


CAREFREE FIRE SERVICE OPTIONS:

NO Auto Aid:



RURAL METRO FIRE DEPARTMENT

PROS:

- Lowest cost option
- Employees are familiar with Town's streets and commercial occupancies
- Employee/daily management handled by Rural Metro

CONS:


- Inability to join auto aid
- Does not meet initial NFPA 1710 requirements for manpower responding to structure fires
- Does not have formal mutual aid agreements with surrounding departments
- Limited specialty emergency services (HazMat, trench rescue, high-angle rescue)

COSTS:

ONE TIME: \$850,000*

ANNUAL: \$1,857,000*

Potential Auto Aid Option:



DAISY MOUNTAIN FIRE DEPARTMENT

PROS:

- Full-service dept.
- Human Resources
- Retirement program
- Workman's Comp
- New hire process
- Payroll
- Fleet management
- Medical direction
- Training
- Scheduling
- Daily station mgmt.
- Full staff of admin & managers
- Perceived improved acceptance to Auto-Aid system
- Economy of scale

CONS:

Takes control away from the Town which may include:


- Cost increases
- Future capital needs
- Unknown provision for fire prevention activities
- Likely 25-year commitment

COSTS:

ONE TIME: \$1,848,014*

ANNUAL: \$2,658,617*

Potential Auto Aid Option:



SCOTTSDALE FIRE DEPARTMENT

PROS:

- Full-service dept.
- Human Resources
- Retirement program
- Workman's Comp
- New hire process
- Payroll
- Fleet management
- Medical direction
- Training
- Scheduling
- Daily station mgmt.
- Full staff of admin & managers
- Perceived improved acceptance to Auto-Aid system

CONS:


- Lack of town control
- Future capital needs
- Unknown provision for fire prevention activities

COSTS:

ONE TIME: \$1,848,014*

ANNUAL: \$3,008,750*

Potential Auto Aid Option:



CAREFREE FIRE DEPARTMENT

PROS:

To an extent, allows for more control over:

- Costs
- Daily management
- Future capital purchases
- Potential to hire current Rural Metro staff already working in the town for years. (To include all lower ranks: firefighter, engineer, captain).

CONS:

- Many unknown costs/issues
- Additional workload on staff
- May need additional staff for HR, Payroll, etc. (added \$\$)
- Requirements & costs for auto aid training + regular training
- Workman's Comp increases
- Medical Insurance increases
- Potential disadvantage applying to auto aid
- Higher up-front & ongoing cost of operations
- Third party fleet maintenance
- Establish software system for incident reporting, schedules

COSTS:

ONE TIME: \$2,046,861*

ANNUAL: \$2,997,930*

*Costs as of October 2022. Costs subject to change.

ABILITY TO PAY:

FORECAST SUMMARIES:

Scenario 1: Assumes Capital Improvements Will Be Required Beyond the Current Plan

| | | | | | | | | | | | |
|--|---------|---------|--------|--------|--------|--------|--------|----------|----------|----------|----------|
| Ending Fund Balance w/Reserves (Deficit) | \$14.76 | \$10.61 | \$8.34 | \$9.04 | \$7.45 | \$2.67 | \$1.10 | (\$0.65) | (\$2.81) | (\$5.19) | (\$7.73) |
|--|---------|---------|--------|--------|--------|--------|--------|----------|----------|----------|----------|

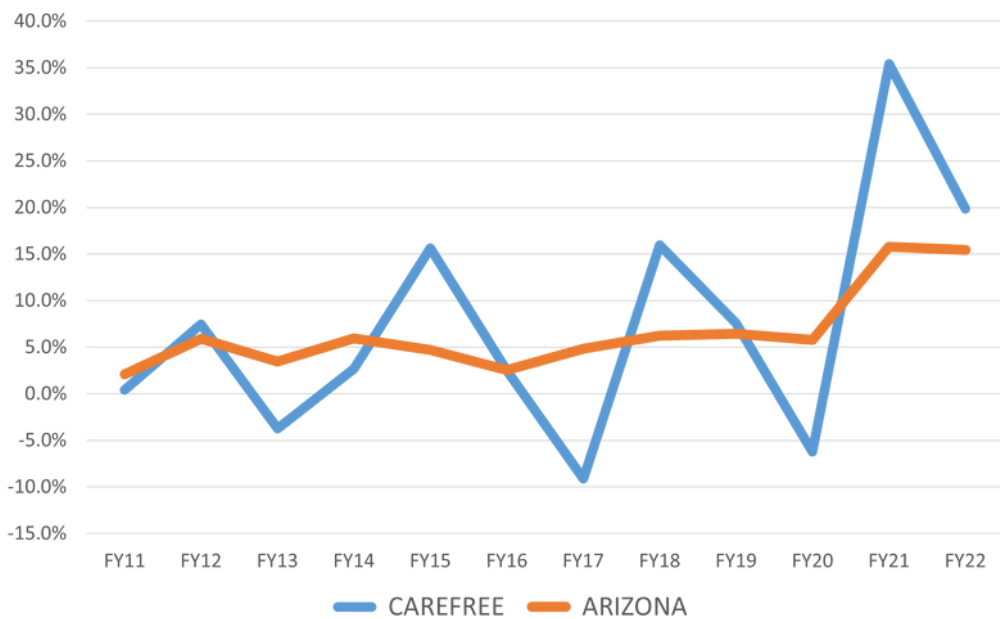
Scenario 2: Extended Capital Improvements Requirements + Losing One Major Retail Store

| | | | | | | | | | | | |
|--|---------|---------|--------|--------|--------|--------|----------|----------|----------|----------|----------|
| Ending Fund Balance w/Reserves (Deficit) | \$14.76 | \$10.51 | \$8.04 | \$8.54 | \$6.75 | \$1.77 | (\$0.00) | (\$1.95) | (\$4.31) | (\$6.89) | (\$9.63) |
|--|---------|---------|--------|--------|--------|--------|----------|----------|----------|----------|----------|

Scenario 3: Using Rural Metro Instead of Town Fire Dept.

| | | | | | | | | | | | |
|--|---------|---------|--------|---------|---------|--------|--------|--------|--------|--------|--------|
| Ending Fund Balance w/Reserves (Deficit) | \$14.76 | \$11.70 | \$9.78 | \$11.52 | \$11.07 | \$7.53 | \$7.30 | \$7.01 | \$6.43 | \$5.76 | \$5.05 |
|--|---------|---------|--------|---------|---------|--------|--------|--------|--------|--------|--------|

ANNUAL PERCENT CHANGE IN TAX REVENUE COLLECTIONS CAREFREE VS ARIZONA



SALES TAX RATES BY CITY/TOWN

- CAREFREE - 3.0%
- CAVE CREEK - 3.0%
- FOUNTAIN HILLS - 2.9%
- PHOENIX - 2.3%
- SCOTTSDALE - 1.75%



The volatility of Carefree's tax revenues indicates sensitivity to changes in the economy and makes forecasting difficult.

TAKEAWAY

SCENARIOS 1-2

- Reduced capacity to annually save funds to replenish Capital Reserve Funds
- When next cycle of street projects are added in, there are insufficient funds to maintain assets.

SCENARIO 3:

- Does not permit Automatic Aid but maintains ability to fund street projects

REVENUE OPTIONS

SALES TAX

ADVANTAGES:

- Simple & Straight Forward
- Existing 1% Sales Tax dedicated to the Fire Fund (3% total rate)
- Grows over time with economic activity

DISADVANTAGES:

- Not aligned with benefits received
- Not recession proof
- Limited number of sales tax generators in Carefree
- Increasing sales taxes drive shoppers to lower-rate jurisdictions

PROPERTY TAX

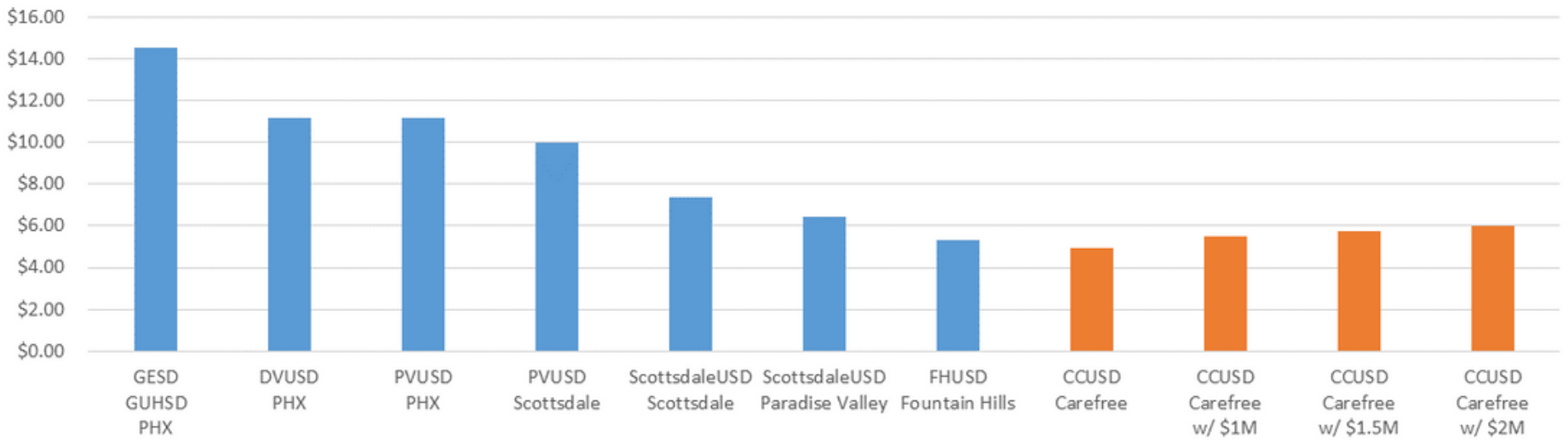
ADVANTAGES:

- Costs correlate with size/value of structures being protected
- Stable revenue source
- Part-time residents pay their share
- Legislative limits safeguard 'Runaway' property tax (annual levy growth limit of 2%, the so-called 'Truth in Taxation' process, a valuation growth limit of 5%)

DISADVANTAGES:

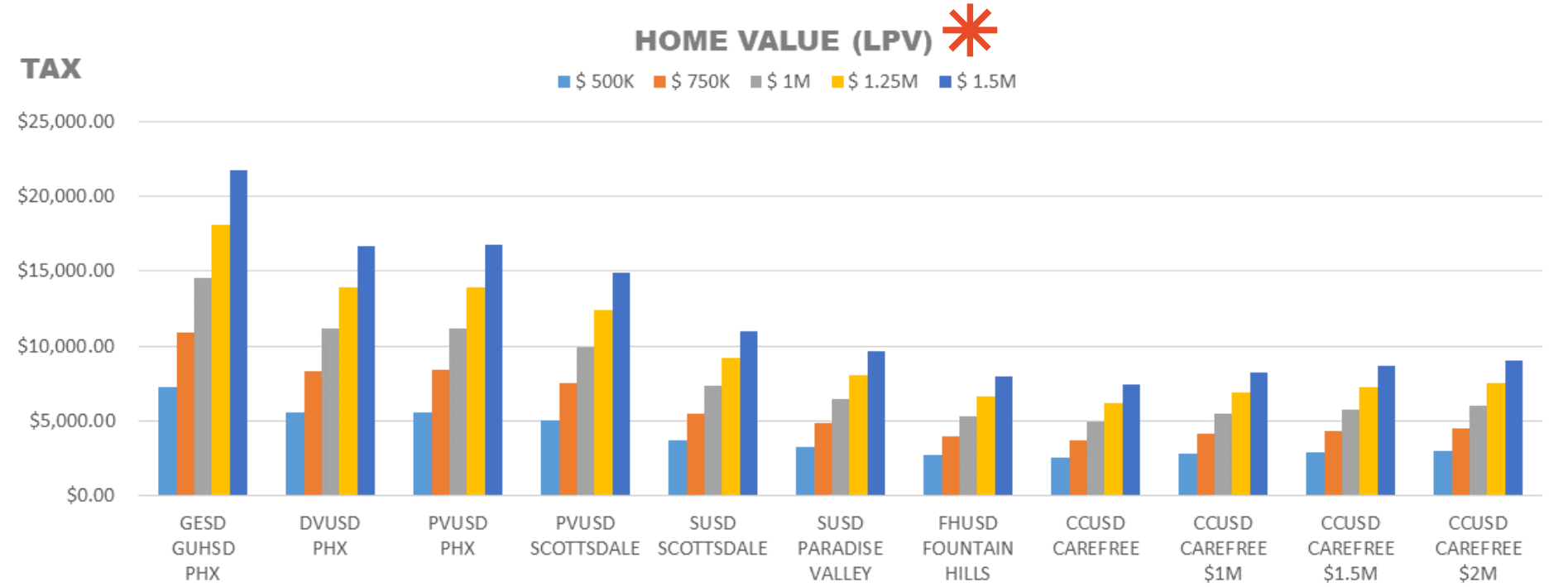
- Unpopular tax
- Politically challenging to establish new tax
- Requires approval from Town Council AND vote from the People
- Tax levy limits may not 'keep up' with escalator clauses in new master contract

PROPERTY TAX COMPARISON:

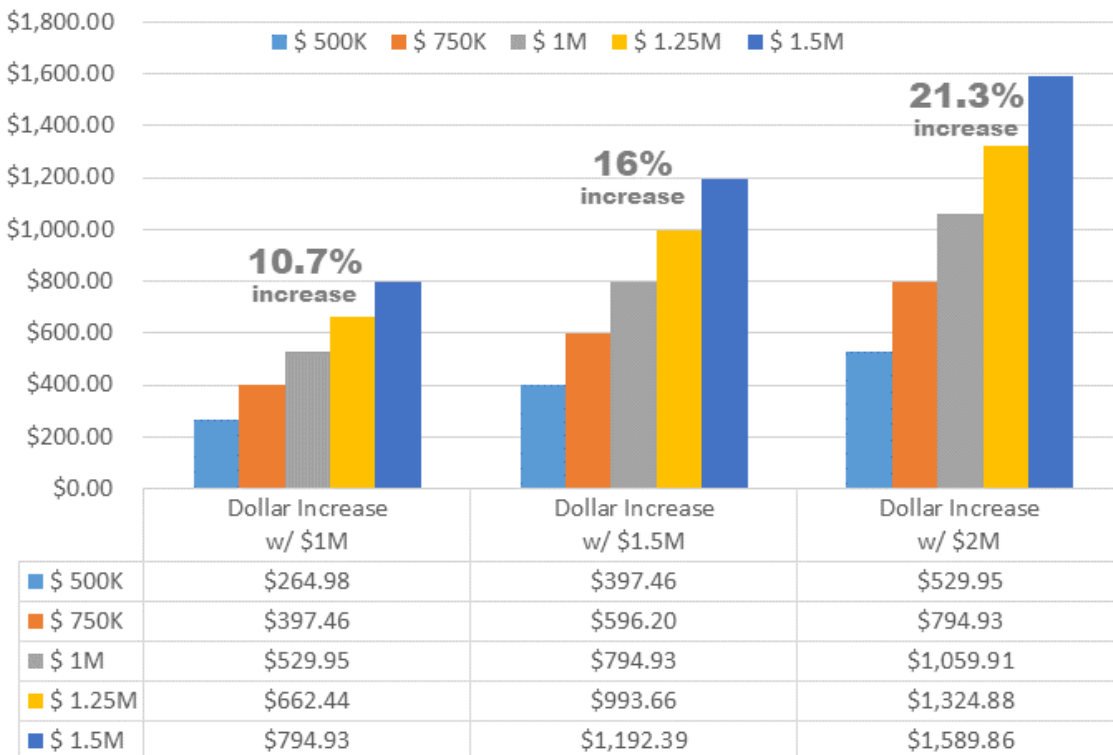


----- COMPARATIVE TAX RATES -----

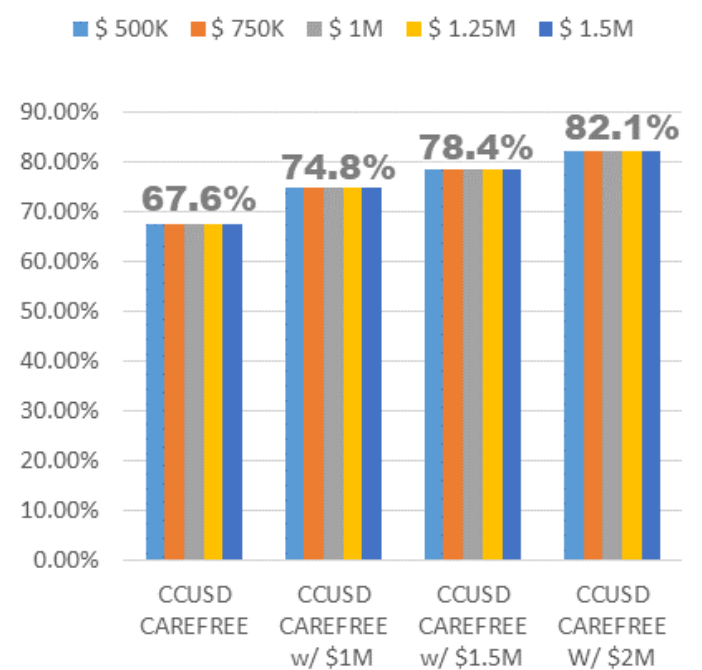
----- CAREFREE TAX RATES -----



DOLLAR INCREASE: *



PERCENTAGE OF SCOTTSDALE USD; SCOTTSDALE:



* DID YOU KNOW?

Property taxes are not based upon the market value of your residence. They are based upon a reduced value called, 'Limited Property Value'. This controls the growth of property taxes. The average LPV in Carefree is \$630,000.