

MINUTES

**Central Arizona Fire and Medical Authority
Central Yavapai / Chino Valley / Central Arizona Fire and Medical
Joint Special Budget Meeting
Monday, May 23, 2022, 4:30 pm - 5:30 pm
Central 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; Pete Gordon; Rick Anderson; Scott A Freitag;
Susanne Dixon

Remote Attendance

Dave Dobbs; Nicolas Cornelius

Not In Attendance

Lorette Brashear; Owen Mills

NOTICE OF MEETING

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

Chair Zurcher called the Chino Valley Fire District meeting to order at 4:31 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 4:31 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 4:31 p.m.

4. PLEDGE OF ALLEGIANCE

Chair Zurcher led the Pledge of Allegiance.

5. CALL TO THE PUBLIC

There were no public comments.

6. NEW BUSINESS

- A. Discussion and Possible Action Regarding Letter to the Yavapai County Board of Supervisors Requesting Reimbursement for COVID-19-Related Expenditures

Director Gentle recused herself from this item.

Chief Freitag reported that the Agency has been working with other Yavapai County fire districts regarding COVID-19 reimbursement. Maricopa County

provided a level of reimbursement for their fire districts, but Yavapai County has not. The Board of Supervisors is aware that the Agency is pursuing reimbursement, but he believes they have chosen not to act because they are waiting to see if the State provides funds.

He reported that Sedona Fire District sent a reimbursement request letter to the County, and he requested that the Boards consider sending a joint letter as well. He advised that were CAFMA to send a letter, it should be consistent with Sedona Fire's messaging.

Administration Manager Dixon stated that a draft letter will be provided to the Board.

Chair Zurcher stated that he has no objection to sending the letter. Chair Dicus agreed.

Chief Freitag added that if the State provides reimbursement, then the County will not, and vice-versa.

On behalf of all Board members, Chair Zurcher directed Staff to move forward with sending the letter to the Yavapai County Board of Supervisors.

B. Discussion and Possible Approval of Tentative Fiscal Year 2022-2023 Budget

Chief Tharp explained the differences between the two budgets before the Board. He added that he has run additional scenarios, including one where the tax rate would decrease for Central Yavapai Fire District, but increase significantly for Chino Valley Fire District. A 4-cent increase for Chino Valley would amount to an almost 5-cent increase for Central Yavapai. He reminded the Board that this increase will be on top of the Bond Debt Tax Rate, and once approved, the budget can be decreased, but not increased.

Chief Freitag shared information relating to the state budgeting that may offset workers' compensation increases, including that the Agency will not find out until after June 1, 2022.

Chief Tharp reminded the Board that certain budgeted items may not come to fruition; for example, grant funding to hire new employees, and items relating to the Agency's Certificate of Necessity (CON) application. If the Agency receives funding from the State, the Board will have the ability to direct Staff to reassign or restructure the budget.

Chief Freitag clarified that the CON budget line item has a revenue and expense, so the CON itself will not affect the tax rate.

Clerk Packard inquired if there was a Cost of Living Adjustment (COLA) included; Chief Tharp replied that yes, draft #1 includes a 2% COLA, draft #2 includes a 3% COLA. Clerk Packard then asked which draft Staff is recommending. Chief Freitag responded that he is not comfortable with raising the tax rate by almost 6-cents as the Agency is going to have to raise the tax rate again next year in order to hire Operations personnel. CAFMA will need another

24-hour engine in operation due to increased call volume.

Chair Dicus indicated that since Chino Valley Fire District has been maxed out for years, she does not feel it is a good idea to max the rate out again this year. Chief Freitag provided information regarding the Fire District cap and how that will play out over the next two years.

Director Gordon asked for clarification regarding splitting the cost of the COLA. Chief Freitag stated that the Agency has been conservative with the tax rate for many years, but the Districts must raise the tax rate this year. He encouraged the Board to also consider cost of living, housing difficulties, recruitment, and retention. He added that the Agency must pay a wage so that people can afford to live locally, and cited current efforts to recruit a Human Resources Manager as an example.

Chair Zurcher inquired as to whether or not the COLA would also affect future new hires, or if it would be a one-time COLA. Chief Freitag responded that it is a wage scale adjustment, and that new employees would enter under the COLA. He also voiced the disadvantages of wage freezes.

Director Gordon stated that he would be interested in seeing the details of a compromise to split the 3% COLA between both Boards. He asserted that the Agency does not have a retention issue right now, but he does not want to get to that point, and that he would like to see employees taken care of first. He would like the Boards to consider the 4.89-cent increase. Chief Freitag noted that the 4.89 is well below the rate at which Chino Valley Fire District would max out.

Chair Zurcher expressed concern that increasing too much, too quickly, could be troubling to taxpayers. He recommended a slow increase and a commitment to explaining the reasoning behind it to taxpayers in order to maintain public support.

Director Dobbs expressed that he wants to take care of employees; he is comfortable with an increase, though he would like to be fiscally responsible and not max out Chino Valley Fire District's tax rate again. He inquired as to whether the 4.89-cent increase from both Districts gets the Agency to the 3% COLA. Chief Sharp responded that it will cover the 3% COLA and additional increases. He conveyed that no one can predict the future, but there are some indicators that the FED may increase interest rates and inflation may be an issue. He echoed Chief Freitag's earlier statement that the Agency will have to raise the tax rate a significant amount next year.

Chair Zurcher inquired as to how much will go into Capital Reserve for both draft #1 and the split version. Chief Sharp answered that the only change is that it will go from \$100,000 to about \$112,000 for both.

Chief Freitag reported that Staff recently attended a lecture by a economist, who stated that they are expecting to see a recession next year, though no one can predict how deep it will go. He added that workers' compensation rates are increasing; the Agency currently has two PTSD claims which, if approved, with other pending claims, would lead to another significant increase in workers'

compensation next year.

Director Beck asked Staff to expand upon the reasons behind increased workers' compensation costs. Chief Freitag responded that increases are due to presumptive cancer, cardiac, and behavioral health costs. Chief Tharp further explained workers' compensation costs, including that premiums are not currently able to cover all claims.

Chair Dicus asked if 7710 is the only other company offering workers' compensation; Chief Tharp answered that the only options for Fire Districts are Securis, which the Agency uses, 7710, and a high risk pool, which is governed by the State and is seeing even higher rates.

Director Beck thanked Staff for working so hard on the Securis workers' compensation pool last year.

Director Anderson inquired as to how the Agency is planning to hire new entry-level fire personnel when the pay cannot support cost of living in the area. Chief Freitag replied that it will be a potential challenge, but being able to pay in the 75th percentile will help. He also articulated that Fire Districts did not receive COVID-19 relief funds, which would have helped the present situation.

At the request of Chair Zurcher, Ben Roché, IAFF Local 3066 President, provided a presentation regarding the CAFMA Tax Levy Poll. The presentation is attached.

Chair Zurcher thanked President Roché and the Union for the presentation.

Chief Freitag reiterated that the tentative budget can be decreased at a later time, but not increased.

Chair Zurcher stated that if the Chino Valley Board would like the 4.89-cent split budget, then he would approve.

From the Chino Valley Fire District Board, Chair Dicus, Clerk Dobbs, and Director Gentle all spoke in favor of the 4.89-cent split budget.

Director Anderson confirmed that the 4.89-cent split includes the 3% COLA. Chair Zurcher communicated fire district budgeting difficulties due to net assessed valuation changes and lack of COVID relief money.

All Central Yavapai Board members indicated that they are in favor of the 4.89-cent split budget.

For the Chino Valley Fire District Board, Director Gentle made a motion to approve the tentative Fiscal Year 2022-2023 budget in an amount not to exceed \$5,625,899, splitting the tax rate increase evenly. Clerk Dobbs seconded.

The motion passed unanimously.

For the Central Yavapai Fire District Board, Clerk Packard made a motion to approve the tentative Fiscal Year 2022-2023 budget in an amount not to exceed

\$23,342,599, splitting the tax rate increase evenly. Director Gordon seconded.

The motion passed unanimously.

For the Central Arizona Fire and Medical Authority Board, Clerk Packard made a motion to approve the tentative Fiscal Year 2022-2023 budget in an amount not to exceed \$35,294,331. Director Anderson seconded.

The motion passed unanimously.

7. ADJOURNMENT

Motion to adjourn at 5:34 p.m.

Move: Rick Anderson Second: Darlene Packard Status: Passed

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

Signatures indicating approval on next page.

Signature Page For: 2022 05 23 Joint Special Budget Minutes - Approved - Central Yavapai / Chino Valley / Central Arizona Fire and Medical - For Signature - Joint Meeting Minutes - 9/26/2022



Darlene Packard 09/26/2022



Dave Dobbs 09/26/2022

CAFMA TAX LEVY POLL

Likely 2022 General Election Voters

May 16-19, 2022

Sample Size 6,000+

(N=146)

by

Coleman Dahm Layeux



Polling

- Base Line Questions
- Pre-Test
- Educated Pre-Test
- Support Statements
- Oppose Statement
- Post Test



Goal

- Identify the voter tolerance for property tax levy increase in the Prescott Valley & Dewey/Humboldt areas.



Demographics

Prescott Valley & Dewey-Humboldt

Sample Size 6,000+
(N=146)

- 52% Republican
- 14% Democrat
- 34% Independent/Other

- 43% Male
- 57% Female



Pre-Test Question

- The Central Arizona Fire and Medical Authority is in crisis. 911 call volumes have spiked. The costs for COVID-19, utilities, fuel and staffing have increased dramatically. The fire district is facing a budget shortfall. CAFMA is funded by property taxes, with annual increases capped by law. The district is considering whether to make budgetary cuts resulting in reduced services or to increase the property tax levy. The increase needed to keep the current level of service would cost the owner of a home with a \$400,000 market value about \$9.45 a year.



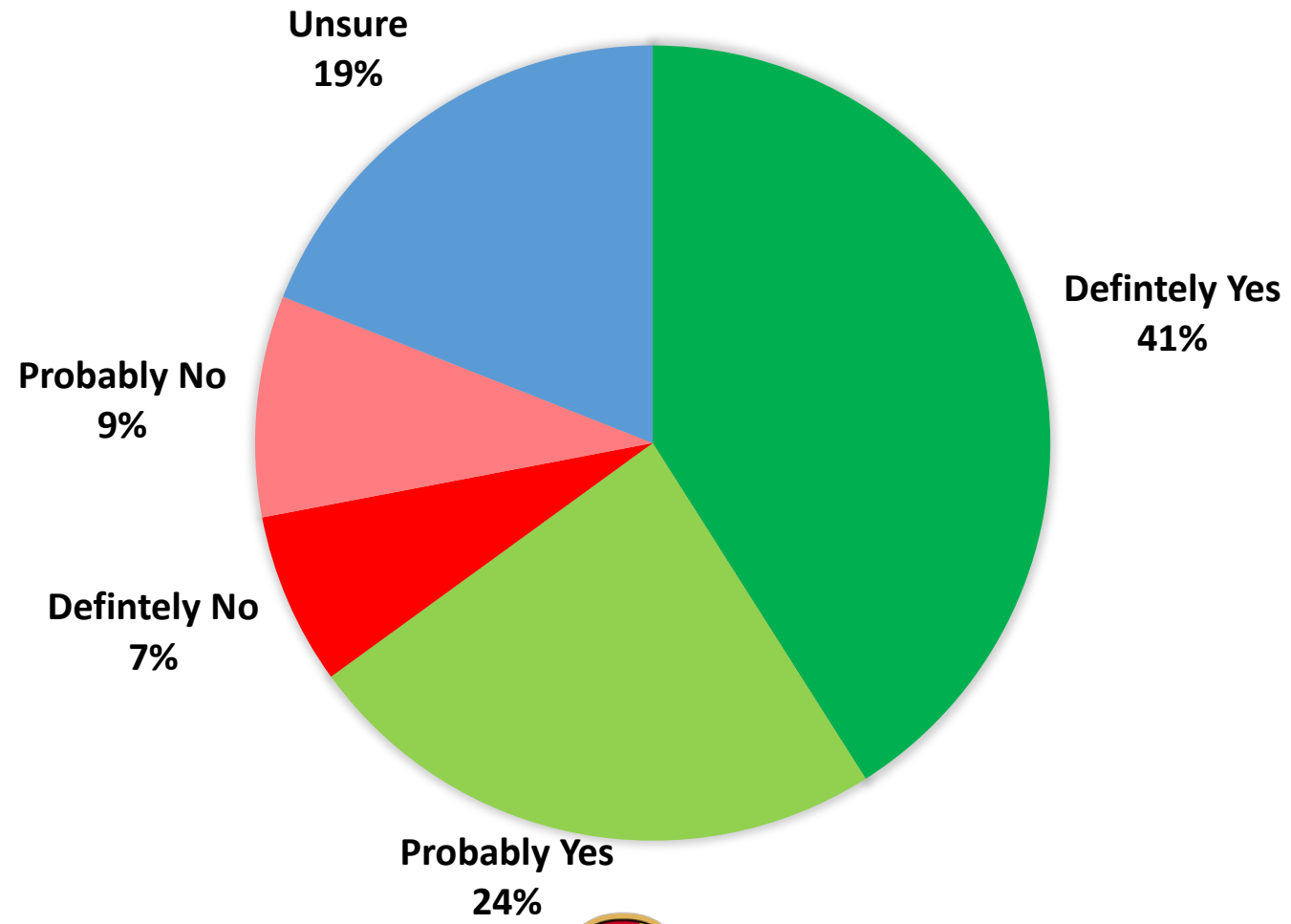
Pre-Test Responses

41% - Definitely vote for
24% - Probably vote for
7% - Probably vote against
9% - Definitely vote against
19% - Unsure

- GOP: 57% Yes Vote
- DEM: 80% Yes Vote
- IND: 72% Yes Vote

65% Yes Vote
16% No Vote
19% Unsure





Educated Test

- Now, I am going to read to you some possible options for property tax rates. I would like you to tell me if they make you more or less likely to support the policy.



Option 1 Question

- One option would be to increase limited assessed home values by 3 cents per \$100 while cutting CAFMA's budget and reducing 911 services. For a homeowner whose home has a market value of \$400,000, this option would cost less than \$5 a year:

Does knowing this make you more or less likely to support the 3 cent tax increase option?



Option 1 Responses

21% - More Likely to Support

19% - No Effect

35% - Less Likely to Support

25% - Unsure

- GOP: 21% More Likely vs 35% Less Likely
- Dem: 33% More Likely vs 36% Less Likely
- IND: 18% More Likely vs 24% Less Likely

35% Less Likely to Support than the 6-cent increase



Option 2 Question

- The second option would be property tax increase of about 6 cents per \$100 of a home's limited assessed value. This would allow CAFMA to keep the same level of 911 services and to pay firefighters and paramedics competitively with other departments.

This option would cost the owner of a home with a \$400,000 market value about \$9.45 a year.

Does knowing this make you more or less likely to support the policy?



Option 2 Responses

46% - More Likely to Support

15% - No Effect

14% - Less Likely to Support

25% - Unsure

- GOP: 40% More Likely vs 20% Less Likely
- Dem: 64% More Likely vs 14% Less Likely
- IND: 47% More Likely vs 8% Less Likely

46% More Likely
to Support



Option 3 Question

- The third option would be a property tax increase of about 10 cents per \$100 of a home's limited assessed value. This increase would allow CAFMA to expand 911 services, offer better compensation to firefighters and paramedics, and build capital reserves for future growth of stations and infrastructure.

This increase would cost the owner of a home with a \$400,000 market value about \$17 a year.

Does knowing this make you more or less likely to support the policy?



Option 3 Responses

38% - More Likely to Support

15% - No Effect

20% - Less Likely to Support

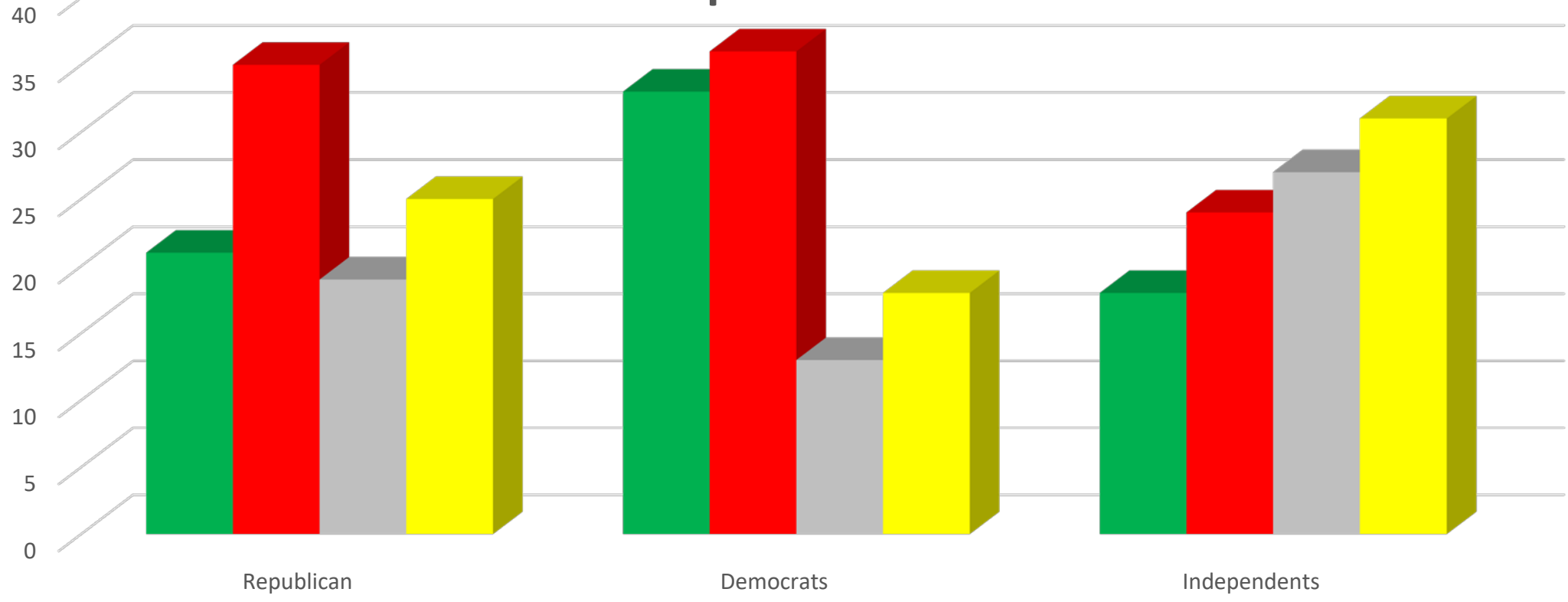
27% - Unsure

- GOP: 28% More Likely vs 23% Less Likely
- Dem: 50% More Likely vs 14% Less Likely
- IND: 47% More Likely vs 17% Less Likely

38% More Likely to Support than the 3-cent or 6-cent increase



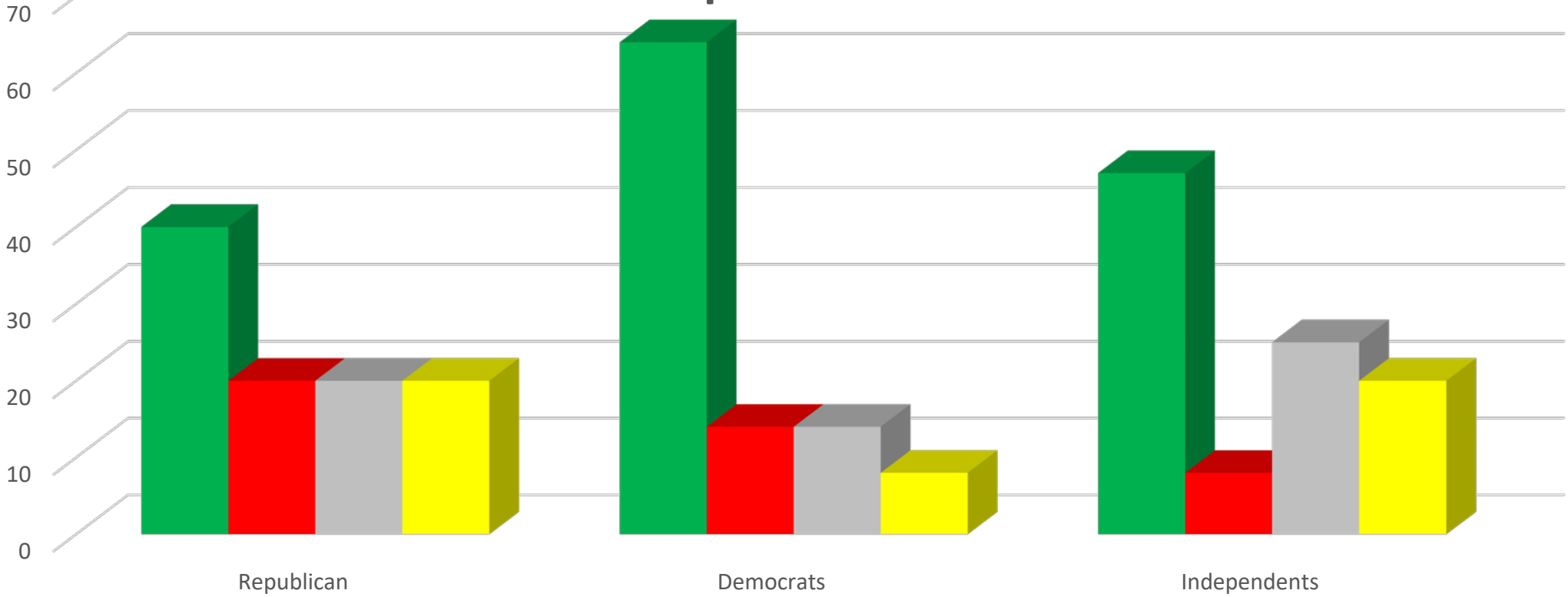
Option 1



More Likely Less Likely No Effect Unsure



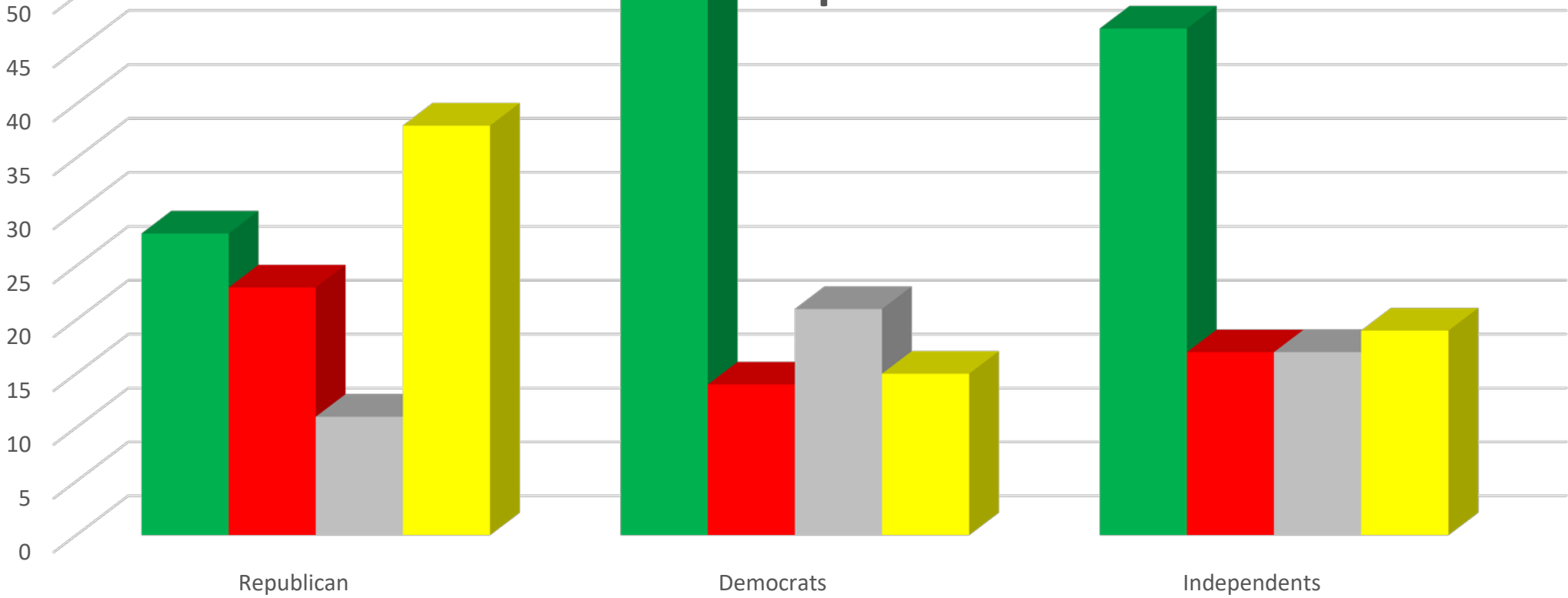
Option 2



More Likely Less Likely No Effect Unsure



Option 3



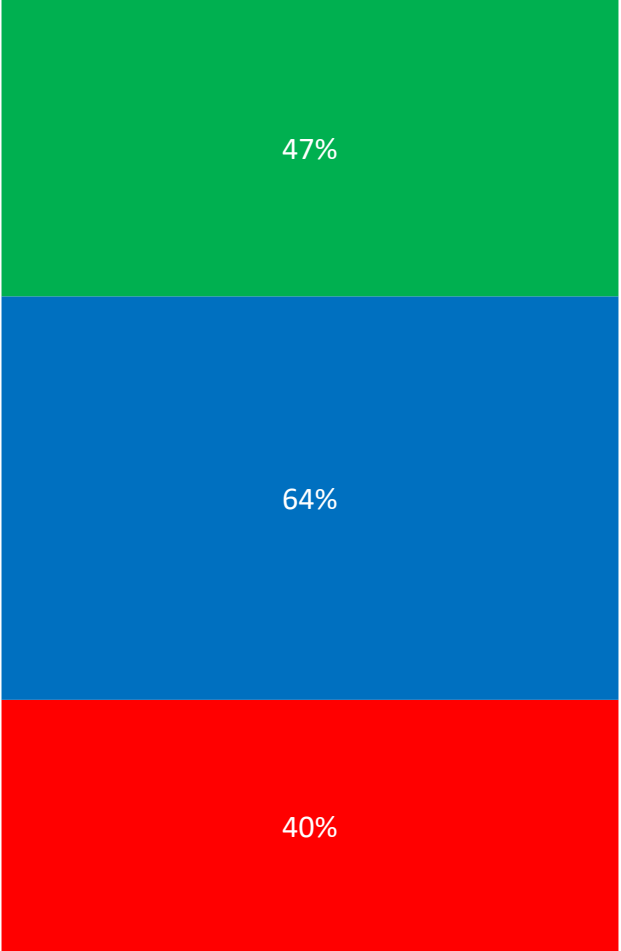
More Likely Less Likely No Effect Unsure



LEVY INCREASE COMPARISON

■ GOP ■ DEM ■ IND

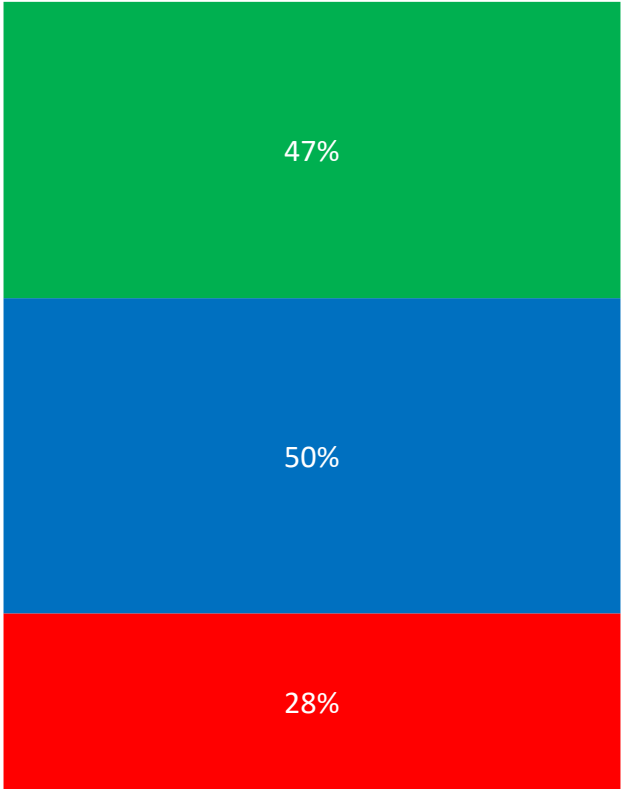
46% More Likely Support



6-Cent Increase

VS

38% More Likely Support



10-Cent Increase



How to utilize this data

- Educated Decision Making for CAFMA
- Public Education
- Support Language



Statement

“Cutting CAFMA’s budget and reducing 911 services”

=

Less Support



Statement

“This would allow CAFMA to keep the same level of 911 services and to pay firefighters and paramedics competitively with other departments.”

=

More Support for 6-cent tax increase



Statement

“This increase would allow CAFMA to expand 911 services, offer better compensation to firefighters and paramedics, and build capital reserves for future growth of stations and infrastructure.”

=

More Support for larger tax increase



