

10/26/22 - Citizen Workshop Recap

Location: The Holland Center

Facilitator: Matt Lehrman

Facilitator: John Little

AGENDA:

- Welcome (this is the first of 5 workshops)
- Why is this important now?
- What are the options & costs/benefits?
- How would we pay for transition to a new service model?
- When/where/how will this be decided?

PANELISTS:

- Gary Neiss, Carefree Town Administrator
- Peter Burns, resident & public finance expert, P&Z commissioner
- Chief John Kratz, Fire Chief, Retired
- Jim Rounds - Rounds consulting Group (fiscal analysis)
- Pat Walker – Rounds Consulting Group

(Survey) What's important to discuss?

- Are our property taxes increasing and how much?
- How is the ongoing cost going to impact other services to the city? (if it continues to cost us more + more \$)
- How much bigger is Carefree going to get? What is buildout? How many more houses & condos? (Gary stated less than 1% population increase per year. Likely no more than 200 units will be built.)
- Want to spend more time on financial piece rather than on the presentation (focus on the last couple slides)

Citizen questions/comments:

- Are you saying that we only have one ambulance and one engine? (Carefree has 2 engines and 2 ambulances)
- Is it only Automatic Aid that provides support if others are being used?
- Have there been any recent situations where response was inadequate? (Chief Kratz said there were a few times that it took a while for extra resources, but thankfully, nothing that was life threatening).
- Is there any State or Federal responsibility to respond to fires (in addition to Rural Metro)? (Chief Kratz explained the overarching agreements that are in place – Federal help is only enacted by declaration, difficult to get).
- Is there radio communication that is shared? (Automatic Aid shares the same channel. Rural Metro has shared channels with a number of other fire stations.)
- Is there any sort of ISO insurance rating that would change the ratings for Carefree where it would make sense to the citizens to pay tax to protect themselves? As opposed to higher insurance premiums.
- Resident stated this issue is very important as he has recently moved from a State with a lot of wildfires. He wants the fastest response to care for his family.
- Family is the most important thing to me. Not a fan of for-profit emergency response model. There are so many issues on top of fire and medical that need to be considered (Hazmat, large-scale risks)
- Be sure to analyze the contract for long-term costs (resident referenced prior experience of rising costs)
- Resident moved here to be left alone (previously lived on ranch and fought own fires). He states it's better to let the house burn down and let insurance take care of it.
- When is our current Rural Metro contract up? (January 2024)
- Leary of IGA with Scottsdale due to politics – more in favor of Carefree Fire Department

- Does Scottsdale contract with any other city? (No) Daisy Mountain has a contract with Cave Creek only.
- What are the principal reasons ongoing revenues are going down over the coming years?
- What is the most expensive version? (A stand-alone Carefree FD)

Matt welcomed the group and provided an overview of the evening. He and John were hired by the Town of Carefree to facilitate these community discussions. This is the second of five workshops for citizen participation. We will take all our collective input to continue ongoing discussion.

By show of hands, most of the attendees had previously watched the video available on YouTube. Matt encouraged all to watch at their convenience.

Goal: this is place for all of us to discuss questions. There are no decisions being made yet, there are no initiatives to push, this is simply an opportunity to talk and understand the Fire & Emergency service options available. The panel is here to provide clear and factual answers. We want to know what YOUR thoughts and priorities are. (Dialogue; not decisions) 2 Main questions to consider: Automatic Aid vs Mutual Aid? And affordability?

We will be capturing everyone's feedback throughout this process. We are all trying to help each other understand this large issue. We are taking our time to go deep into this information, providing perspective for future generations that will live and work in Carefree. We will be sure to take the time to answer your questions.

Gary thanked the group for attending this community meeting and welcomed them to stop by his office anytime if they would like to talk more about these issues. Neiss also provided an overview of how mutual aid works vs. automatic aid works. Mutual aid allows fire stations to request backup support from other fire stations, if they are available, they will respond to help. With automatic aid, the closest fire truck to the incident will respond, saving precious minutes to respond. By joining Automatic Aid, we have access to 4 local stations for serving our citizens. This is a higher level of service, which will have higher fees.

Example: if someone is having a heart attack, the automatic aid system will send the closest asset to support, with mutual aid, if it is not a case of life safety additional units may decide not to respond.

Rural Metro had a mutual agreement with the city of Scottsdale which was just renewed in August. In January, when the public safety advisory committee did their report and proposed transitioning to automatic aid, the City of Scottsdale Fire Chief sent a letter to Rural Metro stating they would not be allowed into Automatic Aid and were discontinuing mutual aid agreement. (This is due to Rural Metro being a private agency vs. Municipal fire departments. Retirement and benefits are not compatible). We've also lost mutual aid agreements with Daisy Mountain, which puts Carefree on an 'island'. This leaves Rural Metro to call on other Rural Metro departments to request support.

Peter Burns explained the application process and requirements that need to be met to enter automatic aid.

Chief Kratz explained that a standard 2,000 sq.ft. Home requires 14 firefighters to respond to that fire.

Matt surveyed the group: How important is this issue to you and your family? (Extremely/Very)

How important is this issue for the future well-being of our community? (5 Extremely/6 Very/1 somewhat)

Matt thanked the group for their comments – they help us understand each other's perspective.

Chief Kratz explained the options and their associated costs (referencing the handout provided). One item to note: there is an upfront cost of \$850,000 to replace a fire engine that has reached the end of its life. This will need to be purchased regardless of the option selected. There is a perceived better chance of being accepted into Daisy Mountain or Scottsdale's Auto Aid. We feel that Carefree is positioned well to make this happen.

We can control costs on day-to-day goods, but wages need to keep pace with the rest of the valley, or we will lose our firefighters to other Towns. Therefore, we would have to spend more money on hiring and training new staff to replace those that left.

Gary explained what an IGA is (Intergovernmental Agreement). He has confidence in IGAs. It is a daily occurrence in Town operations. Certainly, the devil is in the details... Gary is confident that Daisy Mountain would meet these terms. Chief Kratz stated that Cave Creek is very happy with their transition to auto aid and the level of services received.

Peter emphasized the costs to join auto aid (current Rural Metro contract is \$1.8M) for auto aid, add additional \$1M

Jim Rounds explained the purchase of fire & emergency services in comparison to purchasing a car: You need to first address how much you can afford to pay for – then select the amenities that are nonnegotiable. He then explained the Midpoint Forecast.

Pat Walker demonstrated a high-level chart of expenses to demonstrate – she emphasized that they do have all of the in-depth numbers but using this chart as a reference point. Explained expenditures and revenues need to match recurring expenses. Also, AZ law requires a balanced budget (one of few states that does this). We need to look at these expenses and revenue years in advance.

If we head into a recession, sales tax collections go down, which is currently the main source of revenue in Carefree. There are still 17 FTE staff to pay wages and ongoing maintenance projects to fund. Carefree also has a small retail footprint – if we lose business, this also equals a loss of sales tax revenue. There is a initiative being discussed at the State level considering eliminating grocery tax and rental taxes, while this may sound good to some, that equals a revenue loss of a half-million dollars to Carefree.

80% of Carefree revenue is local (60% retail sales tax/20% state-shared revenue) Peter explained the options for funding fire & emergency services: sales tax or property tax. He then explained the history of sales taxes over the years and demonstrated their volatility (referenced chart on slide). In 2007, a 1% sales tax was enacted to pay for fire – this is still in place today. Then explained the fire fund has generally not been sufficient to adequately pay for services. Over the years, the Town has built up its capital reserve fund, this is meant to pay for street maintenance. If we use this to pay for fire, we are then limiting our ability to maintain our 110 miles of roadways. Additionally, if we do not properly maintain streets, the costs to repair continue to go up.

Peter reviewed the pros/cons for both the sales tax & property tax. Called attention to neighboring town sales tax amounts (these are lower than Carefree and could encourage people to shop elsewhere to save \$). An important note on property taxes, the legislature limits how much Towns can raise property taxes by 2%.

The next step: Town Council must have 2/3 majority vote to put property tax on the ballot. Then the citizens vote on whether to enact tax. Currently, Carefree has the lowest tax rate compared to our neighboring towns. If we were to enact property tax levy, Carefree would still have lower tax rates than neighboring towns.

As an example, if we were to levy \$1.5M tax = 16% increase in taxes, amounting to approximately \$800/yr for a \$1M home value.

Matt closed the meeting by asking:

Are there certain questions that you want policymakers to consider?

- How will the Town ensure the funds are committed to the intended purpose and not directed elsewhere?
- Initially, the property tax rates are reasonable, how do we know that the Town won't continue to lean on property taxes and yearly increases.
- Can there be any sort of cap for those on fixed incomes? And at what age?
- Consider the liability of having our own fire department – if something happens, the city can be sued and therefore becomes the biggest liability the Town has.

Matt thanked all for taking the time to contribute valuable feedback as we continue to refine and iterate on this process.