



HIGHLANDS FIRE DISTRICT

BOARD OF DIRECTORS SPECIAL MEETING MINUTES • 05/13/26

A special meeting of the Fire Board was held on Wednesday, May 13, 2026, at 3:30 PM at Fire Station 23, Administration Board Room, 3350 Old Munds Hwy, Flagstaff, AZ. The meeting was also available through Zoom Video Conferencing.

1. **Call to Order.** Chairperson Smith called the meeting to order at 3:40pm.
2. **Roll Call.** Board members present were Chairperson Jay Smith, Clerk Carl Nelson, Director Tom Hanecak, and Director Ira Allen. Director Brad Bippus was absent.

Administrative personnel present were Fire Chief Todd Miller, Battalion Chief Josh Pond, Mrs. Erica Lyons, Mr. Dominic Filosa*, Mr. Ben Archer-Clowes*. Also present as representatives of United Flagstaff Firefighters Highlands Chapter Local 1505 were Vice President Clayton Ahrendt, Captain, and Battalion Chief Casey Modrell*.

* Attended through Zoom Video Conferencing

3. Topics of Discussion and Possible Legal Action

- A. **Work session to discuss the FY 2027 budget.** Fire Chief Miller reviewed a presentation of the FY 2027 budget, which had been discussed and finalized by the Budget Committee over the course of three meetings held between April and May. He provided an overview of the district's mission, vision, strategic plan goals, and the statutory timeline for the Board to review, approve, adopt, and certify the budget. Strategic plan goals discussed included improved external engagement, consolidation initiatives, alternative revenue sources, and employee success and development.

Fire Chief Miller shifted the discussion to projected changes in revenue and expenses for FY 2027. Based on a 5.86% increase in net assessed value, revenues at the current \$3.50 mil rate are projected to increase by approximately \$259,000. He discussed additional revenue changes, including a proposed cell tower lease, CPI-related increases to the Flagstaff Ranch IGA, and the potential loss of revenue related to the Ft. Tuthill IGA pending final determination. He reviewed projected changes to expenses, including anticipated savings associated with the following: transitioning from the PFFA Trust to Elevate Trust for medical benefits, Securis Workers Compensation renewal, and programmatic costs for the district. He noted no anticipated changes to GO Bond or COP payments.

Fire Chief Miller reviewed the district's fiscal fund structure and provided an overview of the purpose and intended use of the General Fund, Administrative Fund, Capital Improvement Fund, Capital Replacement Fund, General Reserve Fund, PSPRS Contingency Fund, and Bear Jaw Interagency Fund. He also reviewed Government Finance Officers Association (GFOA) recommendations to maintain 30% of revenue as a balance in the Administrative Fund, for reserve funding and cash flow management. He stated the projected FY 2026 ending balance for the General Fund is approximately \$2.9 million. Based on GFOA guidance, he noted approximately \$1.7 million would remain designated for administrative and operational reserve purposes. He further stated that the remaining balance could be considered for future allocation toward the re-establishment of a General Reserve Fund and/or capital-related needs, subject to future Board discussion and direction.

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Fire Chief Miller reviewed the results of a recent staff survey, noting that 85% of participants identified salary increases as their top priority. He further stated that Labor conducted a salary survey for all district positions and reported that current compensation levels are estimated at approximately 30% of market averages for comparable positions. He reviewed three potential staffing models for FY 2027 and provided historical context regarding the district's staffing structure. He noted that, despite approximately a 30% increase in call volume since 2008, the district's overall staffing model has remained largely unchanged over the past 18 years. Each staffing scenario included the removal of vacant Bear Jaw and Administrative II positions, replacement of the Superintendent position with a 40-hour Captain position, Labor-proposed wage scale adjustments, and a proposed 5% increase for the Administrative III position. The scenarios varied based on Firefighter staffing levels and Rover position allocations, with projected budget surpluses ranging from approximately \$288,000 to \$439,000. Fire Chief Miller stated the budget committees support for the proposed staffing model 3, which would add two Firefighter positions and establish a 40-hour Captain position as part of the district's first 4x3 staffing model, and noted its alignment with the district's strategic plan. Chairman Smith asked about the impact to overtime opportunities. Captain Ahrendt stated staff culture has increasingly emphasized work-life balance and time away from work, and that the proposed 4x3 staffing model would better support those priorities. Director Allen requested salary modeling scenarios that reflected compensation that was greater than market averages to evaluate the potential use of the projected surplus of funds, as a means to support long-term workforce sustainability. Director Hanecak commented on the Board's responsibility to balance long-term strategic planning, employee recruitment and retention efforts, and the district's overall fiscal sustainability. Captain Ahrendt stated Labor proposed this wage scale adjustment with the intent to negotiate other benefits during FY 2027. Fire Chief Miller stated district's goal is to strategically manage compensation growth while limiting the need for future increases to the mil rate. He explained that significant salary increases implemented too rapidly could create long-term operational funding challenges, particularly because the district has limited ability to generate additional tax revenue once the maximum allowable mil rate is reached. He noted the importance of maintaining financial flexibility to support future operational needs, including apparatus and facility repair or replacement, employee benefits, and other district obligations. Chairman Smith and Clerk Nelson discussed the importance of maintaining a balanced and sustainable budget structure while minimizing significant fluctuations in District revenues and expenditures over time. Mr. Filosa shared the FY 2027 budget report based on the proposed staffing model 3. Chairperson Smith asked for the timeline to fill the 40-hour captain and two additional firefighter positions. Fire Chief Miller stated the 40-hour captain would be filled as soon as possible after a job description is completed, and that he would coordinate with regional partners to determine the timeline for the next firefighter hiring process. Chairperson Smith noted the difficulty in looking into alternative salary modeling based on the statutory timeline requirements associated with posting the proposed FY 2027 budget.

A **motion** was made by Clerk Nelson and was seconded by Director Allen to approve the FY 2027 drafted budget as presented. Clerk Nelson and Director Hanecak voted "Aye" and Director Allen voted "Nay" to approve the proposed FY 2027 budget. The motion was **approved**.

- A. Adjournment.** A motion was made by Clerk Nelson and seconded by Director Hanecak to adjourn; the motion unanimously approved. The meeting adjourned at 5:34pm.

Respectfully submitted,
Erica Lyons Administrative Assistant III