



THE REVIEW



Central Arizona Fire and Medical - 8603 E. Eastridge Dr., Prescott Valley, AZ 86314 – **Mar 18, 2022**

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"May your blessings outnumber the Shamrocks that grow. And may trouble avoid you wherever you go."

- Irish Blessing



New to us Rescue 53 with our logo and name. Thank you, Northwest FD, for the assist!

The Chief's Desk

I know I covered some of this last week, but I think it is important to paint a clearer picture of where staff is with budget development for next fiscal year, and what we are trying to accomplish.

1. CYFD's Net Assessed Valuation (NAV) is 7.4%, Chino's NAV is 6.8% (slightly below what we had anticipated).
2. Our workers' compensation increase is 104% or \$564,711. In addition, we may be looking at an assessment of \$375,730 for a total payment of \$940,441. The increase and assessment are a direct result of cancer coverage and COVID.
3. PSPRS increased by 3% or \$882,766. This is far better than the \$1,559,359 it would have increased had we not utilized the COPs. This increase is in line with what we anticipated, and captures both our annual payment to PSPRS, as well as our COP payment. It's a decrease in what we would have spent, but should not be characterized as some sort significant savings allowing us to spend additional revenues. After all, it is still an increase.
4. Our PRCC rate increased by \$167,000 as a result of substantial increases in call volume.
5. We have increased the fuel budget by \$85,000, but given what's happened in the last week, that number is being reevaluated.
6. There is a placeholder for the SAFER Grant should we be successful. I believe the number was around \$290,000.
7. Complete transition into the new wage scale per our agreement: \$480,000.

Upcoming Events:

Mar 20-26: Chief on Vacation
Moab
Mar 23: Chief at the Capitol
Senate Committee Ambulance
Reform Bill

Board Meetings:

Mar 28: Administration
CAFMA – 1700-1830

These are some of the more substantial increases in just our base budget this year. The term base budget refers to our on-going costs that allow us to operate and provide services e.g. utilities, insurance, supplies, fuel, wages and benefits, etc. The increases in the base budget have absorbed the increased revenue from the improved NAVs. The initial budget, with some capital purchases both from the General Fund (our checking account) and from the Capital Reserve (our savings account) would have required a \$.04 increase for CYFD and a \$.02 increase for Chino. CVFD now has capacity as the mill rate cap has been increased from \$3.25 to \$3.375 this year. It will increase to \$3.50 in the next budget year.

In consideration of the volatility and uncertainty in the world, we have cut approximately \$2 million plus from the budget. Most of those cuts are the result of cutting infrastructure and other capital purchases that would have been covered in part by tax collections, and in part by our capital reserves. Additionally, we cut two Non-Operations positions we had planned for this year. Staff is recommending spending only capital that is absolutely necessary in an effort to maintain a healthier reserve. Cuts include vehicles as well as the structural remodel of Station 63.

The initial estimate for Station 63 was around \$600,000. Our most recent estimate stands \$1.5-\$1.6 million, which in today's construction market looks more like \$2 million. Our budget number for the project this year had been \$800,000. Staff believes it best to complete the planning process and then shelve the project until construction costs stabilize. **Cont. Page 4**

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](https://www.forbes.com)

High Performance Or Humanity? Leaders Must Embrace Both

By: Mitch Mitchell

Many business sectors face complex workforce challenges that will persist long after the Great Resignation officially wanes. In areas like healthcare, older workers have long been retiring faster than organizations, and even universities, can educate and train their replacements. And the rise of remote work will make hiring increasingly difficult for companies and industries that require their people to be physically on-the-job. Even employers that do allow work-from-home and/or flexible arrangements will face increased competition for talent as more of the world's best companies eliminate geographic criteria from their hiring practices, exponentially expanding their talent pools.

What's more, pandemic-driven reconsiderations, from work-life balance to a sense of meaning and purpose, will continue siphoning talented people away from various kinds of demanding and/or thankless jobs. Individuals will have far less tolerance for overwork, burnout, detachment and the frustration top employees often feel when they don't have the opportunity to contribute their best.

They will be less inclined to accept compensation as a substitute for engagement and other motivators, especially in organizations that perpetually rank profits and productivity well above the wholeness of their people.

Many leaders are finding themselves at a critical juncture, struggling to recruit and retain the people they need to deliver on their business plans and investment theses. Specifically, leaders must recognize the senselessness of choosing between their people's high performance and humanity; they both matter. Achieving their business goals requires leaders to prioritize both.

Focus On Getting Focused

From a big-picture perspective, executives should think deeply about what is truly required for their organizations to meet their financial objectives. While it might be tempting to assign teams more and more work as a means of solving growth and profitability issues, it is wiser to first reexamine overall strategy.

[Forbes.com](https://www.forbes.com)

Chief's Desk Continued

With the cuts, we are back down around the current year's tax rate. That's good and bad. I think the good is self-explanatory. The bad is that we would not be budgeting any funds for the Capital Reserve, which is something we believe is vitally important. We are working on a recommendation for the Board regarding what we think is an appropriate number.

We are in the second year of our plan to implement the wage scale approved last year, which is included in the budget. Additionally, we had talked with the Union about a possible increase for the PEHP plan, an adjustment in the acting pay, and some form of holiday pay increase. Unfortunately, the only piece we could work into the initial budget was the PEHP and the acting pay for a total of a little over \$230,000.

This year, the Union initially requested a 6.8% Cost of Living Adjustment (COLA). They are currently requesting a 3% COLA and would forgo the PEHP and acting pay. A 3% COLA is approximately \$554,210. Just for perspective, an increase of \$.01 on the CYFD rate increases revenue approximately \$88,000. A \$.01 increase on the CVFD rate equals approximately \$15,000.

Tharp is working to run update budget numbers with all of the cuts that we've made along with estimates for a 1%, 2%, and a 3% COLA so the Board can review the potential impact on the tax rates. Additionally, we will need to decide what we all feel is prudent regarding the Capital Reserve. My personal opinion is that we absolutely need to fund some level of increase to help shore up the reserve account.

Staff does not disagree with the concept of a COLA, even though we are in the second year of finalizing the new pay plan. However, forgoing the PEHP and the acting pay does not cover the total amount needed to fund the requested COLA. As a reminder, we have done really well keeping rates down the last few years, and have not increased as much as projected for CYFD. This will be the first potential increase for CVFD as they had been at the cap.

We all understand the difficult time our country and our world faces, and we understand that it is not possible for the Agency to increase funding to a point where employees do not feel any of the impact from inflation and fuel costs. Additionally, Staff is mindful that a downturn in the economy seems likely. The last thing we want to do is increase our base budget to an unsustainable level. Many of you have been through wage freezes in the past – they are not good.

All that said, we also know that Prescott was just ranked number 10 on a list of the top 10 most luxurious places to live in the United States. That's all well and good, but our personnel cannot afford to purchase or rent in our communities. As we hire more people from elsewhere in the state or country, we are going to face an affordable housing crisis. I would say we are already seeing this with our newer members. This may mean more people live in the Valley and drive up the mountain to work. As you are all well aware, commuting from the Valley to here is a challenge. Current fuel prices make our Agency less attractive to potential new employees. These are just some considerations we need to keep in mind as we weigh our options regarding next year's budget.

There have been a few questions from members of our Agency regarding the ambulance part of the budget. First, because it's possible we could get a CON next budget year, we had to develop a budget that includes a transport division. Second, we do not tax for the ambulance budget. As you look at the budget page you will see a revenue line projected at \$2 million and an expense line estimated at \$1.8 million. These numbers are based off the Ambulance Reporting Cost Recovery Form (ARCR) created by the financial consultant. The ambulance budget only comes into play if we get the CON. Should that happen, it is projected that the revenue generated from billing the insurance carriers will cover the expenditures. So, nothing on the tax side of the house for running the ambulance.

It has been said that we have spent \$3 million so far in regard to our ambulance fight and ambulances – a rumor some have heard on the floor. I have no idea where that number came from, but it is absolutely false. Additionally, there is some confusion regarding where the money came from for the purchase of the Rescues. As a reminder, we used monies already allocated for other capital purchases and repurposed it to buy the units. The not-to-exceed direction from the Board was \$800,000, which was the budgeted amount. I really do not understand where this misinformation is coming from as we have prioritized transparency by providing accurate information throughout the process.

This is a high-level view of where we currently stand with next year's budget. At last check, Tharp was on the 10th draft and was part way through the 11th draft. We have tried to be surgical in our cuts while maintaining the level of service that the public and our employees expect. In addition, we have tried to leave room for some level of something for our members. We will be meeting with the Union again on the 28th in advance of our Board meeting.

Should you have any questions, please feel free to give me, Tharp, Rose, or Feddema a call. I will be in Moab the week of the 21st on vacation, but will have some phone service on the trail, and good phone service at the house.
