fuels Grand NFHF 22-201 (2023-2024) – list of property owners is ready to go. Added some capable contractors for this year. Waiting for the snow to melt and ground to dry out.
2022 DFFM RFC grant – DLS list items already received. 50% cost share for FLFD. Still need to order and receive the portable water tank. CWPP – DFFM is still waiting for word from the federal government. No other current grant activity with FEMA or other sources.
- k. Status Update re: Governmental Advocacy Committee. Member Israel Torres reported; The National Special District Coalition has become a member with AFDA which will hopefully open more grant opportunities for fire districts. Dick Zimmerman will be attending a grant writing meeting March 22 that will be held at MCC in Mesa. More information to follow.
More than 1600 bills were introduced this session. Half of them are dead already but that leaves about 800 bills many of the bills will come back as strike all. The legislature has passed 18 bills and the governor has vetoed 16 of those bills so not a lot of state work being done. Bills we are watching are HB 2803 that is an equipment bill about \$150,000,000. It looks like it may pass. HB 2446 it is a distribution of the marijuana excise tax. We did not qualify for the first-round money but hope we will this time.
- l. Status Update re: Master Planning Committee Activities.
No effort has been expended on this due to concentration on contingency expenditures and the amended budget issue.
There will be implications downstream with the STRAP update later in the year as contingency funding comes from our cash reserves.
The final accounting will occur with the July board meeting financials, when we will have the actual year end cash balance.
We will probably need to implement austerity measures to rebuild our cash position.



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This will have implications on our ability to fund the FEL garage and procure chief's quarters as laid out in the 2022 STRAP Update.

- m. Discussion and Possible Action re: ODS Mileage Reimbursement/Average Price Check is at 4.09 to 4.21

Excerpt from 20220820 Board Meeting Minutes With Updates

- i) A tiered fuel surcharge will be implemented, effective immediately, for ODS travel only, based on the model data provided by Julie (see attached), using average fuel charges for Maricopa County, which will be set monthly at regular board meetings, and updated monthly, as follows:

Average Cost of Fuel per Gallon in Maricopa County	ODS Mileage Rebate, Cents per Mile, One Way Travel
\$4.00 and above	62.5
\$3.50 to \$3.99	50.0
\$3.00 to \$3.49	25
\$3.00 and below	0

Note: As of January 1, 2023, the IRS Mileage Rate, has gone from 62.5 cents per mile to 65.5 cents per mile. The motion to approve the rebate table was tied to the IRS rate, so the table needs to be updated accordingly. The lower rates remain unchanged.

- n. Status Update re: Warrant Policy/Signature Stamps (Julie M.) Looking into a different company for stamps.
- o. Discussion re: 2022 STRAP Update Publication.

As with the Master Plan Committee activities, work on publishing the 2022 STRAP Update has been sidetracked by the amended budget issue.

Publication will be pushed out by a month, with Board approval now slated for the April board meeting.

On a positive note, Pete and John have collaborated on Appendix B, which is in final form and will be published next week as a standalone document.

This is important in that it lays out a balanced budget for next year based on the data at hand in December, giving us a head start on the budget preparation process for next year.

It is noteworthy that based on our Tax Levy worksheet for the upcoming year, we are starting out with an \$11,036 increase in tax levies. There will be an accompanying increase in FDAT, which is 18% of tax revenue, or \$1,986, for a total increase of \$13,022 above the plan.

- p. Status of the FY23-24 Budget and FY24-25 Forecast Preparation.

Pete will be convening the Finance Committee in the near future to create a balanced budget for FY23-24 and a balanced forecast for FY24-25.

Of note is that we added Health, Dental and Vision Benefits for Chief and Julie Mattila to the budget. This is a form of compensation, requiring board approval, which will occur by virtue of the board's approval to post the FY23-24 budget developed by the Finance Committee at next month's meeting.

As noted above, with the publication of Appendix B we are in good shape for presenting the proposed budgets to the board in April for approval to post, followed by a public hearing in May and final board approval in June.

- 9 Fire Chief's Report. Chief reported on the recent snow fall and the damage that has occurred due to the amount of snow we have received. We have had around 14 properties that have had damage. No personal injuries though. Chief suggested that people should get references before hiring contractors for roof snow removal.

We had a fatality last Monday mile marker 284 and hwy 260. It was a significant event we had entrapment with fire involved. HOF assisted with the accident, and with their help shortened the time frame to allow us to successfully rescue two survivors that were severely injured and air-vac them to Scottdale Osborn Trauma Center.



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- 10 Call to the Public/Audience Comments. There were none.
- 11 Fire Board Comments. We will be meeting via Teams for the April Board meeting and begin in person Board meetings in May.
- 12 There being no further business before the board, the meeting was adjourned at 11:26am.

Notes:

In order to promote openness and transparency, all materials presented at the board meeting are available to be viewed on the FLFD Web Site: flfdaz.com and following the web site prompts; or by going directly to the URL, flfdaz.com/board-meeting-minutes.