Minutes of a Budget Committee Meeting of the Board of Directors of the Verde Valley Fire District Meeting Held
April 16, 2026

A Budget Committee Meeting of the Verde Valley Fire District Board of Directors was held on April 16, 2026, at 10:30 a.m. in person at Station 31, 2700 E. Godard Road, Cottonwood, Arizona and electronically (via Zoom).

Board of Directors:
Don Peck, Board Chairman
Robert Brummett

Staff Present:
Danny Johnson, Fire Chief
Lisa Elliott, Administrative Manager
Ashley Hammond, Administrative Specialist
Seth Murphy, EMS Captain
Cody Harkey, Battalion Chief
Matthew Chavez, Firefighter
Jake McDaniel, Engineer
Jerry Sinica, Acting Battalion Chief (via Zoom)
Jonathan Pizzi, Captain / Union VP Local 2690 (via Zoom)

CALL TO ORDER - The meeting was called to order at 10:30 a.m. by Board Chairman Peck

ROLL CALL – Board Chairman Peck and Board Member Brummett were present; a quorum was not necessary.

NEW BUSINESS

FY2026-2027 BUDGET WORKSHOP – Work session to discuss the Fiscal Year 2026-2027 Draft Budget.

Chief Johnson presented the first draft of the General Fund budget for the upcoming fiscal year, noting that the presentation would focus on key highlights rather than a line-by-line review. He reported that the General Fund is balanced, with net revenues versus net expenditures projected to remain sustainable for the next two years.

Administrative Manager Lisa Elliott added that the Budget Summary by Fund now includes the Debt Service Fund and explained that each fund shows the overall increase or decrease in the fund balance. She noted that the General Fund Budget reflects a balanced budget.

Chief Johnson stated that real estate and property tax revenues have increased. He noted that the budget is projected at a $3.30 MIL rate, which allowed the District to reduce the MIL rate by $0.01. He explained that this reduction demonstrates goodwill and provides a buffer against potential unexpected economic issues. He further stated that revenues from "Smart and Safe" (recreational marijuana) were reduced. Chief Johnson stated that ambulance revenues include a full year of the District's rate increase, and the District is beginning to see the impact of that pay difference. He noted that Action Ambulance is monitoring the payer mix, which includes five categories: Medicare/Medicaid, AHCCCS, commercial, governmental, and private payers. Chief Johnson stated that call volume is up, but there is not enough data to determine whether this trend will continue. He also noted a potential change in Medicare reimbursements, which could decrease reimbursements by approximately 15–17%. He added that grant revenues remain a potential funding source and do not impact the MIL rate, and that other financing sources include capital contributions and carryover funds previously approved by the Board for transfer to Capital and the Employee Liability Fund.

Engineer McDaniel asked about ambulance refunds, and Chief Johnson explained that prior billing practices from the previous ambulance provider resulted in overbilling, which required refunds to payers. He noted that this issue has been significantly reduced with the new billing company.

Chief Johnson stated that personnel costs include a proposed MOU, including a 3% market adjustment and a 3% COLA to remain competitive with other agencies. He noted that starting firefighter pay is approximately $8,000–$9,000 lower than Sedona, a key competitor, and that medic pay would increase from $2.25 to $3.00. He stated that overtime and backfill costs have increased due to staffing needs and comp time provisions, with employees accruing comp time at time and a half for overtime. These increases are reflected in personnel costs along with associated increases in benefits such as Social Security and workers' compensation due to wage growth.

Chief Johnson stated that health insurance costs increased significantly across the pool, with Timber Mesa Fire & Medical District seeing a 30% increase and Pinetop Fire District a 75% increase, along with many others in the State. Verde Valley Fire District secured a 5% rate lock, avoiding a much larger increase. PSPRS pension costs increased by 1.72% due to early and unforeseen retirements. The fund remains in the high 90% range and is considered stable. Chief Johnson also noted that a buffer remains in place to address financial fluctuations.

Chief Johnson stated the Fire Board budget has election costs budgeted if needed.

Chief Johnson stated that in the Administration Budget, there were no significant changes. Administrative Manager Lisa Elliott stated that the small changes include switching the District's financial software to the hosted version, which also includes some additional modules for Human Resources. Chief Johnson stated APS rates increased by 16%, which had been accounted for within the budget, with remaining funds adjusted accordingly. Chief Johnson stated there is also a change in telephone services, with the District transitioning away from Granite and moving over to its IT company. Chief Johnson stated this includes a reduction in the number of phone lines, resulting in decreased costs and overall savings.

Chief Johnson stated that the Community Risk Reduction Budget increased slightly to cover training needs and platform software costs.

Chief Johnson stated that Building Maintenance increased slightly to help address Stations 31 and 32, which will need to be maintained until the improvements can be completed through the bond in the coming years.

Chief Johnson stated that EMS Services increased due to major changes in medical direction requirements and new State of Arizona DEA drug rules, noting that DHS requirements do not fully align with DEA standards. Chief Johnson stated the District is moving to a new medical direction model with IMD, including implementation of the Pyxis system and obtaining the District's own DEA license for compliance and coverage.

Chief Johnson stated that this change will also address current limitations with out-of-state medical direction for wildland deployments and help ensure operational coverage, including coordination with the wildland unit. Chief Johnson stated that infectious disease control protocols need to be updated and that a physician will be available for employee advocacy on exposure incidents. Chief Johnson stated that PSTrax will be used to improve tracking of medications and apparatus maintenance.

Chief Johnson stated that Operations had minimal changes. He noted that turnout gear has a 10-year life cycle and, rather than experiencing large replacement spikes every decade, the District now budgets for replacement of 10 % of the total turnout sets annually to level costs over time.

Chief Johnson stated that training remains consistent, with Battalion Chief Harkey taking over the training program. He noted ongoing efforts to develop in-state swift water and rope rescue training locations and the formation of an in-house training team.

Chief Johnson stated that Fleet Maintenance remains focused on vehicle repairs, with fuel costs being the primary concern. He noted the District is trending toward using its full fuel allocation, based on approximately 16,000 gallons annually, and that if fuel prices reach $6.00 per gallon, costs would be significantly impacted. He stated the fuel budget has been increased accordingly, with some flexibility built in.

Chief Johnson stated that the Wildland budget remains minimal.

Chief Johnson stated that Communications funding is being planned through bond funding for infrastructure and equipment purchases. He noted the District is also exploring infrastructure options with DPS, which appears promising. Dispatch services are projected to increase by approximately 5% under contract.

Chief Johnson stated that grant funding includes the 3AM Grant the Fire Incident Management Grant from the State of Arizona Directed Appropriation and other grants applied for. He stated amounts are also included for congressional spending.

Chief Johnson stated that Debt Service includes PSPRS payments and SBITA costs. Capital transfers are increasing annually with $350,000 allocated in FY26-27 and a long-term goal of $1 million.

Chief Johnson stated that Capital projects are significantly impacted by bond funding, with potential expenditures of approximately $5 million in the first phase. He noted $400,000 is allocated for property acquisition and the potential sale of surplus property. He stated that an engine replacement is due next year, communications upgrades are estimated at $1 million, and the Pyxis system is pending final quotes and will be capitalized due to new drug box requirements.

Board Member Brummett asked if the District would have one (1) Pyxis machine. Chief Johnson stated yes.

Chief Johnson stated the Wildland Fund is based solely on deployment activity and projections, with no impact on the core operational budget.

Chief Johnson stated that the Employee Liability Benefit Fund is funded at approximately 90% of projections.

Chief Johnson stated the Debt Service Fund is used to collect property taxes for the GO Bond obligations, and to make debt service payments.

Chief Johnson stated he was comfortable with the proposed budget and that most requests had been incorporated. He stated he would not be present at the April 28, 2026, Board meeting, and Administrative Manager Lisa Elliott would be present to present the Budget.

Chief Johnson thanked Board Chairman Peck and Board Member Brummett for being on the Budget Committee and for their support.

ADJOURNMENT. With no further business before the Board, the meeting adjourned at 11:22 a.m.

Submitted By:

Ashley Hammond, Administrative Specialist

Approved:

Coleen Gilboy, Board Chairman

Attest:

Donald Peck, Board Clerk