

Options & Costs

The Town has four options to consider in the provision of Fire and Emergency Services:

1. Maintaining its relationship with Rural Metro,
2. Creating a Carefree staffed municipal fire department,
3. Contracting* with the City of Scottsdale, or
4. Contracting* with the Daisy Mountain Fire Department.

*Note: contracts between governmental entities are called Intergovernmental Agreements (IGAs).

Regardless of the options, the Town will need to replace the existing fire truck as the truck has approached its useful life. It has also become difficult to find replacement parts as the original fire truck manufacturer is no longer in business. The estimated cost to replace a fire truck is \$850,000. This “one-time cost”, as labeled in the below graphic, is included in each option. Additionally, the Town has a wide array of emergency equipment it already owns that places the community in a stable position to consider what staffing it should employ. However, there will still need to be additional capital investments during the transition to Automatic Aid which includes but is not limited to: communication equipment modifications to align with Automatic Aid dispatch system requirements, new personal protective gear and uniforms and additional procedural training at an Automatic Aid academy. In the below graphic, these one-time costs are defined as well as anticipated annual operational costs.

 <p>NO Auto Aid:</p>	 <p>Potential Auto Aid Option:</p>	 <p>Potential Auto Aid Option:</p>	 <p>Potential Auto Aid Option:</p>
<p>RURAL METRO FIRE DEPARTMENT</p>	<p>DAISY MOUNTAIN FIRE DEPARTMENT</p>	<p>SCOTTSDALE FIRE DEPARTMENT</p>	<p>CAREFREE FIRE DEPARTMENT</p>
<p>PROS:</p> <ul style="list-style-type: none"> • Lowest cost option • Employees are familiar with Town's streets and commercial occupancies • Employee/daily management handled by Rural Metro <p>CONS:</p> <ul style="list-style-type: none"> • 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) 	<p>PROS:</p> <ul style="list-style-type: none"> • 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 <p>CONS:</p> <p>Takes control away from the Town which may include:</p> <ul style="list-style-type: none"> • Cost increases • Future capital needs • Unknown provision for fire prevention activities • Likely 25-year commitment 	<p>PROS:</p> <ul style="list-style-type: none"> • 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 <p>CONS:</p> <ul style="list-style-type: none"> • Lack of town control • Future capital needs • Unknown provision for fire prevention activities 	<p>PROS:</p> <p>To an extent, allows for more control over:</p> <ul style="list-style-type: none"> • 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). <p>CONS:</p> <ul style="list-style-type: none"> • 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
<p>COSTS:</p> <hr/> <p>ONE TIME: \$850,000*</p> <p>ANNUAL: \$1,857,000*</p>	<p>COSTS:</p> <hr/> <p>ONE TIME: \$1,848,014*</p> <p>ANNUAL: \$2,658,617*</p>	<p>COSTS:</p> <hr/> <p>ONE TIME: \$1,848,014*</p> <p>ANNUAL: \$3,008,750*</p>	<p>COSTS:</p> <hr/> <p>ONE TIME: \$2,046,861*</p> <p>ANNUAL: \$2,997,930*</p>

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

Options & Costs (continued)



Rural Metro - Mutual Aid

The first option is to maintain the status quo by maintaining the existing relationship with Rural Metro. This option will be the most cost-effective option; however, under this option the Town cannot qualify for Automatic Aid. To that point, in an article in a local newspaper, *The Foothills Focus*, Phoenix Assistant Fire Chief and leader of the Automatic Aid Consortium Life Safety Council, stated that, “as long as Carefree has a contract with Rural Metro, the Town will not be accepted into the Automatic Aid system” (Appendix G). To date, this has been the most direct statement from leadership from the Life Safety Council that the Automatic Aid partnership will not include Rural Metro within the consortium. Collectively, without the possibility of inclusion into Automatic Aid partnership combined with:

- Scottsdale's cancellation of the Mutual Aid agreement with Rural Metro
- Rural Metro's exit from Cave Creek
- Recent cancellation notice from Fountain Hills to Rural Metro

This contributes to the isolation of Rural Metro and the Town of Carefree from regional emergency cooperation. This isolation created by these external entities places the Carefree community in a higher risk category during simultaneous, long duration and/or large-scale emergency events, if backup assistance to Rural Metro is not provided by nearby first responding agencies.

Options to join regional Automatic Aid Consortium:

The next three options provide a path to Automatic Aid. The first of these options is the Town forming its own staffed municipal fire department. From an annual operations perspective, due to the existing nimble nature of the Town's organizational structure and complexities in managing extensive personnel-related issues associated with fire personnel, the Town will need additional operational positions to manage the administrative end of a municipally staffed fire department. As a result, a municipally staffed fire department will more than double the size of the existing Town's staff. This would include at a minimum: the retention of an HR specialist, a fire chief, a deputy fire chief, three captains three engineers and nine fire fighters. Pursuant to Automatic Aid standards, for each shift, there would be a total of four fire fighters assigned to the apparatus which will include at least one paramedic and one EMT.

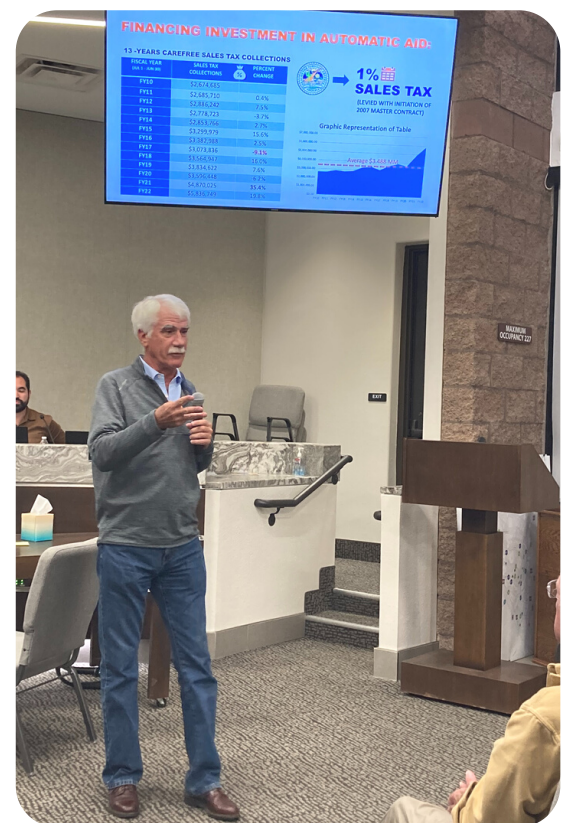
It is important to note, that the fire fighters' salaries and benefits must be competitive with nearby fire departments. If the salaries and benefits are not aligned with neighboring agencies it will result in continuous turnover, as staff would migrate to the more competitive agencies. A high turnover rate would also result in higher training costs and replacement of personal protective equipment. A detailed break-down of costs associated with a municipally staffed fire department is found in Appendix H. The overall annual operation sum for the initial year is highlighted in the graphic on the previous page. However, based upon the potential for high turnover and associated training costs, potentially high salaries to minimize turnover, and the administrative overhead to manage extensive personnel related issues, a municipally staffed fire department could be the most expensive option with a uncertain future as there won't be any guarantee that the municipally staffed fire department would be accepted into the Automatic Aid consortium.

Options & Costs (continued)

The two remaining options are two full-service Fire and Emergency Service Departments: Daisy Mountain Fire Department and the City of Scottsdale Fire Department. Each of these entities are separate political entities. Daisy Mountain is a Fire District while Scottsdale, like Carefree, is a municipal entity. They are governed by elected bodies from their internal electoral district or municipal boundary. Due to the fact that Carefree will be contracting for services/labor with these political entities and not part of the voting district, Carefree will not have representations on their Board/Council. The annual costs for services will be established by their internal staff and voted upon by their respective elected bodies in association with their own internal budgeting process. Both Daisy Mountain and Scottsdale have provided the Town with approximate costs to serve, as illustrated in the previous table. These entities have stated that they will not further negotiate with the Town until the Town decides upon its preferred service provider. However, based upon their numbers and adjusted for inflation, Daisy Mountain is currently the more cost-effective option. Additionally, the Town can use the approved Intergovernmental Agreement (IGA) established between the Town of Cave Creek and Daisy Mountain to provide a template to define the levels of service and fees, additional contract terms, and length of contract (Appendix I).

Summary of Options:

Rural Metro would provide the most cost-effective solution; however, it will not qualify the community for the regional Automatic Aid emergency dispatch system and thus results in a higher degree of risk if regional assistance is needed during simultaneous, long-duration, and/or large-scale emergency events. In order to address this risk, Daisy Mountain Fire Department has proposed the most cost-effective model to qualify for Automatic Aid and insulate the community from this risk. Additionally, with the recent transition of Cave Creek and the agreed upon template/IGA there is reasonable assurance that the timely and efficient transition can take place to qualify Carefree to participate in the Automatic Aid consortium. If the policy decision is made to transition to automatic aid through a master contract with Daisy Mountain, the next step is to logically and responsibly design a business model to ensure the Town can financially make this commitment. The length of this commitment as specified in the IGA between Cave Creek and Daisy Mountain Fire Department is for 25 years. In the initial contract year, it is anticipated that the costs to provide Fire and Emergency Services will be approximately \$1 million more than the current service model under Rural Metro. The next section of this report will review the Town's revenue options, the Town's financial capacity (ability to pay) and requirements to fill a significant revenue gap.



Peter Burns, Carefree resident & public finance expert, presents information at the Nov. 10, 2022, workshop.