

MINUTES

**Central Arizona Fire and Medical Authority
Central Yavapai / Chino Valley / Central Arizona Fire and Medical
Budget Work Study
Monday, April 18, 2022, 1:00 pm - 3:00 pm
Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Drive,
Prescott Valley**

In-Person Attendance

Cyndy Dicus; Cynthia Gentle; Dane Beck; Darlene Packard; Dave Tharp;
Kathy Goodman; Matt Zurcher; Owen Mills; Pete Gordon; Rick Anderson;
Scott A Freitag; Susanne Dixon

Remote Attendance

Dave Dobbs; Lorette Brashear

Not In Attendance

Nicolas Cornelius

NOTICE OF MEETING

1. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CHINO VALLEY FIRE DISTRICT

Chair Dicus called the Chino Valley Fire District meeting to order at 1:00 p.m.

2. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL YAVAPAI FIRE DISTRICT

Chair Zurcher called the Central Yavapai Fire District meeting to order at 1:01 p.m.

3. CALL TO ORDER / ROLL CALL OF BOARD MEMBERS - CENTRAL ARIZONA FIRE AND MEDICAL AUTHORITY

Chair Zurcher called the Central Arizona Fire and Medical Authority meeting to order at 1:01 p.m.

4. PLEDGE OF ALLEGIANCE

Chair Zurcher led the Pledge of Allegiance.

5. PRESENTATIONS

- A. United Yavapai Firefighters Local 3066: Wage and Benefits for Fiscal Year 2023

IAFF United Yavapai Firefighters Local 3066 Vice President Bob Curry introduced himself and Local 3066 Executive Board members Russell Smith and Cody Rafter. Vice President Curry and Member Russell Smith provided a presentation on what makes the Local 3066 membership unique, the challenges that Agency members currently face, and the solutions that the Union would like to see moving forward.

Clerk Dobbs and Director Brashear joined via Zoom at 1:09 p.m.

The Union's recommendation is a 3% Cost of Living Adjustment (COLA).

See attached presentation.

B. Budget Work Study

Chief Tharp presented a budget with a zero tax rate increase and budgets that include a 1%, 1.5%, 2% and 3% Cost of Living Adjustment (COLA). He also provided a review of Agency expenditure and tax rate history and projections, an explanation of Net Assessed Valuation forecasting, and highlights and challenges for the Fiscal Year 2023 Budget.

He continued, articulating that there will be significant issues if the Agency does nothing to address the Capital Reserve account, which Staff would like to see grow to \$10 million. He noted that the Government Finance Officers Association (GFOA) recommends that an agency like CAFMA should be budgeting 5%, at minimum, for contingency, and strongly urged the Board to stick with the tax rate projections of at least a 2-cent increase.

Chief Freitag added that much of the overtime was due to backfilling the Rescue vehicles because of ambulance response challenges. He also reminded the Board that the Agency did not receive COVID relief money. Chair Dicus inquired as to whether or not it is still a possibility for the Agency to receive COVID relief money. Chief Freitag responded that though Staff was hoping to receive funds from Yavapai County, no money has been offered as of yet.

Chief Freitag stated that the Agency is looking to build a new station in the next few years due to increasing call volume in Prescott Valley. He highlighted a need to bolster the Capital Reserve because currently, without a bond, the Agency could not afford to build a station, even with \$10 million in Capital Reserve. He reported that Staff has cut a number of items from the budget, and for example, if CAFMA does not receive the SAFER grant, then that money will go into the Capital Reserve. He concluded by stating that the built-in 3% annual escalators are not enough to keep up with cost of goods.

Chief Tharp indicated the reason for a tax increase is not solely to provide a COLA. If the other increases had not occurred, the Agency would have had capacity to provide some of the things that have been requested. He then explained how the budget process will move forward from this point.

Director Gordon inquired as to whether or not the 5-cent tax increase for a 3% COLA included the 2-cent increase for Capital Reserve. Chief Tharp responded that all versions of the budget include a \$100,000 allocation to the Capital Reserve. He reminded the Board that it is approximately \$85,000 for every cent that the Central Yavapai tax rate is increased and approximately \$15,000 for a 1-cent increase in Chino Valley.

Chair Zurcher had Chief Tharp bring back up the 2019 Tax Rate Projections and Current Tax Rate Projections slides. Chief Freitag noted that the Boards in 2019 could not have predicted the increasing costs, and unlike the Agency's

municipal and County partners, he reiterated that CAFMA did not see any COVID relief funds or money from sales tax revenue.

Chair Zurcher invited Local 3066 President Ben Roché to provide an update on the Arizona Sales Tax for Fire District Funding Initiative.

Director Beck inquired as to whether or not Chino Valley Fire District is still at the maximum for their tax rate. Chief Tharp indicated that new legislation has increased the maximum; Chino can increase to \$3.375 this year, and up to \$3.50 next year. Chief Tharp also reminded the board that the NAV increase did go down this year.

Chair Zurcher asked what Central Yavapai's tax rate has been historically. Chief Tharp indicated that the Agency has worked hard to maintain a flat tax rate and that in prior years it has either remained neutral or seen minimal increases.

Vice President Curry asked Chief Tharp to clarify what 1-cent is equivalent to in collected revenue for each Fire District. Chief Tharp responded that 1-cent for Chino Valley equals about \$15,000, while 1-cent for Central Yavapai equals about \$85,000 in collected revenue.

President Roché explained why the State approved the increase to the maximum tax rate allowed. Chair Dicus inquired as to whether or not Chino Valley is hitting the maximum tax rate due to a lack of commercial industry. President Roché responded that a lack of commercial tax likely had an effect as Chino is mostly residential and commercial generates more.

Chief Freitag added that the same individual that decreased the amount of the commercial rate last year is doing the same this year. He reiterated that the COLA that the Union has requested would have been easier to accomplish if not for the other increases, specifically the 105% increase in worker's compensation. If the Governor were to declare COVID as endemic rather than pandemic, the Agency's rate would be approximately 35% less.

Chair Dicus clarified that the Agency's workers' compensation is a pool. Chief Freitag responded in the affirmative. Chief Tharp reminded the Board that there are only two workers' compensation carriers in the state; one private, and the other the pool.

Director Beck inquired about the projected increases for the Capital Reserve. Chief Tharp noted that the presentation shows the fund increasing, but that is because Staff cut \$1.4 million.

Chair Dicus asked Vice President Curry where CAFMA's starting firefighters are offered relative to minimum wage. Vice President Curry responded that CAFMA is starting new firefighters at close to what is being advertised at places like Walmart or local fast food restaurants.

Chair Zurcher requested further clarification as to how much starting firefighters are paid. Administrative Manager Dixon responded that if FLSA is included, new firefighters start at about \$50,601 annually, which equals about \$24.00 per

hour if you calculate for a 40-hour week. Chief Tharp confirmed that when it is looked at as a straight dollar-to-dollar amount for an hourly rate it is close to minimum wage. Local 3066 Executive Board member Smith added that newer Agency members bring home only about \$2,400 per month. Chief Freitag added that a lot of Agency entry-level positions, including firefighter, are in that \$15-16 per hour range.

Chair Dicus stated that the Agency has to do something for the employees. Chief Freitag added that the Wage and Benefit Study showed that the Agency was woefully behind the market. His concern is that now that state statute does not allow for a residency requirement, CAFMA will recruit from around the state, train the recruits, and then when a position opens where they live, they will leave. He is concerned that community involvement and engagement will become non-existent. Chair Dicus said that as long as she has been on the Board this has been an issue.

President Roché stated that the teamwork that he has witnessed has been very good. The Agency is trying to be a leader in equipment, buildings, service, training, hiring. He highlighted the area's quality of life and amenities, but noted that that only goes so far, and one thing has not changed for the better is competitive pay. A COLA would make CAFMA a progressive leader, and will protect the Agency. He recognized that no one wants to be in this same boat three years from now.

Chief Freitag concluded by stating that a need for behavioral health programs has increased, and that is why the Agency has signed a retainer agreement with Start Moving-On Counseling Services. The retainer agreement is about \$18,000, but the Agency is required to fund up to 36 visits, per incident, per employee per the Craig Tiger Act.

6. ADJOURNMENT

The Budget Work Study was adjourned at 2:50 p.m.

Move: Darlene Packard Second: Cyndy Dicus Status: Passed

Yes: Dave Dobbs, Darlene Packard, Cyndy Dicus, Matt Zurcher, Dane Beck, Cynthia Gentle, Pete Gordon, Owen Mills, Lorette Brashear, Rick Anderson



LABOR MANAGEMENT MEETING LOCAL 3066— CAFMA CHAPTER

APRIL 18, 2022

- **Objectives:**

- Our goal is to work beside administration and our fire board in an effort to **maintain the trajectory and future sustainability of our organization** while ensuring our personnel are compensated fairly. We look forward to working together in identifying solutions to the complex problems we currently face.
- We recognize our community, our organization and our membership are **all facing the same challenges within a rapidly evolving economy.**

- **Who we represent:**

- We have the **opportunity to represent each of our members** within Administration, Prevention, Fleet Services, Warehouse, Tech Services, Training, Prevention *and* Operations.
- ***Our membership is unique*** in that since the majority of us live locally, we have an ability to support a multitude of CAFMA programs and community events further enhancing our commitment to the organization and the community we serve as a whole.

• **As an example, our members are committed to and continually support:**

- Honor Guard /Pipes & Drums
- Arizona Fallen Firefighter Memorial
- Fire-Pal
- Read Across America
- Blood Drive
- Arizona Wildfire Academy Banquet
- FF Angel Pancake Breakfast
- Fire-Ops 101
- FF Angel Gear-Up
- Bowl for Kids Sake
- Big Brothers Big Sisters
- Highway Cleanup
- Partners Academy
- Salute to Heroes
- Police Foundation Golf Tournament
- Wildfire Expo
- Badges and Bobbers
- Burn Camp
- FF Angel Stuff-the-Bus / Backpack Giveaway
- Patriot Run
- 9/11 Healing Field
- 9/11 Ceremony
- Granite Mountain Hotshot Memorial
- Honor Guard Training Academy
- 4th of July Parade
- 4th of July Hose Cart Races
- National Night Out
- MDA Fill-the-Boot
- Firefighter Golf Tournament
- Halloween Safe Trunk-or-Treat
- Touch-a-Truck
- Flying High Turkey Drive
- Toys for Tots
- FF Angel - Christmas gift delivery
- PV Christmas light parade
- Prescott Light Parade
- Prescott Holiday Parade
- PV New Years Eve Celebration
- Training officers
- Peer Support
- Peer Fitness
- EMS Program
- College Fire Academy
- New Hire Academy
- Special Olympics
- Policy/SOG Committee
- PPE Committee
- PT Monitoring
- HAZMAT, TRT, SWAT, etc.
- Drone Program
- UTV Training Program
- Cyano-kit Program
- Political Efforts / Elections
- Much more....

- **Current Challenges:**

- **Inflation** has **outpaced our ability to maintain a neutral tax rate**. Property values have skyrocketed, yet we are restricted to a 5% increase to the limited assessed value each year which has reduced the potential NAV significantly.
- **Cost of doing business** has increased substantially:
 - Increased response due to 38% increase in call volume
 - Increased fuel usage, supplies, personnel, capital replacement, etc.
 - Increased call volume has resulted in a \$167,000 increase to dispatch services
 - Increased per/gallon fuel costs
 - Cost to purchase new apparatus has almost doubled
 - Cost to remodel or contract a new station has nearly tripled in some cases
 - Increased cost to Workman Compensation insurance
 - Increased Health insurance costs
- The **cost of living has outpaced current wages** and **has restricted our personnel's ability to live here locally** forcing us to recruit new personnel from out of the area:
 - **Home Values** increased **over 57%**
 - Median **home value** has increased from **\$300,000-\$471,000**
 - **Rental Rates** increased **over 40%**
 - Median **cost to rent** a single family 3 bed home increased from **\$1600** to **~\$2245-\$2650**
 - **Cost of Living: (Fuel, Utility, Grocery)** has increased substantially over **8.7%**
- **Local Firefighters** *support* **Local Business, CAFMA Programs** and **Local Events**

- **Wages & Benefits:**

- We **recognize and appreciate previous efforts** to bring our personnel into the 75th percentile after conclusion of the wage study in December 2020.
- Our **initial goal was to implement the 75th percentile** at the conclusion of the study but in the face of COVID/economic uncertainty we understood the immediate cost of implementing all changes at once would **create an undue burden** to our organization and the community we serve.
- Realizing those impacts, **we agreed to a 2 year implementation** with an end goal of bringing all personnel into the 75th percentile while also addressing Holiday Pay, PEHP, Acting Pay, Vacation/Sick-Leave and Longevity benefits.
- Our **initial plan did not anticipate the significant changes** we have experienced within the economy over the past two years. Our goal is to create a wage structure that remains competitive in today's labor market in an effort to **address current & future retention/recruitment** and minimize future impacts and liabilities.
- Had the wage study been implemented year 1, our sub-step personnel would likely have seen an additional 3.5% merit/step increase.
- Holiday Pay, Acting Pay, PEHP & Longevity **has been postponed for later discussion**
- Additionally, valley departments have already started adjusting to current economic changes by implementing COLAs and wage adjustments.

- **Proposed Solution:**

- Recognizing the impact that the soaring economy has had on our membership as well as our ability to recruit and retain personnel into the future, we identify the need to **prioritize a COLA ahead of all other benefits:**

- COLA is the **best means to address current cost of living challenges** for **ALL personnel**, while avoiding future unexpected wage adjustments and financial liabilities.

- Current **CPI Western Region: 8.7%** (4/2021-4/2022)

- As a collective, **we recognize the need to address all aspects of the wage & benefit study** but also **understand the challenges we face** as an organization and within our community. Therefore, our membership has **prioritized implementation of a 3% COLA** above other items within the wage study.

- The following demonstrates the **approximate increase in “take home” pay** of a 3% COLA (based on step 1 wages, standard deductions/elections):

- Firefighter: \$80/month
- Engineer: \$100/month
- Captain: \$120/month

- **Cost comparison of COLA vs. Holiday Pay, PEHP, Acting Pay, Longevity:**

- **COLA: @ 8.7%(CPI) - \$1,608,234**, 3% - \$554,210, 2% - \$369,453, 1% - \$184,721

- **Cost to implement wage study benefits** = at least **\$487,128**

- Holiday Pay - \$256,432 (as our membership proposed referencing the wage study)
- PEHP - \$143,096
- Acting Pay - \$87,600
- Longevity - TBD

- **Tax Rate:**

- While we **aim to minimize the financial impact to our community** and strive to **identify opportunities within our current budget** to minimize tax implications, we recognize there may be a need to increase the current tax rate in order to maintain the best level of service to our community.
- Recalling that we have **avoided prior increases to the tax rate** during times of uncertainty within last budget cycles due to COVID, we now have the history of a booming economy to make a more informed decision.
- Also recognizing that during this same time we have **substantially increased the level of service** we offer our community with implementation of E-540, efforts to overcome the ambulance issues by purchasing rescues and continually supporting current ongoing CON efforts with little-no impact to our tax payer.
- Each 1 cent increase to the CVFD tax rate equates to an approximate \$85,000 increase to the budget and distributed between all residential, commercial and vacant property owners.
- The **cost** to address all anticipated budget increases and implement a 3% COLA would be a 3 cent increase to CVFD and 5.6 cent increase to the CVFD tax rate.

- **The following are examples used to demonstrate the approximate financial impact to our community annually:**

<u>PROPOSED CYFD</u> <u>CENT INCREASE:</u>	<u>RESIDENTIAL</u>		
	<u>LIMITED ASSESSED VALUE</u>		
	(CENT INCREASE IMPACT / TOTAL TAX BILL INCREASE WITH 5%)		
	\$150,000	\$300,000	\$500,000
	(~\$400,000 Market Value)	(~\$700,000 Market Value)	(~\$1,500,000 Market Value)
- 1 cent: 0.38% / 5.26%	\$1.58 / \$22.04	\$3.15 / \$44.08	\$5.25 / \$73.46
- 2 cent: 0.75% / 5.63%	\$3.15 / \$23.61	\$6.30 / \$47.23	\$10.50 / \$78.71
- 3 cent: 1.13% / 6.01%	\$4.73 / \$25.19	\$9.45 / \$50.38	\$15.75 / \$83.96
- 5 cent: 1.88% / 7.13%	\$7.88 / \$28.34	\$15.75 / \$56.68	\$26.25 / \$94.46
- 6 cent: 2.25% / 8.64%	\$9.45 / \$29.91	\$18.90 / \$59.83	\$31.50 / \$99.71
- 10 cent: 3.76% / 8.64%	\$15.75 / \$36.21	\$31.50 / \$72.43	\$52.50 / \$120.71
- 20 cent: 7.51% / 12.39%	\$31.50 / \$51.96	\$63.00 / \$103.93	\$105.00 / \$173.21
- 24 cent: 9.01% / 13.89%	\$37.80 / \$58.26	\$75.60 / \$116.53	\$126.00 / \$194.21

- Limited property value can only increase by 5% per year (\$300,000 = \$315,000)

<u>PROPOSED CYFD</u> <u>CENT INCREASE:</u>	<u>COMMERCIAL</u>		
	<u>LIMITED ASSESSED VALUE</u>		
	(CENT INCREASE IMPACT / TOTAL TAX BILL INCREASE WITH 5%)		
	\$500,000	\$1,000,000	\$10,000,000
	(IHOP)	(ONEAZ Bank)	(Walmart)
- 1 cent: 0.38% / 5.26%	\$9.45 / \$123.23	\$18.90 / \$264.46	\$189.00 / \$2644.56
- 2 cent: 0.75% / 5.63%	\$18.90 / \$141.68	\$37.80 / \$283.36	\$378.00 / \$2833.56
- 3 cent: 1.13% / 6.01%	\$28.35 / \$151.13	\$56.70 / \$302.26	\$567.00 / \$3022.56
- 5 cent: 1.88% / 7.13%	\$47.25 / \$170.03	\$94.50 / \$340.06	\$945.00 / \$3400.56
- 6 cent: 2.25% / 8.64%	\$56.70 / \$179.48	\$113.40 / \$358.96	\$1134.00 / \$3589.56
- 10 cent: 3.76% / 8.64%	\$94.50 / \$217.28	\$189.00 / \$434.56	\$1890.00 / \$4345.56
- 20 cent: 7.51% / 12.39%	\$189.00 / \$311.78	\$378.00 / \$623.56	\$3780.00 / \$6235.56
- 24 cent: 9.01% / 13.89%	\$226.80 / \$349.58	\$453.60 / \$699.16	\$4536.00 / \$6991.56

- Limited property value can only increase by 5% per year (\$1,000,000 = \$1,050,000)



CAFMA Chapter - United Yavapai Firefighters - Local 3066

Objectives

- Our goal is to work beside administration and our fire board in an effort to **maintain the trajectory** and **future sustainability of our organization** while ensuring all personnel are compensated fairly. We look forward to working together in identifying solutions to the complex problems we currently face
- We recognize our community, our organization and our membership are **all facing the same challenges within a rapidly evolving economy**
- We strive to **represent each of our members** equally within:
 - Administration
 - Fleet Services
 - Warehouse
 - Tech Services
 - Training
 - Prevention
 - Operations



Our membership is Unique

We have the ability support a multitude of **CAFMA Programs** and **Community Events** because care about our organization, our community and **we live local!**

- Honor Guard /Pipes & Drums
- Arizona Fallen Firefighter Memorial
- Fire-Pal
- Read Across America
- Blood Drive
- Arizona Wildfire Academy Banquet
- FF Angel Pancake Breakfast
- Fire-Ops 101
- FF Angel Gear-Up
- Bowl for Kids Sake
- Big Brothers Big Sisters
- Highway Cleanup
- Partners Academy
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- Prescott Holiday Parade
- PV New Years Eve Celebration
- Training officers
- Peer Support
- Peer Fitness
- EMS program
- College Fire Academy
- New Hire Academy
- Special Olympics
- Policy/SOG Committee
- PPE Committee
- PT Monitoring
- HAZMAT, TRT, SWAT, etc
- Drone Program
- UTV Training Program
- Cyano-kit Program
- Political Efforts / Elections
- Much more....

Challenges We Face as an Organization

- **Inflation** has **outpaced our ability** to maintain a **neutral tax rate**
- **Cost of doing business** has **increased substantially**:
 - Increase in response due to a **38% increase in call volume** (5 years):
 - Increased Fuel Usage, Supplies, Personnel, Capital Replacement, etc.
 - Increased **fuel costs**
 - Cost to purchase **new apparatus** has almost **doubled**
 - Cost to **remodel** or **construct a new station** has nearly **tripled** in some cases
 - Increased call volume has resulted in a **\$167,000** increase to **dispatch services**
 - Increases to **Workman Compensation** and **Health Insurance**
 - Increasing industry and area labor costs
 - Many others...
- **Property values** have skyrocketed, yet due to **prop 117** we are restricted to a 5% increase in limited assessed value each year which has reduced the potential NAV significantly



Tax Rate Considerations

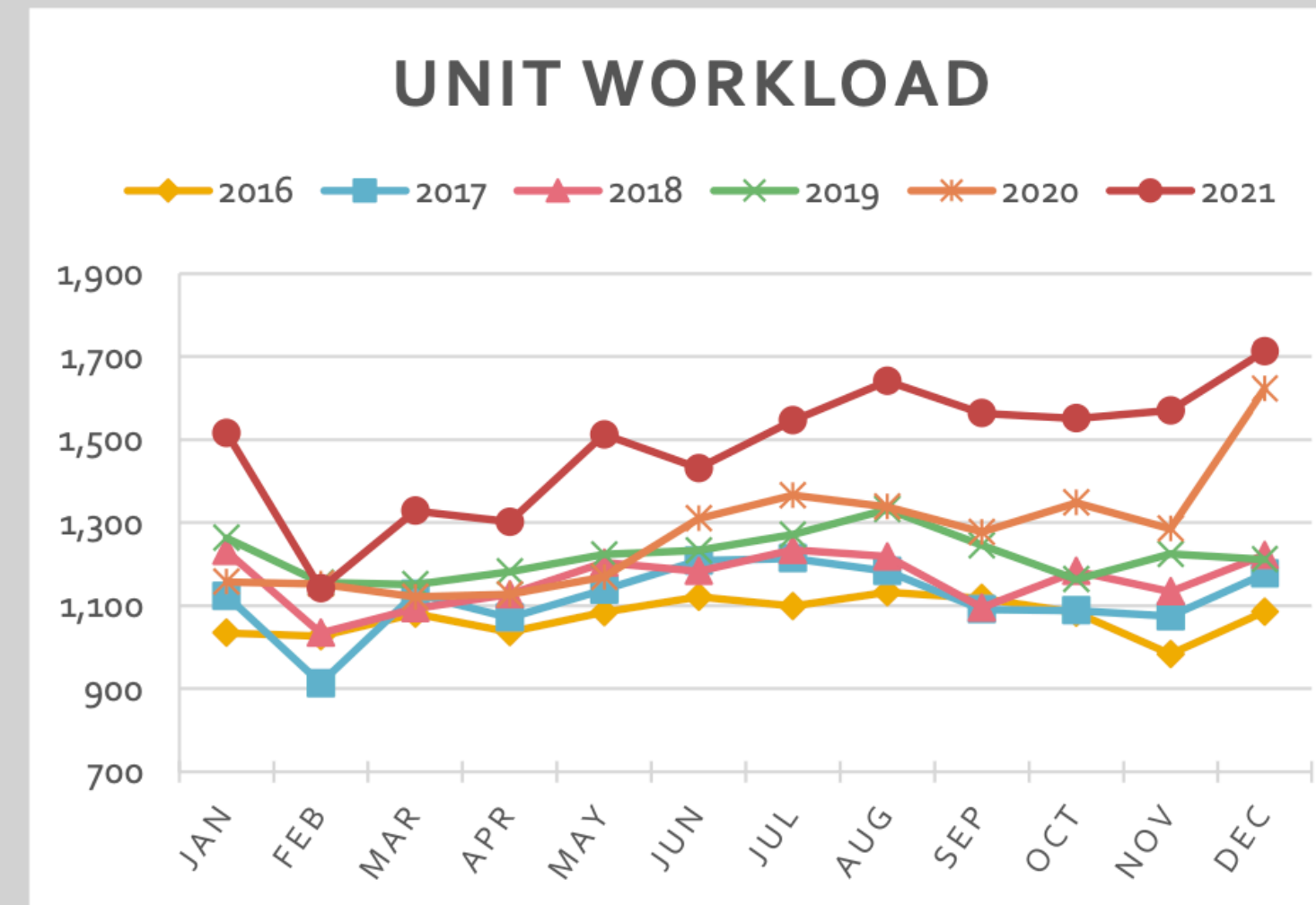
- While we **aim to minimize the financial impact to our community** and hope to **identify opportunities within our current budget**, we recognize there may be a need to increase the current tax rate in order to maintain the best level of service to our community
- Recalling that we have **avoided prior increases to the tax rate** during times of uncertainty (COVID), we **now have the history of a booming economy** to make a more informed decision
- Recognize that during this same time we have **increased the level of service** we offer our community **substantially** with little to **no impact to our tax payer**:
 - Maintained response with **38% higher call volume**
 - Implemented **40-Hour Engine (E-540)**
 - Hired **additional personnel** to maintain workload
 - Supported ongoing **CON efforts**
 - Overcome **ambulance deficiencies** with rescue purchase and overtime coverage



Call Volume has Increased 38%

Responses by Type-1 Engines

	2016	2017	2018	2019	2020	2021
Jan	1,034	1,123	1,231	1,263	1,157	1,516
Feb	1,026	913	1,034	1,155	1,152	1,141
Mar	1,080	1,128	1,093	1,151	1,121	1,328
Apr	1,036	1,071	1,127	1,182	1,127	1,302
May	1,084	1,138	1,203	1,223	1,169	1,512
Jun	1,121	1,208	1,183	1,233	1,310	1,431
Jul	1,099	1,214	1,234	1,271	1,366	1,546
Aug	1,132	1,183	1,218	1,332	1,338	1,641
Sep	1,118	1,091	1,095	1,245	1,277	1,563
Oct	1,083	1,088	1,183	1,163	1,348	1,551
Nov	983	1,074	1,134	1,224	1,285	1,570
Dec	1,085	1,177	1,222	1,211	1,622	1,713
<i>Avg</i>	<i>1,073</i>	<i>1,117</i>	<i>1,163</i>	<i>1,221</i>	<i>1,273</i>	<i>1,485</i>
TOTAL	12,881	13,408	13,957	14,653	15,272	17,814



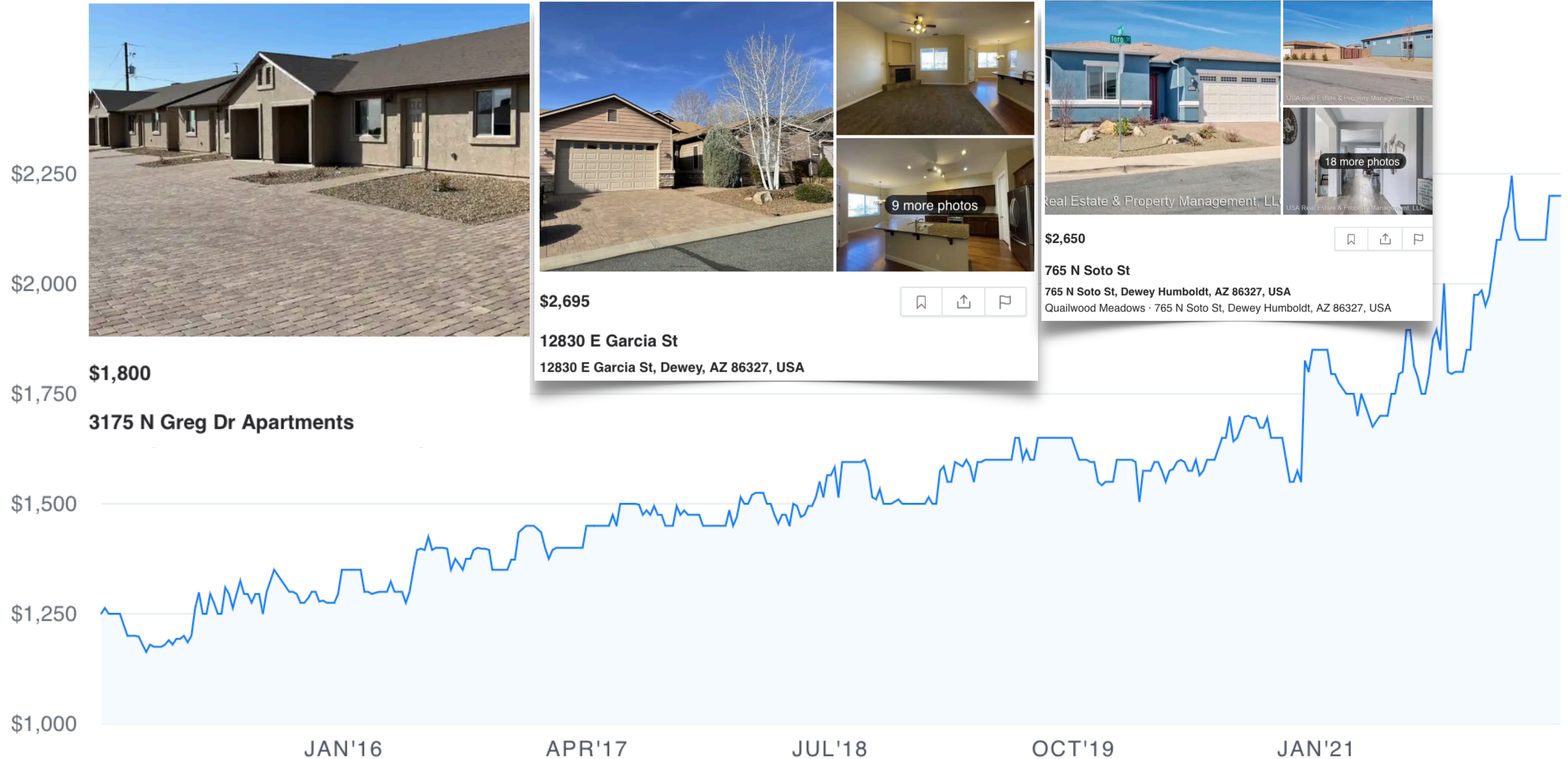
Challenge to Recruitment & Retention

- **Cost of living** has **outpaced current wages**, restricting our personnel's **ability to live here** locally and forcing us to **recruit new personnel from out of the area** presenting **further challenges in competing with valley departments**
 - **Home Values** have **increased over 57%**:
 - Median **home value** has increased **from \$300,000-\$471,000**
 - **Rental Rates** have **increased over 40%**:
 - Median **cost to rent** a single family 3 bed home increased from **\$1600** to **~\$2245-\$2650**
 - **Cost of living: (Fuel, Utility, Grocery)** has **increased substantially - over 8.7%**



Local Firefighters support Local Business, CAFMA Programs and Local Events

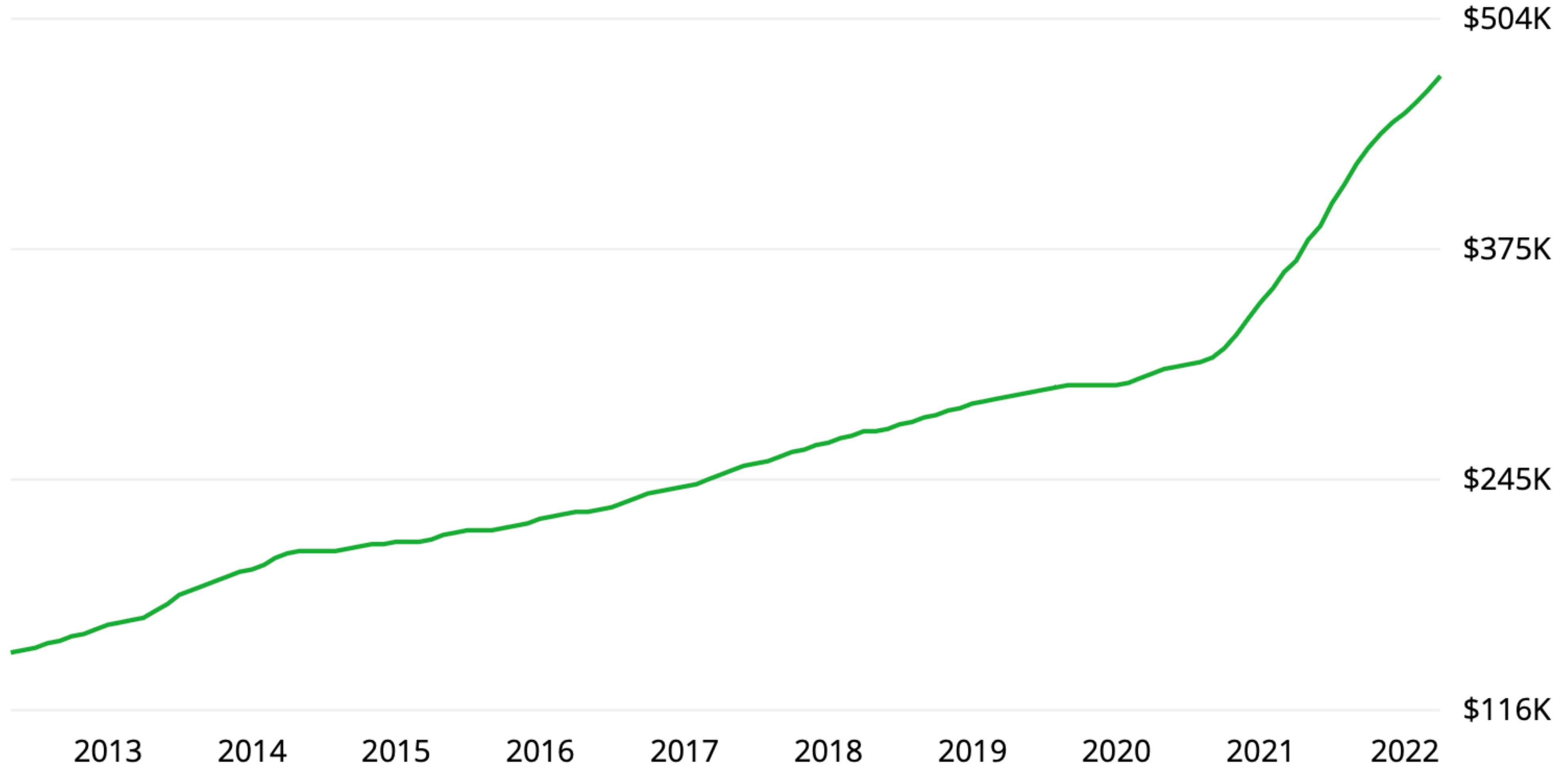
Median Cost to Rent



Median Home Value

Mar 2022

— Prescott Valley \$471K



Wage & Benefit History:

- We recognize and **appreciate past efforts** to bring our personnel into the 75th percentile at the conclusion of the wage study in December 2020
- Our **initial goal was to implement the 75th percentile** at the conclusion of the study but in the face of COVID/economic uncertainty we understood the immediate cost of implementing all changes at once would **create an undue burden** to our organization and the community we serve
- Realizing those impacts, **we agreed to a 2 year implementation** with an end goal of bringing all personnel into the 75th percentile while addressing Holiday Pay, PEHP, Acting Pay, Vacation/Sick-Leave and Longevity benefits



Wages & Benefits Currently:

- Our **initial plan did not anticipate the significant changes** we have experienced within the local economic environment over the past 2 years
- Had the wage study been implemented year 1, our substep personnel would likely have seen an **additional 3.5% merit/step increase**
- Holiday Pay, Acting Pay, PEHP and Longevity **was postponed for later discussion**
- Our goal is to remain competitive in today's labor market in an effort to **improve current/future retention/recruitment** while **minimizing the same unexpected liabilities we recently faced in the future**



Proposed Solution

Current **Western Region CPI: 8.7%** (4/2021-4/2022)

- **Cost comparison: (COLA vs. Holiday Pay, PEHP, Acting Pay, Longevity)**

- **COLA:** @ 8.7%(CPI) - \$1,608,234, 3% - \$554,210, 2% - \$369,453, 1% - \$184,721

- **Estimated cost to implement wage study benefits** - over **\$487,128**

- Holiday Pay - \$256,432, PEHP - \$143,096, Acting Pay - \$87,600, Longevity - TBD

- **Recognizing the impact a soaring economy** has had **on our membership** as well as our **ability to recruit/retain** personnel we identify the need to **prioritize a COLA** in line with the **CPI ahead of all other benefits**



Impact to our Membership

-The following demonstrates the *approximate increase in “take home” pay* of a 3% COLA (based on step 1 wages, standard deductions/elections):

- Firefighter: \$80/month
- Engineer: \$100/month
- Captain: \$120/month

-We recognize **this will not solve the issues we are facing**, however it will get us headed in the right direction and lessen the impact of any future financial liabilities going forward



Approximate Impact to Our Community

<u>PROPOSED CYFD</u> <u>CENT INCREASE:</u>	<u>RESIDENTIAL</u> <u>LIMITED ASSESSED VALUE</u>		
	(CENT INCREASE IMPACT / TOTAL TAX BILL INCREASE WITH 5%)		
	\$150,000 (~\$400,000 Market Value)	\$300,000 (~\$700,000 Market Value)	\$500,000 (~\$1,500,000 Market Value)
- 1 cent: 0.38% / 5.26%	\$1.58 / \$22.04	\$3.15 / \$44.08	\$5.25 / \$73.46
- 2 cent: 0.75% / 5.63%	\$3.15 / \$23.61	\$6.30 / \$47.23	\$10.50 / \$78.71
- 3 cent: 1.13% / 6.01%	\$4.73 / \$25.19	\$9.45 / \$50.38	\$15.75 / \$83.96
- 5 cent: 1.88% / 7.13%	\$7.88 / \$28.34	\$15.75 / \$56.68	\$26.25 / \$94.46
- 6 cent: 2.25% / 8.64%	\$9.45 / \$29.91	\$18.90 / \$59.83	\$31.50 / \$99.71
- 10 cent: 3.76% / 8.64%	\$15.75 / \$36.21	\$31.50 / \$72.43	\$52.50 / \$120.71
- 20 cent: 7.51% / 12.39%	\$31.50 / \$51.96	\$63.00 / \$103.93	\$105.00 / \$173.21
- 24 cent: 9.01% / 13.89%	\$37.80 / \$58.26	\$75.60 / \$116.53	\$126.00 / \$194.21
• Limited property value can only increase by 5% per year (\$300,000 = \$315,000)			

<u>PROPOSED CYFD</u> <u>CENT INCREASE:</u>	<u>COMMERCIAL</u> <u>LIMITED ASSESSED VALUE</u>		
	(CENT INCREASE IMPACT / TOTAL TAX BILL INCREASE WITH 5%)		
	\$500,000 (IHOP)	\$1,000,000 (ONEAZ Bank)	\$10,000,000 (Walmart)
- 1 cent: 0.38% / 5.26%	\$9.45 / \$123.23	\$18.90 / \$264.46	\$189.00 / \$2644.56
- 2 cent: 0.75% / 5.63%	\$18.90 / \$141.68	\$37.80 / \$283.36	\$378.00 / \$2833.56
- 3 cent: 1.13% / 6.01%	\$28.35 / \$151.13	\$56.70 / \$302.26	\$567.00 / \$3022.56
- 5 cent: 1.88% / 7.13%	\$47.25 / \$170.03	\$94.50 / \$340.06	\$945.00 / \$3400.56
- 6 cent: 2.25% / 8.64%	\$56.70 / \$179.48	\$113.40 / \$358.96	\$1134.00 / \$3589.56
- 10 cent: 3.76% / 8.64%	\$94.50 / \$217.28	\$189.00 / \$434.56	\$1890.00 / \$4345.56
- 20 cent: 7.51% / 12.39%	\$189.00 / \$311.78	\$378.00 / \$623.56	\$3780.00 / \$6235.56
- 24 cent: 9.01% / 13.89%	\$226.80 / \$349.58	\$453.60 / \$699.16	\$4536.00 / \$6991.56
• Limited property value can only increase by 5% per year (\$1,000,000 = \$1,050,000)			



Consumer Price Index

506 EMPLOYEE PAY AND BENEFITS

Effective Date: 10/22/2018

Revised Date:

Reviewed Date:



RELATIVE INFORMATION:

It is essential to hire and retain employees who will be committed to the effective operation of the Central Arizona Fire and Medical Authority. In order to achieve this goal, the Agency should:

1. When possible, complete a wage study every three years to ascertain that our personnel are appropriately compensated.
2. Consider an annual Cost of Living Adjustment, when financially feasible, in order to sustain a pre-determined wage level and utilize the CPI-U (Urban) West Region compound annual rate for the third quarter of each year to determine an appropriate cost of living adjustment.

When possible, offer our retirees an opportunity to stay on CAFMA's group health insurance plan, with the retirees reimbursing the Agency the cost of their insurance, plus a two percent administrative fee. Once they reach Medicare age they are no longer eligible to stay on the group policy. Retirees must remit payment by the first day of each month.

Consumer Price Index

Consumer Price Index, West Region — March 2022

Area prices were up 1.3 percent over the past month, up 8.7 percent from a year ago

Prices in the West Region, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 1.3 percent in March, the U.S. Bureau of Labor Statistics reported today. (See [table A.](#)) The March increase was influenced by higher prices for gasoline. (Data in this report are not seasonally adjusted. Accordingly, month-to-month changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U rose 8.7 percent. (See [chart 1](#) and [table A.](#)) This was the largest over-the-year increase in the CPI-U for the West Region since February 1982. Food prices advanced 8.9 percent. Energy prices jumped 33.4 percent, largely the result of an increase in the price of gasoline. The index for all items less food and energy increased 6.8 percent over the year. (See [table 1.](#))



Join Us at these Upcoming Events

- 4/23 - Wildfire Expo (downtown Prescott)
- 4/24 - FF Angel Foundation: Pancake Breakfast
- 4/24 - Golf Tournament @ Antelope Golf Course
- 4/25 & 4/26 - Tye Seets Memorial Bass Classic
- 4/28 - Blood Drive for Buzz Fournier
- 5/4 - First Responders Luncheon – Realty One Gives Back
- 5/7 - Firefighter Charities Golf Tournament
- 5/7 - Prescott Valley Days Parade
- 5/13/5/14 - Fire Ops 101
- 5/21 - FF Angel Foundation: Gear Up
- 5/21 - Badges and Bobbers

Fiscal Year 2022 - 2023

Budget Study Session

Budgeting 101

● Revenue

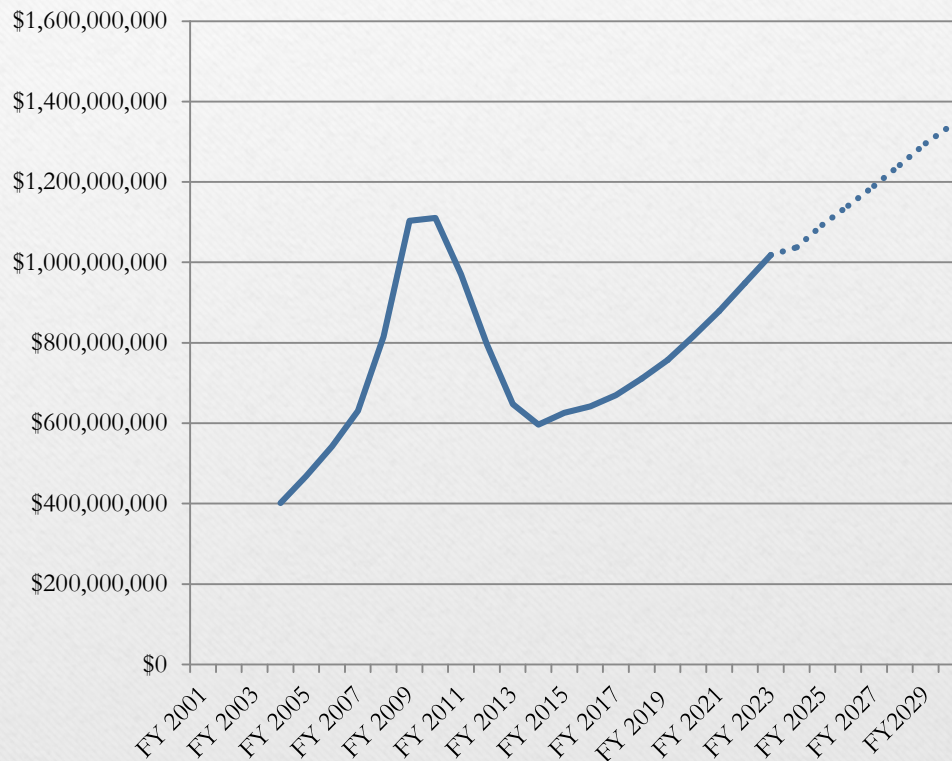
- Taxes
- FDAT
- Prop 207
- Carry Over
(Contingency)
- Non - Levy
(Contracts, Fees)

● Expenses

- Maintenance and
Operating (M&O)
- Capital Expenses
- Contingency (at
least 5% - GFOA)

Assessed Value History and Forecast

CAFMA combined Net Assessed Value



Past NAV Forecasting vs. Actual

FORECAST

- FY 2017 = 3%
- FY 2018 = 3%
- FY 2019 = 5%
- FY 2020 = 6.34%
- FY 2021 = 6.34%
- FY 2022 = 6.42%
- FY 2023 = 6.42%

*(CYFD Forecast 6% - 7.47%

ACTUAL

- Actual = 4.3650
- Actual = 6.2336
- Actual = 6.5357
- Actual = 7.70%
- Actual = 7.77%
- Actual = 7.87%
- Actual = 7.35%*

Chino Forecast 5% - 6.7%)

NAV Increase Breakdowns

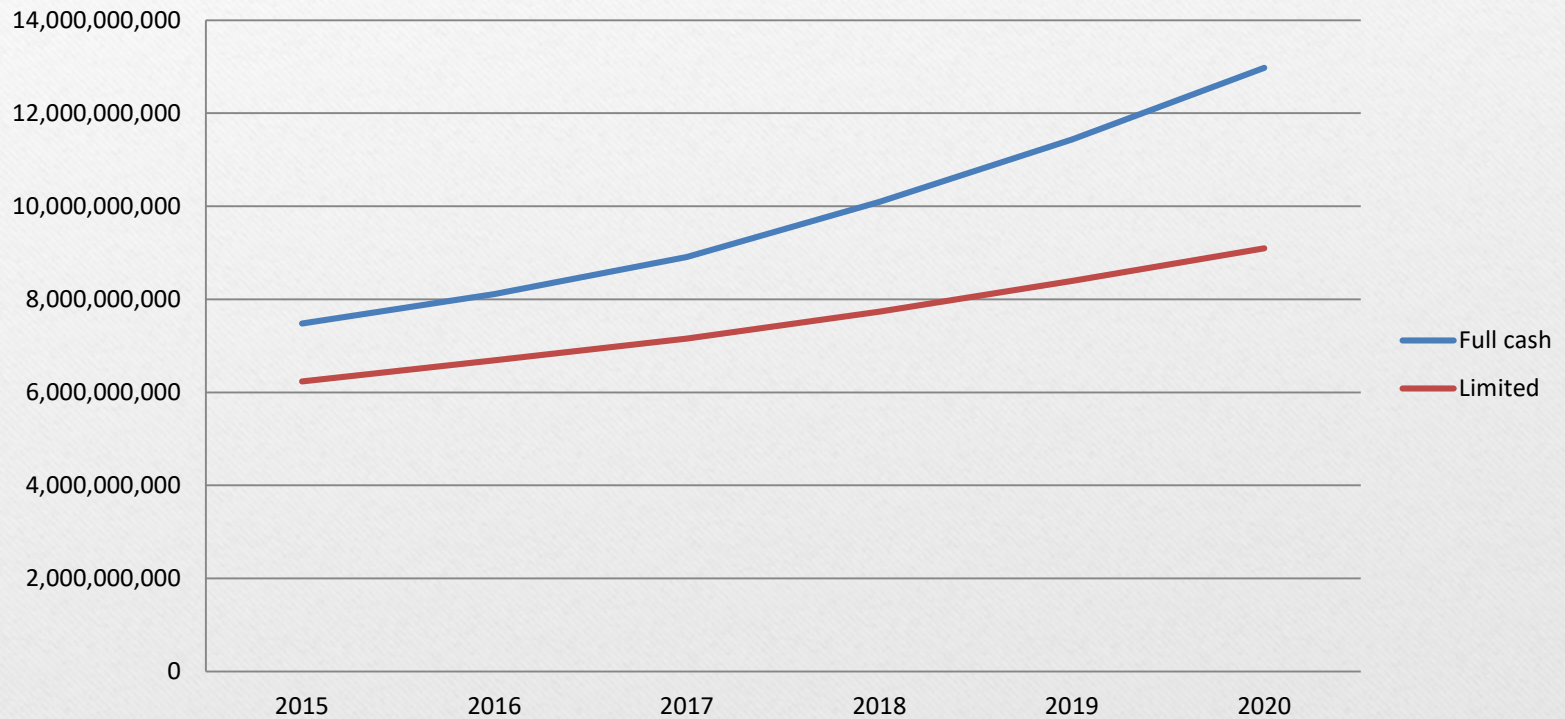
New Growth vs Existing Valuation

	Tax Year 2016	Tax Year 2017	Tax Year 2018	Tax Year 2019	Tax Year 2020
% Existing value		5.11%	4.81%	4.88%	5.06%
% New Growth		1.46%	1.96%	3.01%	2.76%
Total NAV increase		6.57%	6.77%	7.90%	7.81%
Limited to Full gap	16.92%	17.84%	20.00%	23.29%	26.26%

	Tax Year 2016	Tax Year 2017	Tax Year 2018	Tax Year 2019	Tax Year 2020
% Existing value	0.00%	-0.78%	3.81%	3.76%	4.63%
% New Growth	0.00%	0.78%	2.16%	3.10%	2.64%
Total NAV increase	0.00%	0.00%	5.97%	6.86%	7.27%
Limited to Full gap	15.18%	16.00%	18.00%	24.01%	28.37%

Ongoing Effect of Prop 117

Gap Between Full Cash and Limited Values



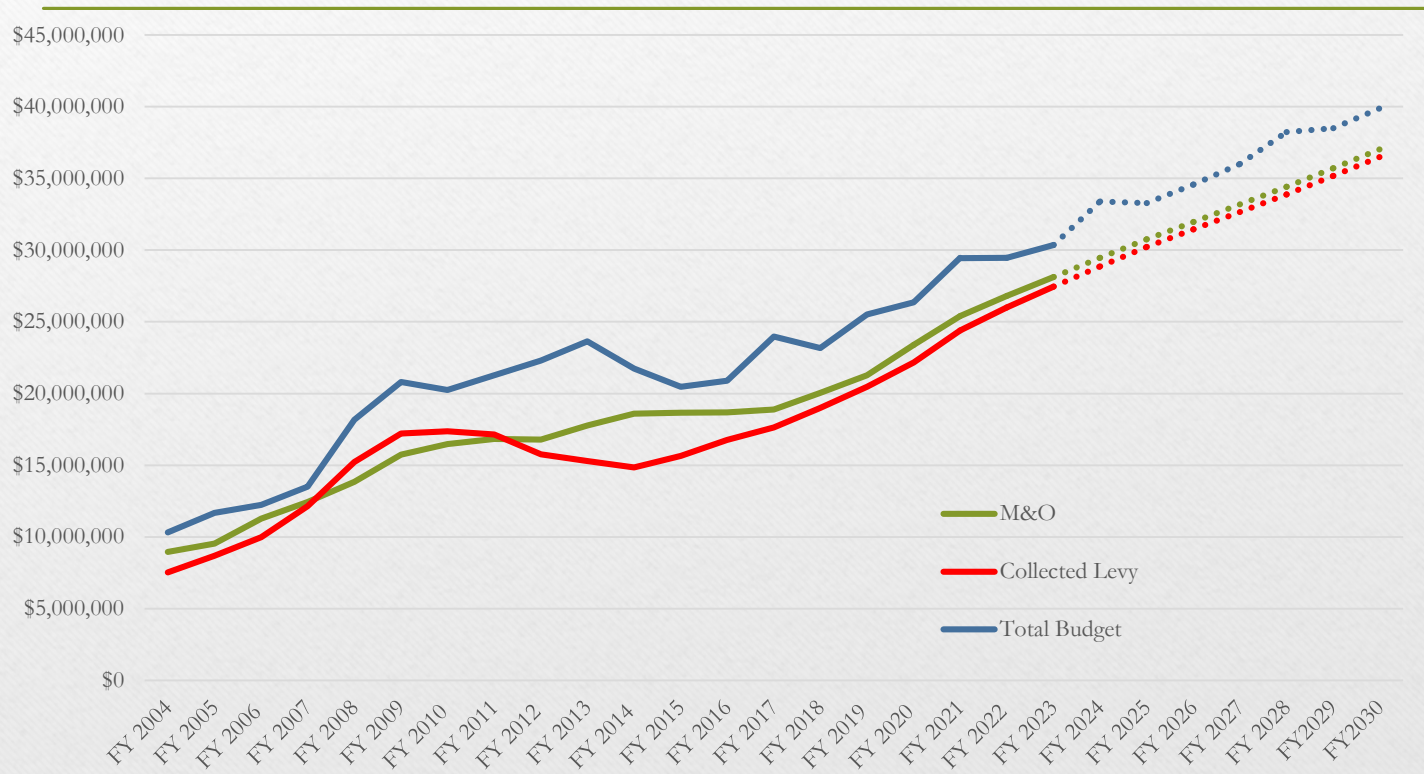
Future NAV Forecasting

- Projected NAV increases for next 3 budget cycles:

- FY 22/23: 6.42% (CYFD = 6.5%, CVFD = 5.0%)
- FY 23/24: 6.42% (CYFD = 6.5%, CVFD = 5.0%)
- FY 24/25: 5.34% (CYFD = 5.5%, CVFD = 5.0%)
- FY 25/26: 5.34% (CYFD = 5.5%, CVFD = 5.0%)

FY 23/24 and FY 24/25 is based on standard existing value changes + 1% new construction.

Expenditure History and Projections (current FY 22)



Expenditure Projection Basis

- Includes
 - Ongoing/regular increase (5%) in costs for equipment, services. Wages, insurance and retirement costs at 5% (3.5% step scale)
 - Personnel attrition – not NEW Staffing
 - Slow shift in Capital Reserve funding continuing
 - \$67,000 – FY 2022
 - \$100,000 – FY 2023

Expenditure Projection Basis

- May include:
 - Room for some wage and benefit changes. This depends on what we actually see for increases in the other cost areas.
 - Capital Reserve Account planning – budgeting for more expenses being assigned to M&O (previously at 50:50 Capital Reserve Account and M&O Expense).
Move to a 40:60 ratio

FY 2023 BUDGET

Budget Format

- The Summary and Revenue pages are the most helpful for general overview.
 - CAFMA : Pages 2 and 3
 - CYFD and CVFD budgets are separate
 - Changes over \$1000 (up or down) in the detail pages are in **red**.

Budget Highlights

- NAV increased by 7.35% (\$1.9 million)
- CAFMA funding kept consistent with approximate 80:20 ratio
- Certificates of Participation (3% vs 6.3%)
- SAFER, AFG, ADOHS Grants - \$855,235
- Proposition 207 Revenue = \$410,000

Budget Challenges

- Workers Compensation – 105% Increase
 - \$596,262 increase + \$375,730 Assessment
- New Wage Scale, Promotions, Merits = \$317,798
- Health Insurance (5%) = \$180,743
- PSPRS & COP Payment = 3% increase (\$657,353)
- PRCC Dispatch Fees = \$167,013
- Capital Reserve Account = \$100,000

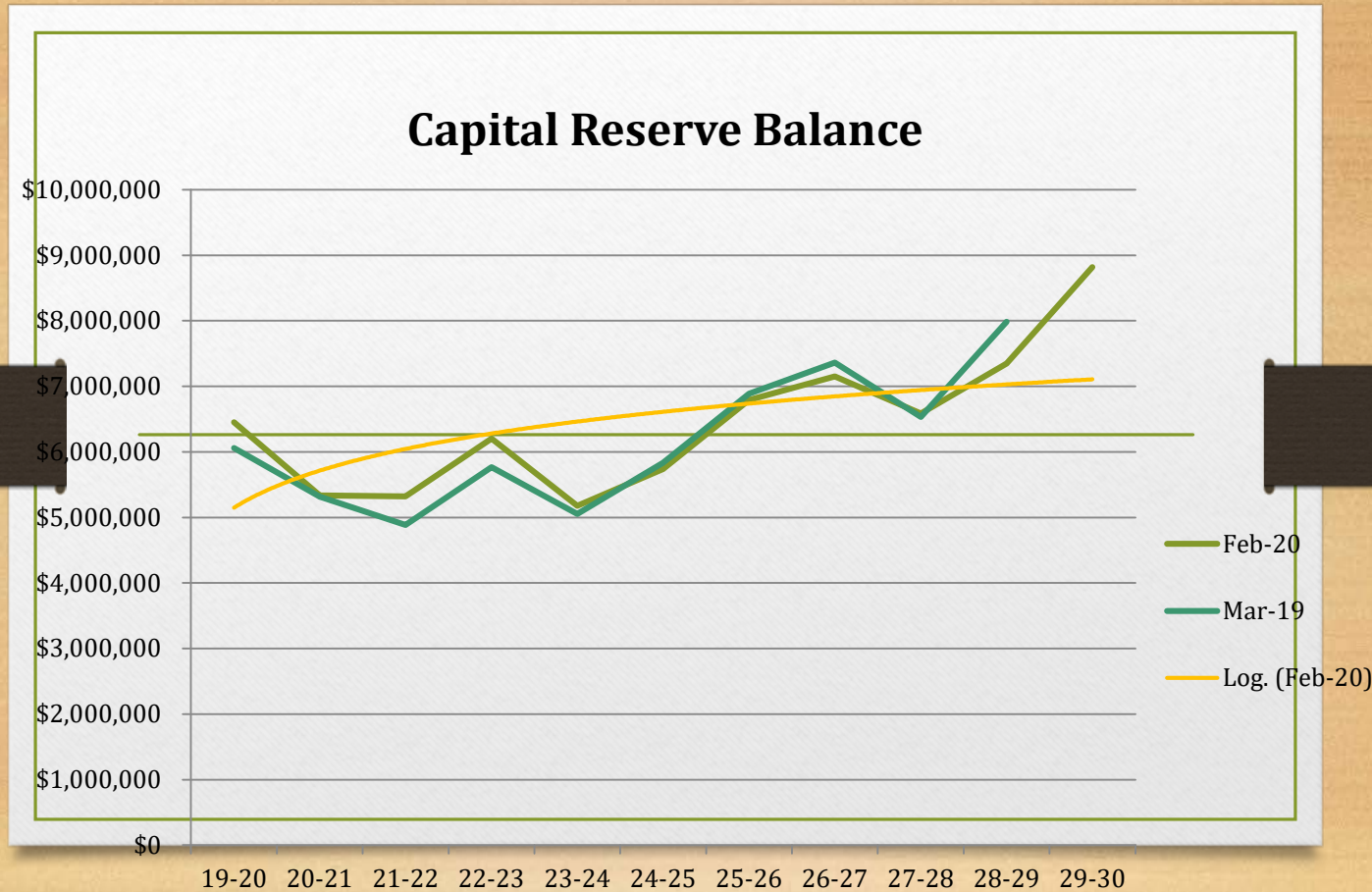
Additional Expenses

- Overtime increase = \$78,000
- Fuel Increase = \$75,000
- New Hire Firefighters (SAFER) = \$77,000 + \$290,000
- Particulate Hoods - \$34,000
- Mental Health = \$43,500
- Property and Casualty Insurance = \$65,000
- Withheld 2 Staff Positions (IT, PR) = (\$124,000)
- Withheld \$163,000 in requests

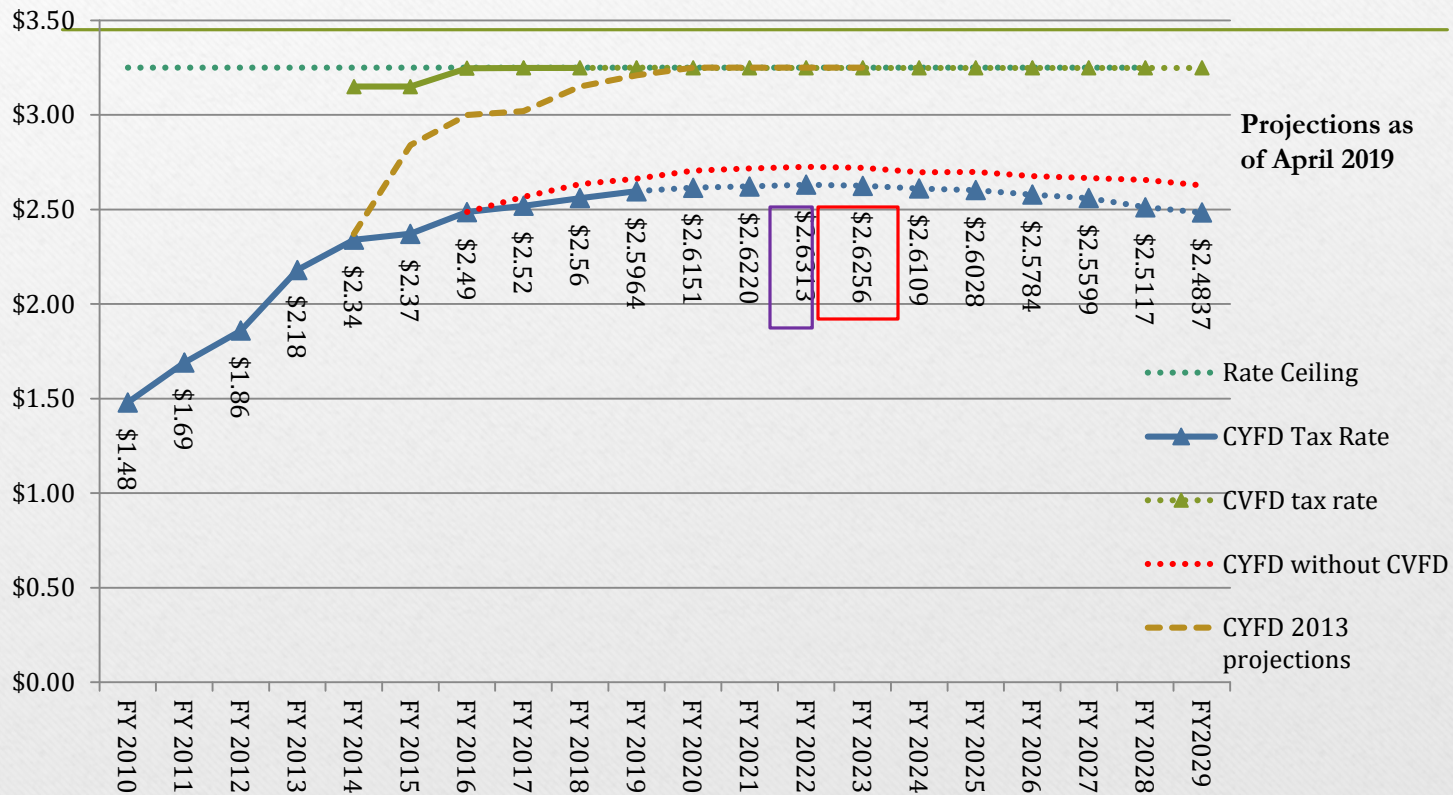
Budget Points

- New Division – Ambulance Service (CON)
 - \$2,000,000 Budgeted Revenue
 - \$1,784,000 Budgeted Expenses
- Capital Expenses - \$2.7 million planned
 - \$1,315,893 budgeted, \$550,000 Reserve Acct.
 - \$100,000 budgeted for Capital Reserve Acct.

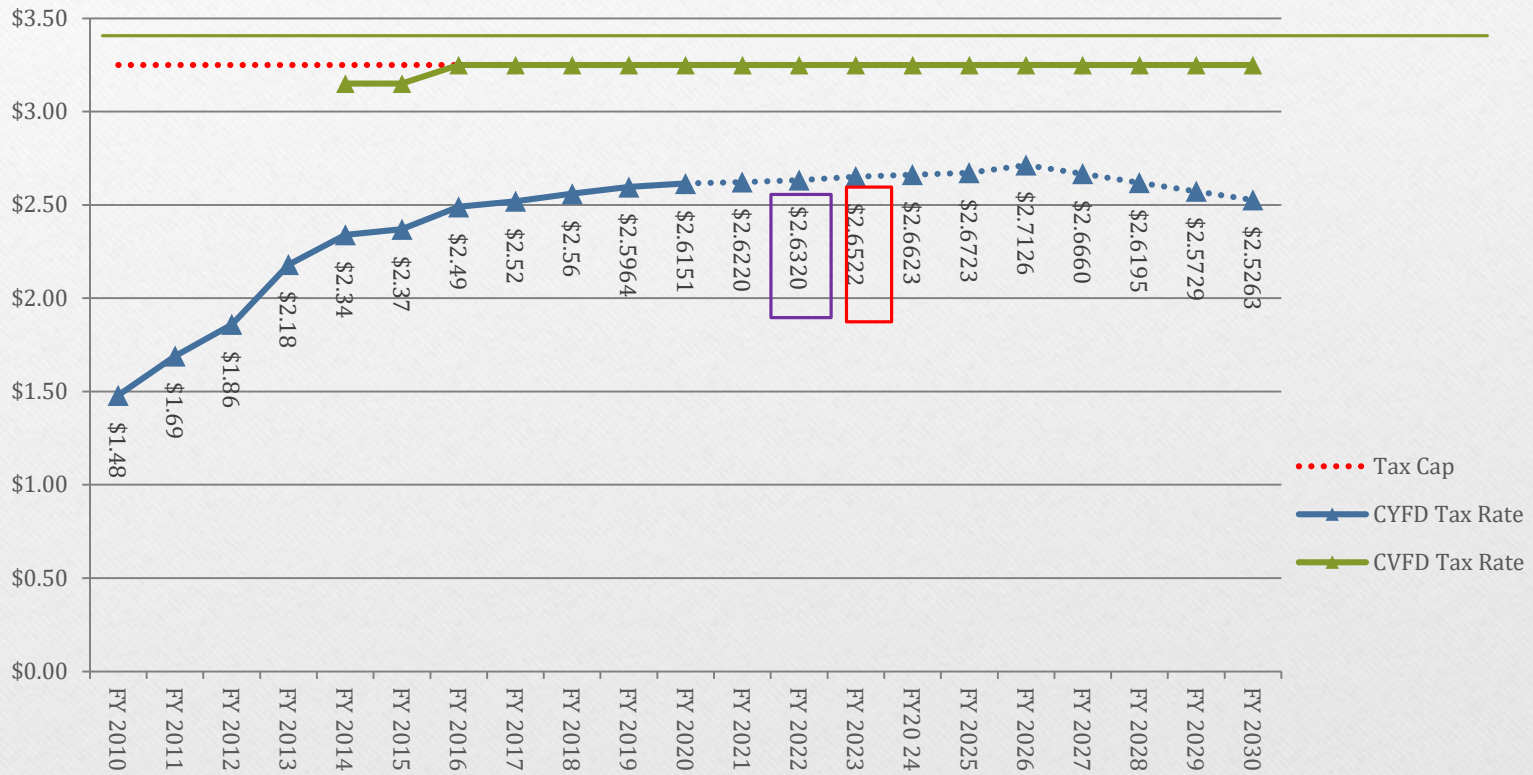
Capital Reserve Balance Projections



2019 Tax Rate Projections



Current Tax Rate Projections



Questions / Discussion

