



THE REVIEW

Central Arizona Fire and Medical - 8603 E. Eastridge Dr., Prescott Valley, AZ 86314 – April 29, 2022

This Edition:

The Chief's DeskPage 2
How Leaders Can Empower The 'How'Page 3
Fla. bill causes uncertainty for Disney's Reedy
Creek Fire DepartmentPage 3

“Sit at the tables where they’re talking about ideas and opportunity – not shit about people.”

Unk



Tweet



Elon Musk ✓
@elonmusk

AMR. you're next.

9:12 AM · 4/25/22 · Twitter for iPhone

If only.... Thank you for sharing Captain JK! I've reached out to Mr. Musk, but have not heard back yet 😊

The Chief's Desk

There are two certainties in life – death and taxes. And, there are two things in life that people do not like – taxes and death. See what I did there by changing the order of the words? There's not much opportunity to argue with death, but taxes are an entirely different ballgame. That, my friends, brings us to the budget process for fiscal year 23/24.

Allow me to cut to the chase. The tax rates for the Chino Valley Fire District and the Central Yavapai Fire District will increase. The question for the boards to ponder is by how much. There's a myriad of factors that are leading us to increase the rate. However, I think it's important to point out that even if we leave the rate flat, tax payers will still pay more for our services. That's because the value of properties in our area continues to increase. By default, an increased valuation means an increase in your tax bill, even without an actual rate adjustment.

Prop 117 is the ballot measure that passed during the recession. The proposition moved fire districts from the full cash value of a home to the limited cash value, and capped the annual increase in the limited value at 5%. This was passed after districts had already lost nearly 50% of their total valuation. At the time, economists estimated that as a result of Prop 117 it could take as long as 20 years for fire districts to get back to their 2008 net assessed valuations (NAV). At the same time, as communities grow, fire district budgets remain strapped leading to challenges with meeting increased demands for service.

Here's the kicker, the value of the property doesn't reset upon the sale of the property. So, if a home was built and sold for \$300,000, the limited value is set at \$270,000. Let's say the home sells in today's market for \$600,000. Technically, the limited value would then be \$540,000 which is the amount that would be used to calculate the property tax. Because it doesn't reset, we are only allowed to tax on the limited value as set at the original sale. If the original sale was five years ago, using the 5% cap as our bench mark, we are taxing on a limited value of \$344,595, or nearly \$200,000 less than what the limited value would be had it reset upon sale.

Not to use California as an example, but I'm going to use California as an example. Soon after passing Proposition 13, which is a lot like Prop 117, state legislators and others recognized the challenge created by not at least resetting the value upon the sale of a property. If property taxes remained at the lower value in perpetuity, entities that rely on property taxes would be unable to provide services. Unfortunately, we have not seen the same level of foresight in the State of Arizona.

Cont. Page 4

Upcoming Events:

May 2: Engineers Academy,
Senior Staff, Capitol

May 3: Labor/Management,
Capitol

May 4: FRI Program Planning
Committee, PV Citizen's
Academy

May 5: Patty's Last Day – Happy
Retirement Patty! AFDA
Meeting

Board Meetings:

May 23: Administration
CVFD – 1600-1630
CYFD – 163-1700
CAFMA – 1700-1830

How Leaders Can Empower The 'How'

By: Bill Edwards

"Leaders instill in their people a hope for success and a belief in themselves. Positive leaders empower people to accomplish their goals." — Unknown

This exemplifies the importance of empowering the "how." Leaders who are capable of this technique have learned over time through experience, trial and error and expertise gained through repetition. A mature leader guides the team, listens to learn rather than to reply and acts to support growth in the people they lead. This is the foundation of empowering the "how."

There's a lot of discussion and exposure to the leadership concept of "understanding the why," and author Simon Sinek is known for articulating this concept in his well-known concept of "Start with Why." In this concept, he explains how business leaders and strategic communicators need to reverse the approach and message of "what, how and why" to "why, how and what." As Sinek states: "People don't buy what you do, they buy why you do it."

This concept is thoughtful and makes total sense, as examples are evident in everyday life. However, leaders need to take this one step further in order to empower the "how." Empowering the "how" in organizations is "leader business," but it's often left for people to simply figure out. Empowering the "how" equates to leader involvement. It becomes a journey for the team and is the foundation and core task for a leader because it requires vision, experience and maturity to create forward momentum.

forbes.com

Fla. bill causes uncertainty for Disney's Reedy Creek Fire Department

By: Skyler Swisher and Ryan Gillespie

Dissolving Walt Disney World's Reedy Creek Improvement District could saddle local taxpayers with about \$1 billion in debt and leave local governments scrambling with how to take over vital services for Florida's top tourist attraction.

State legislators passed a bill Thursday that dissolves the district The Walt Disney Co. uses to self-govern its Florida theme park properties on June 1, 2023. Gov. Ron DeSantis, who has been battling with the entertainment giant, was expected to sign it into law.

What happens next is unclear, but Orange County's tax collector and other opponents of the bill say ending Reedy Creek could lead to higher taxes for Orange and Osceola residents.

The Legislature did not conduct an economic study on the ramifications of dissolving the district. Legislators spent only two days examining the bill, unveiled on Tuesday, providing little opportunity for public input.

Not even the bill's sponsors — Sen. Jennifer Bradley, R-Fleming Island, and Rep. Randy Fine, R-Palm Bay — could provide the intricate details of how Reedy Creek would be dissolved, saying the matter will be hammered out in the next year.

firerescue1.com

Chief's Desk Continued

Let's shift to a conversation about commercial property tax calculations. Commercial property taxes in Arizona are much higher than residential rates. The state business associations, and some legislators, have pushed for years to decrease the commercial rate. They finally got traction during the last legislative session where they approved dropping the commercial rate over two years from 18% to 16%. As part of this legislative session, they have reduced the rate from 16% to 15%.

Understanding the plight of fire districts across Arizona, legislators increased the tax cap for districts from \$3.25 to \$3.75 over a three-year period. This is the first year that the cap for districts is \$3.375. When one considers a reduction in commercial rate with an increase in the property tax cap, it seems like a good trade; however, the exchange includes the redirection of public frustration with property taxes from the state to our agencies. In very simple terms, if we have to collect \$100 to operate, then we need the \$100. It doesn't matter which pocket we take it from, we need to tax for the amount necessary to provide services. To that end, the decrease in the commercial rate shifts more of the costs for our services to homeowners.

I'm not about to debate which should pay more or less as that's not my place. However, when we increase our rate to collect the same amount of money, it's us who will be the recipients of the public's ire. It does seem that the state originally established the property tax system with quite the imbalance between commercial and residential. Balancing the system and moving towards a "fairer" tax structure does not come without some pain as the financial burden is shifted. That's definitely not the fault of CAFMA or any other fire district, school district, college district, or any other property taxing agency in the state; that said, we are the ones closest to those who would like to express their frustration.

So, that's some of the property tax dilemma we face. You know, it's interesting that some states have low property tax, but high-income tax. Or, they have high sales tax and low-income tax, etc. The bottom line is that it takes money to fund governmental entities. Ultimately, you're paying the amount needed for local and state governments to operate through some means — however you want to label the tax. In the end, taxes suck...

As I said in the beginning, our tax rates are going to increase next year. Why? Inflation, fuel, workers' compensation, retirement expenses, cost of goods to operate, etc. I could go on and on, but the reality is, we're not any different than families impacted by the current state of our economy. We also have to consider our personnel. We live in an area today that boasts California house prices with Arizona wages.

These two things are not compatible. To that end, we need to address some compensation concerns, which goes back to the question of how much the rate increases.

While we wrestle with all of the above, we also need to consider shoring up our Capital Reserve account, determine a funding source for new stations, and figure out how to improve our staffing in Operations to meet both current and future demands. It's a tough balance, and one that simply will not make all of our taxpayers or our personnel completely happy.

We've been working jointly with the Professional Firefighters of Arizona (PFFA), Arizona Fire Chiefs Association (AFCA), and the Arizona Fire Districts Association (AFDA) on a referendum that would set a 1/10 of a cent sales tax to help fund fire districts in the state. Our hope is that the state legislature will refer the question to the ballot. There's still a chance that they may pass the bill, but we don't have a solid commitment from the folks at the Capitol. If not, there is a plan B that may work; however, that may not be in play until the 2023 legislative session. Diversifying the financial portfolio for fire districts would help control property taxes, spread the cost out among everyone that uses our services, and would provide a more stable financial foundation for agencies like ours. The concept polls really well with voters across the political spectrum.

Ultimately, we are a tax-supported entity that provides necessary services to the communities we serve. The costs for our services continue to rise, yet our ability to generate the revenue needed to operate seems more restricted at every turn. There are certainly potential opportunities in the future with the possibility of a 1/10 of a cent sales tax. However, until then, we continue to rely on property taxes to fund our operations. And, in the next fiscal year, in order to meet our obligations and provide needed services, we not only need to capture the increased NAV, but we must also increase the rate. The Board will provide direction to Staff at the May meeting.
