

11/03/22 - Citizen Workshop Recap

Location: Christ the Lord Lutheran Church

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
- Luis - Rounds consulting group has done fiscal analysis

Matt opened the meeting by explaining that this is the 3<sup>rd</sup> of 5 workshops. Emphasized that 'no decisions have been made at this point' The goal of the evening is to have an open dialogue discussing the options available to the Town of Carefree and get questions answered.

Introduced the panel as being here to inform and to LISTEN. This is not a sales presentation.

Many in attendance indicated they had previously watched the presentation video.

Gary provided an overview of Automatic Aid and how it works in comparison to Mutual Aid.

Matt asked the group if they fully understood what Mutual/Automatic Aid is – Chief Kratz provided some recent examples of emergency response and how they were responded to.

Matt asked the group to review the 4 options. The panel explained the nuances between the different choices.

Matt asked what sensitivities or feelings the group has around Automatic/Mutual Aid terms?

Matt asked how people felt about taking on risk due to living in a rural desert area? (With example of previous citizen statement that they were comfortable relying on home insurance to cover damage)

Luis explained the financial analysis and forecast along with national and local trends (inflation, raised interest rates, likely recession in 2023, however AZ economy will fare better than the national economy)

Gary explained that our streets are our number one asset in the Town. The panel also discussed the volatility of the sales tax dollars that support the Town. We are currently in a solvent position, if we are going to make a change to Automatic Aid, we cannot sustain the increased costs with our current financial model. The Town currently has a \$7M operation budget, an additional \$1M fire contract on top of that, adds a significant strain. Also explained how the costs of gas and groceries are going up, the Town is not immune to this inflation on goods and services.

Gary explained we have a very high financial rating (ranked 3/10, with 1 being the highest)

Peter explained that 80% funding to Town comes from local sales tax, 20% is State-shared revenue

Gary also alluded to the potential of the legislature's elimination of sales tax on groceries and gas – that alone significantly reduces the funds to the Town

Peter explained that there are realistically two options to fund fire service: Sales Tax or Property Tax. Peter also explained there are growth limits in place for property values.

Peter explained the process to put the tax initiative on the ballot for the citizens to vote. The election only happens one day per year which is in May. The average home value in Carefree is \$640K – must understand that property tax dollars are based on Limited Property Value NOT market value.

Councilmember Hatcher stated that he feels the property tax appropriate.

Matt asked the group if they would like to explain their perspective on this issue and how they look at it?

Jim Little mentioned that you can attend other meetings to stay connected to the process and hear what others are saying about the topic.

Mayor stated the struggle of citizen requests such as, "I don't want a property tax and I don't want any more economic development." How then are we to pay for Town services?

#### CITIZEN QUESTIONS:

- How do we get the citizens of Carefree interested and involved in this issue?
- Why aren't there notifications in their mail? (Gary explained that we are increasing our digital imprint, mail newsletters typically get thrown out). Matt also suggested that attendees talk to their neighbors and encourage them to get involved.
- Are we in the same situation as Cave Creek was? (Gary explained the background/history of individual subscription service)
- One citizen asked what option they would recommend – the panel explained it wasn't their place to suggest, leaving this question on the table.
- Some are concerned that not having automatic aid now, puts them at risk = nervous
- Is there a choice between our own fire department and Automatic Aid? (Gary answered that our own fire department could become part of Automatic Aid).
- Is the risk higher for commercial property? (Chief Kratz explained that commercial property fires require at least 24 firefighters respond. Chief Kratz also explained that the majority of calls to commercial/business property is medical)
- What is the ratio of response calls in 1-year? (house calls/medical calls) 70% medical with a few calls going to structure fires & grass fires
- How did we obtain the cost analysis – is it on a public website?
- If we stay with Rural Metro and there are 2 incidents at the same time, are we at risk? (Peter explained that we do have 2 engines at the Carefree station at present, yet we still don't have enough of a response to a larger incident)
- If we stick with Rural Metro, will our insurance rating go down?

- How does Cave Creek afford Automatic Aid? (Peter explained their sales tax base is much larger than ours with their retail business base)
- What land do we have left to develop? (Gary explained we only have 2 properties left to develop). In comparison, Cave Creek has more land that they just rezoned to commercial, creating more revenue to absorb added fire fees.
- Is there a guarantee we can become a part of Automatic Aid with our own Carefree FD? (no, but we have a very strong argument. Chief Kratz explained it is better advantage to join an existing Auto Aid partner such as Daisy Mtn or Scottsdale)
- When will this decision be made? (Peter explained that the decision to go to ballot will be in December, we then have to notify the county recorder 180 days in advance and provide language. He also stated, "You have a choice." You can very well stay with the Rural Metro service we are used to, or pay a tax to upgrade to the highest level of service available with Automatic Aid)
- With the short timeframe, is council recommending a specific option? (No, council will decide to put issue to the ballot, CITIZENS will decide at official vote). Mayor explained there was a 40% voter turnout last May.
- What is the general sentiment from people attending the workshops? (Gary mentioned that there isn't much pushback on a permanent property tax. He explained that we are at the point in time where we need to address our capacity to maintain services to residents = limitations/risks. As Gary has managed the financials for the Town for the past 20 years, he is bringing this information to the community to let them know this is the time to address this issue.)
- How many people have attended the previous meetings?
- How did we determine the tax % recommendations? (Gary explained we want to factor in capital costs, inflation, replacement costs, and cover all your bases – don't want to have to go back and ask for additional monies)
- How do we ensure that the property tax is dedicated to the fire fund? (The council can enact an ordinance that restricts where the specific tax \$\$ are designated so that they are not able to sweep fire funds into another category.)