

MINUTES
Central Yavapai / Chino Valley / Central Arizona Fire and Medical
Budget Work Study
Monday, April 17, 2023, 2:00 pm - 4:00 pm
Central Arizona Fire and Medical Authority, Administration, 8603 E. Eastridge Dr.,
Prescott Valley

In Attendance

Andy Reinhardt; Carrie Zambrano; Cyndy Dicus; Dave Tharp; Denise Krizo; Gayle Pickett; Lorette Stewart; Matt Zurcher; Pete Gordon; Rick Anderson; Scott A Freitag; Susanne Dixon

Not In Attendance

Dave Dobbs

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 2:00 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 2:01 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 2:01 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 2024

This item was addressed out of order.

IAFF United Yavapai Firefighters Local 3066 Vice President Shaun Jones joined the meeting at 2:20 p.m.

Local 3066 Vice President Shaun Jones stated that there were some big asks in the budget this year, with a much-needed increase in Paramedic pay. He commented that he is very grateful for all of the work put into the budget and added that he is very happy with the outcome.

B. Budget Work Study

Chief Freitag reminded the Boards that we have some challenges regarding staffing and equipment. Per previous Board direction, we have included some of those items in the budget this year. He added that he has been out speaking with community leaders, and while no one loves tax increases, they have been very supportive. He has provided them with three years of projections. He also reminded the Board that when new development comes to the area, we begin providing support services 2 to 2.5 years before those properties hit our tax rolls.

Chief Freitag commented that the number of personnel included in the budget projections will likely not be enough personnel, based on information recently provided by key developers in our area. We will likely have to build and staff two stations, rather than one. He stated that he has planted the idea that we will have to obtain general obligation bonds in order to build infrastructure. Overall, we have covered the bases we need to cover, and provided as much information as we can. One commercial property owner replied that based on our ISO rating, if we make no changes, property insurance rates will certainly increase more than the tax rate increases their tax bill.

Director Reinhardt asked what the 10-cent evaluation represented. Chief Tharp replied that it is .10 per one hundred dollars. Director Reinhardt inquired if the tax rate increase would generate the same amount as if Proposition 310 had passed. Chief Freitag explained that Prop 310 would have generated approximately \$7.2 million, this tax rate increase will net approximately \$1 million.

Director Gordon asked if there was an opportunity to educate the general tax-payer public regarding the rate increase. Chief Freitag answered that we will be meeting to discuss what engagement would be appropriate, and will be creating a one-page document for our members to use as talking points. He added that we do plan to engage the general community in small-group settings.

Director Pickett stated that no one is ever happy with tax increases, but sometimes you have to do what you have to do. Chief Freitag agreed and affirmed that we have to make a change in order to keep up with demand.

Chair Zurcher shared a copy of the Assessor's notice for his home to illustrate what the tax rate increase will do for his tax bill.

Director Pickett asked if any of the developers Chief Freitag has spoken with would consider donating land when we need to build stations. Chief Freitag answered in the affirmative. He added that there is also community support for starting new programs such as a Cadet program, which will help with recruitment.

Director Reinhardt asked if the Town of Prescott Valley could designate some of the impact fees they collect to go towards a fire station. Chief Freitag replied, no; the impact fees they collect go towards roads, public services, and other infrastructure.

Local 3066 Vice President Shaun Jones joined the meeting at 2:20 p.m.

Chair Zurcher referred back to Presentations, Item A and invited Vice President Jones to address the Boards.

Chief Tharp shared that the budget before the Boards today is the eighth version, and reminded them that this year is a zero-based budget. He further explained how he and Chief Rose go through the process, the various items they review, and added that all requests considered were valid.

Chief Tharp provided a brief Budget 101 explanation as part of his budget presentation. He further explained our Net Assessed Valuation (NAV) history, and discussed the method we use to forecast our NAV annually. He repeated the sentiment that if we were collecting taxes based on the full-cash value, we likely would not need to raise taxes.

Chief Tharp stated that when projecting expenditures, going out beyond three years gets fuzzy, and commented that as we add Operations positions, we will also need to add Non-Operations positions.

Chief Freitag commented that we are looking to add two Operations positions in addition to the seven personnel requested through two Staffing for Adequate Fire and Emergency Response (SAFER) grants. He stated that he expects to receive letters of support from local elected officials regarding our grant application.

Director Gordon asked for clarification of the amount needed for our Capital Reserve account; Chief Tharp answered that \$14 million is the long-term goal, as the recommendation is to have 50% of our Maintenance and Operations (M&O) budget in reserve.

Chief Freitag commented on the upcoming Wage and Benefit Study, noting that in the past, we have compared ourselves to municipalities, however, we have found it difficult to do as municipalities have numerous sources of income. He cautioned the Boards to be mindful that when looking at municipal fire departments, you are not figuring in costs for Human Resources, and legal expenses which are built in to municipal costs.

Director Reinhardt asked for clarification of expenses labeled "Insurance and Retirement"; Chief Freitag stated the retirement portion is Public Safety Personnel Retirement System (PSPRS) and Arizona State Retirement System (ASRS), and reminded the Boards that we recently refinanced our PSPRS unfunded liability.

Chief Tharp encouraged the Boards to give attention to the summary of the budget, and to be familiar with why certain items have increased significantly. He added that the increase in supplies and other costs are directly related to inflation. He further noted that as our personnel costs increase, our contingency increases as well.

Chief Tharp reminded the Boards that the Central Yavapai and Chino Valley budgets are separate, however, there is not a lot there, as most of their revenue funds CAFMA; the CAFMA budget has more detail.

Chief Freitag acknowledged that most of the area growth and our needs for additional resources is within the Central Yavapai Fire District, and suggested that we will have to look at changing the equity split at some point. He added that we may be able to merge the entities at some point in the future.

Director Reinhardt questioned how much of the new Community Relations position is paid for by Chino Valley District vs. Central Yavapai District. Chief Freitag answered that those amounts are in the budget, and no portion of any position is paid for by either entity specifically. Chief Tharp added that we do analysis at the end of each year, and we are trending more toward a 90-10 split. Chief Freitag added that PSPRS funding issues make it even more complicated to divide the equity between the two districts.

Director Gordon clarified that the tax increase in the previous year was a negotiation between the Boards in order to cover the Cost of Living Adjustment (COLA). Chief Tharp confirmed. Director Gordon remarked that he sees the savings benefits to both entities. Chair Zurcher added that last year was the first year Chino Valley was able to raise their tax rate, and during his tenure, we haven't gone over a 3-cent tax increase.

Chief Tharp highlighted that the Certificates of Participation have helped our PSPRS unfunded liability status, and pointed out that PSPRS forecasted a 7% return, but in reality, came in at -.04%. He highlighted some additional challenges, including the paramedic pay increase and the employee related expenses (EREs) associated with that. Chief Freitag added that a new paramedic wage scale will be added if this budget is approved. He stated that with the increase, we will be more competitive; our proposed wage is a little lower than other local providers, but when you add the EREs and benefits we offer, we are even or come out ahead.

Chief Tharp moved on to Post Employment Health Plan (PEHP) explaining that we currently pay 1% for each employee, and if approved, it will increase to 2%. He then highlighted some additional expenditure increases, largely due to inflation, including fuel costs, property and casualty insurance, and legal expenses.

Chief Tharp covered tax rate projections, from 2019 through the next three years, and explained that we make these projections based on what we know today. Obviously, we can't anticipate every possible change in legislation or area growth.

Chief Freitag added that the proposed new training position is so vital, as we have found it very challenging to hire the number of people we need. Having that position will give us the opportunity to create the Cadet program.

Chief Tharp stated that even with these increases, both organizations have capacity; we have intentionally kept our rates below the cap.

Chief Freitag noted that most of our tax revenues are from commercial properties, and gave the example that the taxes collected from an average home will pay for fuel in an engine for about one month.

Director Reinhardt questioned why it takes 2-years for property taxes to catch up. Chief Tharp explained that property cannot be assessed until it is "turn-key". Depending on when construction is completed in relation to when assessments are made, it could be upwards of 2-3 years for the property to show up on our tax roll.

Chief Tharp clarified that we are also not collecting tax based on the Full-Cash Value (FCV), but are restricted to the Limited Property Value (LPV). Chief Freitag commented that we need more commercial properties, and stated that organizationally, we will continue to remain active in groups like the Prescott Valley Economic Development Foundation (PVEDF) so we can stay in touch with what is going on in the community.

Director Gordon asked how many personnel we would be looking for if we are given our Certificate of Necessity (CON). Chief Freitag stated that we would look for two employees per unit, so twelve in total.

Director Gordon then observed that we are obligated to provide services, whether we are collecting revenue for them or not, i.e., tourists, development that has not been assessed yet, and questioned if we could add some education on those things to our community outreach efforts. Chief Freitag stated that there have been some efforts already, the information is out there, but no one is paying attention to it.

Chair Zurcher asked what direction Staff will be looking for at the meeting next week. Chief Tharp answered that the Board can provide any direction, whether to increase or decrease the tax rate; however, the budget cannot be increased once the tentative budget is approved in May.

Chair Zurcher stated that what sticks out to him most about the budget this year is that everyone is in agreement, Staff and Labor, and thanked both for working so well together.

Director Anderson expressed that he sees the increase to Paramedic pay as a correction rather than a raise. Chief Freitag agreed and thanked him for the perspective.

6. ADJOURNMENT

The Joint Budget Work Study was adjourned at 4:00 p.m.

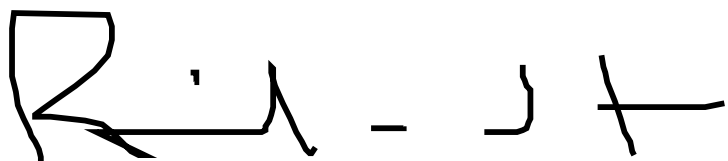
Move: Rick Anderson Second: Gayle Pickett Status: Passed

Yes: Cyndy Dicus, Matt Zurcher, Pete Gordon, Lorette Stewart, Rick Anderson, Carrie Zambrano, Gayle Pickett, Andy Reinhardt

Signature Page For: For Signature - 2023 04 17 Joint Budget Work-Study Minutes - Approved - Central Yavapai / Chino Valley / Central Arizona Fire and Medical - For Signature - Joint Meeting Minutes - 5/22/2023

A handwritten signature in black ink, appearing to read "D. Dobbs", written over a horizontal line.

Dave Dobbs 05/23/2023

A handwritten signature in black ink, appearing to read "A. Reinhardt", written over a horizontal line.

Andy Reinhardt 05/22/2023