

**NOTICE OF MEETING OF THE TOWN OF CAREFREE
PUBLIC SAFETY ADVISORY COMMITTEE**

WHEN: WEDNESDAY, OCTOBER 6, 2021

WHERE: ZOOM ONLINE*

TIME: 1:30 P.M.

Pursuant to A.R.S. § 10-822, notice is hereby given of the time, place and purposes of a meeting of the Public Safety Advisory Committee.

Members of the Committee are participating by technological means or methods pursuant to A.R.S. §10-708.

CALL TO ORDER

ROLL CALL

AGENDA

ITEM #1 Review and approval of the September 8, 2021 meeting minutes.

ITEM #2 Review and discussion regarding current law enforcement services with Maricopa County Sheriff's Office.

ITEM #3 Adjournment.

DATED this 5th day of October 2021.

By: Carrie Carter
Carrie Carter, Receptionist

Items may be taken out of order

*Due to the risks to public health caused by the possible spread of the COVID-19 virus at public gatherings, it has determined that public meetings will be indefinitely held through technological

means. Meetings will be also open to the public through technological means. In reliance on, and compliance with, the March 13, 2020 Opinion issued by Attorney General Mark Brnovich, the Town of Carefree provides this special advance notice of the technological means through which public meetings may be accessed. While this special notice is in effect, public comment at meetings will only be accepted through written submissions, which may or may not be read aloud during meetings.

Join Zoom Meeting:

Click on the following link or cut and paste it into your browser:

<https://us02web.zoom.us/j/3229729660>

A password is not required.

By phone:

Please call 1.669. 900. 6833 or 1.253.215.8782

Meeting ID: 322 972 9660



FOR SPECIAL ACCOMMODATIONS

Please contact the Town Clerk, 8 Sundial Circle (PO Box 740), Carefree, AZ 85377; (480) 488-3686, at least three working days prior to the meeting if you require special accommodations due to a disability.



DRAFT

**MINUTES OF MEETING OF THE TOWN OF CAREFREE
PUBLIC SAFETY ADVISORY COMMITTEE**

WHEN: WEDNESDAY, SEPTEMBER 8th, 2021
WHERE: VIA ZOOM *
TIME: 1:30 P.M.

Members of the Public Safety Advisory Committee participated by technological or methods pursuant to §A.R.S. 38-431(4).

COMMITTEE MEMBERS PRESENT:

Chairperson - Leslie Hine
Vice Chairperson - Philip Henn
Sheila Amoroso
Peter Burns
Scott Peterson
Kim Taha
Jerry Wetta

COMMITTEE MEMBERS ABSENT:

Anton Wilke

Chairperson Hine opened the meeting at 1:31 pm.

Approval of the Public Safety Advisory Committee meeting minutes dated August 2, 2021 minutes.

Committee Member Wetta made a **MOTION TO APPROVE** the minutes with corrections. **SECONDED** by Committee Member Wilke. **CARRIED** unanimously.

Town Administrator Gary Neiss updated the Committee with regards to the Carefree Town Council meeting held on September 7, 2021. Council Members approved a motion to temporarily relocate the Cave Creek fire company (825) to the Carefree Fire Station (821). This temporary, month to month solution will take effect October 2021; resulting in the relocation of emergency aid assets including: a brush truck, a pumper truck, four fire personnel and paramedics. In the interim, Rural Metro will look for a permanent solution for a second engine company. The second location will service the Subscribers within the County Island Territory (area between Carefree Highway and Dynamite Road) as well as the West side of the Town of Carefree.

Committee Member Henn provided an overview of his meeting with Daisy Mountain Fire Department. Noting, if Carefree partners with Daisy Mountain to join Automatic, Carefree will have access to multiple partners. If Daisy Mountain plans to acquire a large percentage of the Cave Creek Rural Metro fire personnel, one benefit to the Rural Metro Staff will be that the acquired staff will participate in a fast-tracked training process, which will meet the Automatic Aid requirements as well as a cost savings. As a member of Automatic Aid, an automatic aid partner such as Daisy Mountain will be able to apply for grants. Additionally, Mr. Henn explained that the initial cost for automatic aid will be substantial during the first year, but mathematically the long-term cost will be slightly higher than Mutual Aid. Committee Member Henn would like to invite Daisy Mountain to present a more formal presentation to the Committee to help clarify information and offer a Question-and-Answer session.

Chairperson Hine asked Mr. Henn to document his new findings for the Draft Discussion Guide.

Chairperson Hine invited Committee Member Burns to provide a summary of his meetings with Rural Metro.

Mr. Burns explained that he primarily focused on analyzing data presented by Rural Metro. Rural Metro agreed to provide the Public Safety Committee complete and concise data.

Mr. Burns asked Rural Metro, with the loss of the Cave Creek (825) fire station would there be adequate emergency response on the West side of the Town? They responded

by explaining, the response time to the West side of Carefree will be approximately 5 and half minutes.

Mr. Burns reviewed the contract between the Town of Carefree and Rural Metro. In Appendix B the contract explains that there will be a multiple unit response for CODE 3 calls. A Code 3 unit can be a fire engine, an ambulance, or a command car. Additionally, Mr. Burns learned that the Rural Metro 821 Fire Truck does not respond to interfacility transports (such as ambulance rides from one hospital to another).

As a side note, Mr. Burns would like to incorporate language which defines the number of fire personnel on a Fire Engine during an emergency call (should there be 3 or 4 fire personnel?).

Chairperson Hine believes that there is a need for additional and reliable data from Rural Metro; the West side coverage; the Mutual Aid agreements will need to be comprehensive and current; and lastly, should Carefree consider adding a fourth person to the fire engine?

Multiple Committee Members expressed confusion as to how the Safety Committee factors into approval process of Carefree joining Automatic Aid. For instance: will Carefree be required to meet certain criteria as an independent entity? Will the acceptance of Carefree gaining approval fall under the responsibility of the Automatic Aid partner? Town Administrator Neiss explained that Cave Creek nor Carefree alone cannot be part of the Automatic Aid system. There are requirements that either community will need to meet to participate in the Automatic Aid process.

The citizens within the Town of Cave Creek currently are provided fire coverage enrollment of a subscription with Rural Metro. If Cave Creek residents adopt a property tax, the cost of the Property tax could be less than the current Rural Metro subscription fee. Since approximately 40% of the citizens in Cave Creek currently pay a subscription fee only perhaps 10% to 15% of the Cave Creek residents will need to be persuaded to consider adoption of a Cave Creek property tax to fund a Cave Creek fire and emergency service program. Therefore, the Town of Cave Creek is considering this option as a funding mechanism to pay for the future costs of joining automatic aid.

Chairperson Hine asked Town Administrator Neiss, if he knew the time frame that Rural Metro would vacate the Cave Creek firehouse. Mr. Neiss stated that Cave Creek has informed him that they could have a contract in place with Daisy Mountain by January and therefore, Rural Metro would be forced out prior to this date.

Fire Chief Tobin (from Daisy Mountain) sent a message in via chat which stated that, any partner in the Automatic Aid System needs to present any service level changes to the Life Safety Council for evaluation to determine if the changes, will have an adverse impact on other partners. Mr. Neiss added that the Life Safety Council is the regional entity that coordinates the placement of the fire stations. If Carefree entered an Automatic Aid partnership, Carefree would coordinate with Life Safety Council through an existing Auto Aid partner such as Daisy Mountain or the City of Scottsdale to assist in this determination.

Committee Chair Hine introduced the idea of presenting the Law Enforcement topic to the committee. The committee members asked Mr. Neiss to provide an outline highlighting the important issues, metrics, costs, and a list potential enhancement of MCSO. Mr. Neiss explained that some of the MSCO topics will include the possibility of additional traffic enforcement, neighborhood patrols, the possibility of introducing photo radar, and funding options.

Committee Chair Hine wrapped up the meeting by explaining that she will modify the working draft with a more complete product for the Recommendation to the Council.

ITEM #4 The meeting was adjournment 3:38 p.m.

DRAFT Public Safety Advisory Committee Discussion Guide and Chair Comments for August 25th

Prepared by Leslie Hine, PSAC Chair

August 20, 2021

Revised September 8, 2021

Background

The Public Safety Advisory Committee

The Carefree Public Safety Advisory Committee (PSAC) is a citizen advisory committee appointed by the Carefree Town Council in March 2021. The PSAC was convened, and has been meeting bi weekly since April 7, 2021. It has 8 members. (List members?) Its meetings and actions are governed by open meeting and public access rules governing all Town business. Its charge has been to review the Town of Carefree's public safety programs and to make recommendations to the Town Council regarding both fire service and law enforcement service contracts beyond June 30, 2022. To date the PSAC has focused on Carefree's fire services and will shift to law enforcement in October/November 2021.

The agenda of the PSAC centered on two questions with respect to fire service beyond June 30, 2022 (the end date of the existing master contract in place with Rural Metro).

The first fire service related question addressed in this report is whether the Town is best served by Automatic Aid or Mutual Aid agreement. The PSAC has heard presentations from Rural Metro, Carefree's current fire service provider that operates under mutual aid agreements with neighboring fire departments, Scottsdale Fire Department and Daisy Mountain Fire District – both automatic aid participants. The Town of Cave Creek shared their concurrent deliberation process and its conclusion that it would pursue fire service under automatic aid only. Carefree Town Manager, Gary Neiss has presented on this topic and PSAC members have conducted their own research. The PSAC has sifted through this wealth of information and opinion to determine its recommendation to the Carefree Town Council. The question considered is: *Is Carefree better served by automatic aid or mutual aid and why or why not?* The corollary question is: *Is Carefree better served by continuing with the existing contractor, Rural Metro under mutual aid agreements, or contracting with City of Scottsdale or Daisy Mountain Fire District under automatic aid agreements, why or why not?*

The second fire service related decision/recommendation is how Carefree might best pay for its fire service. A 1% dedicated sales tax has funded fire service for the past 15 years but has resulted in an average \$400K annual shortfall over the past 10 years. This shortfall has been covered by Town general fund revenues - a practice that has been determined to be unsustainable going forward. Additionally, it is generally not prudent financial practice to match (exclusively) a fixed cost like fire service to a variable (elastic) revenue source like sales tax. Property tax is a more stable, less variable revenue source better suited for funding fixed costs such as fire service (and public safety services generally). Carefree does not currently levy a property tax. The PSAC has engaged in this

conversation and benefited from the professional expertise of several committee members. The question to decide is: *What tax revenue mix/strategy would the PSAC recommend to Town Council to cover public safety services in future?*

Draft Summary of PSAC Presentations/Discussions To Date:

Question 1: Automatic vs Mutual Aid	Pros	Cons
<p><u>Automatic Aid</u> (Cost information based on prelim conversations with Scottsdale Fire Department and Daisy Mountain Fire District.)</p>	<ul style="list-style-type: none"> • Fire resources deployed seamlessly as if one regional fire department without regard to jurisdictional boundaries may result in more effective response to big fire event (wildfire ala 2020). • One central dispatch and equipment with GPS equipment tracking to facilitate response efficiency • Closest appropriate equipment automatically dispatched to incident/service call regardless of political jurisdictional boundaries • Being considered a team player and part of the regional fire “team” as defined by the Life Safety Council • 2-3 potential partner options (Scottsdale, Daisy Mountain, (Phoenix not currently but perhaps down the road)) • Adds 1 additional fire personnel on engine (4 versus 3) 	<ul style="list-style-type: none"> • Cost 30-50% higher than Mutual Aid for annual ongoing costs • Startup costs \$500-\$750K for joining Automatic Aid system • Carefree must apply to Life Safety Council to be added to Automatic Aid on its own - not guaranteed based on contracted entity. • Loss of Town policy control as decision making control passes to Life Safety Council and to contracted fire department or district. Carefree interests not represented by elected body. • Loss of autonomy – signage, management control and decisions affecting Carefree fire service. • Service levels (need to confirm this) • Neither SFD nor DMFD has previously engaged in a contract for services such as would be required with Carefree – potential learning curve • Question remains regarding which entity would hold the Certificate of Necessity (CON) for ambulance and EMT services and where ambulance might be housed.]

<p><u>Mutual Aid (Current)</u> (Cost information based on prelim conversations with Rural Metro Fire Department)</p>	<ul style="list-style-type: none"> • Current provider, Rural Metro, has provided fire services to Carefree for over 50 years most recently under a 10 year contract set to expire June 30, 2022. Service quality and responsiveness have met contract expectations as measured by required performance metrics reported under current contract. • Costs are estimated to be 35-50% less than services potentially provided through automatic aide. • Carefree retains full control of fire service decisions and management. Rural Metro works for Carefree rather than Carefree paying to be an outpost station for another automatic aid provider and falling under the rules and elected politics of another municipal or fire district. • Rural Metro holds CON and ambulance and EMT services would remain unchanged. • Current service levels beyond fire and ambulance services, continue under contract with RM (i.e. fire marshal, community outreach, grant writing, snake removal, etc.) 	<ul style="list-style-type: none"> • Rural Metro is only potential provider • Rural Metro’s service area is changing given Town of Cave Creek decision to establish fire service and to do so under automatic aid. Until and unless RM locates a station on the <u>west side</u> of CF, impacts of this change on Rural Metro operations and geographic coverage is <u>uncertain</u> particularly regarding Carefree’s west side neighborhoods and businesses. • Carefree would be a mutual aid “island” surrounded by automatic aid service entities – impact of this is uncertain. • Potential cost of major fire event that would require the help of other fire departments is unknown – will they respond in the event needed and if so at what cost to Carefree? • Uncertainty with respect to Mutual Aid agreements between Rural Metro and surrounding fire departments and districts: Do they exist? Do agreements ensure Carefree (Rural Metro) can count on the support and assistance of neighboring fire services if needed? Do the agreements have any associated costs?
--------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Discussion Notes:

There is a challenge in separating out the question of Automatic Aid versus Mutual Aid from the entities that represent either option. To talk of and assess Automatic Aid requires assessing the potential partners (SFD or DMFD) and their respective systems, costs and services. To talk of Mutual Aid requires assessing Rural Metro’s past performance, systems, costs and services. It is not possible to discuss/decide whether Automatic Aid or Mutual Aid is in Carefree’s best interests without considering who the provider will be. The conflation of Aid option and provider makes it difficult at best. The current fire service contractor has served Carefree well **and as long as Mutual Aide Agreements remain in place**, have every possibility of continuing to do so in future. Additionally, with the capacity Cave Creek is adding in establishing a Town fire service, the burden on

Carefree's fire and emergency response resources might reasonably be expected to decline. Beyond this, the conversations and negotiations with potential fire service providers become political ones versus practical ones and difficult for a citizen advisory committee to navigate well.

Carefree would be well served to consider alternative scenarios beyond 5 years and to prepare for application to Life Safety Council irrespective of choice before it today. Perhaps the longer term answer for Carefree is to staff its own fire department in-house. Being ready for that possibility may be prudent.

Question 2: Sales vs Prop Tax	Pros	Cons
<p><u>Sales Tax</u></p>	<ul style="list-style-type: none"> • Existing tax in place requires no action from Town Council or citizens. • Pushes the revenue burden on to businesses and non-residents. Residents pay virtually nothing for fire service unless they spend (and therefore pay sales tax) significantly within Carefree for goods and services. • The sales tax is simple and straight forward • There already exists a 1% sales tax for the Fire Fund • Sales taxes generally grow over time as economic activity grows which it is predicted (but not guaranteed) to do in Carefree with the addition of new commercial development. 	<ul style="list-style-type: none"> • Sales tax is pegged to economic cycles which makes it difficult to budget and rely on to cover fixed costs that do not move with economic cycles, i.e., the cost of fire service remains the same regardless of an economic downturn. • Historically, the existing sales tax revenue has not been enough to cover fire service cost and has resulted in an average \$400K annual shortfall over the past 10 years requiring the Town to draw on general fund and reserve resources to make up the difference. This is not sustainable. • The Town's exclusive reliance on sales tax pushes a commercial development agenda. The need for sales tax increases results in the need for more businesses and the need to attract more visitors from outside the

		<p>community, resulting in higher traffic congestion and law enforcement coverage.</p> <ul style="list-style-type: none"> • Increase in sales tax rate would push Carefree above surrounding areas potentially making goods and services less competitive with neighboring cities/towns. Currently, Carefree sales tax is equal to Cave Creek but is more than Scottsdale and Phoenix.
<p><u>Property Tax</u></p>	<ul style="list-style-type: none"> • More stable source of revenue – property values, assessments and collections change more slowly than sales tax revenue. It is generally well suited to funding fixed costs such as fire protection • Residents pay fair share of fire service cost. It is relatively closely aligned with the general perception that the cost for fire protection should be correlated with the size and value of the structures being protected Also, it is largely immune to the “free rider” problem with the sales tax – part time residents will pay their share of fire protection costs regardless as to their presence in Carefree. • State laws protect residents against significant local property tax increases once established. Town Council cannot arbitrarily increase property tax rate beyond annual state limits (2% per year = 1.02 X previous year’s tax levy. The Legislature has placed several limits and transparency requirements on the tax that prevent “runaway” property tax bills 	<ul style="list-style-type: none"> • Property tax initiatives require a citizen vote and are difficult to pass. Of all the taxes, the property tax is probably the most unpopular • Carefree does not presently have a property tax and putting one up for vote may prove politically challenging • The timing of a property tax initiative is important and requires a long-term time frame. At the earliest property tax is unlikely to become a viable revenue source for the Town before FY2025. FY2024?] • Property taxes can create an undue financial burden for retired residents on fixed incomes. • The property tax in Arizona is somewhat complicated and the imposition of a new property tax will require extraordinary approval from the Town Council as well as a vote of the people With the levy limits imposed on jurisdictions (generally speaking –2% growth per year) the tax may not “keep up” with potential escalator clauses in any new Master Contract

	<ul style="list-style-type: none"> • Bordering municipalities (Scottsdale and Phoenix) have property tax and Cave Creek is considering adding a property tax to pay for fire service as well. 	
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Discussion Notes:

Most likely a blended approach that relies on a mix of both sales tax and property tax to fund fire service and public safety services generally, is optimal and most realistic. The specific balance between these two sources may be better determined by Town staff and Council.

It also, appears important that the Town adopt a short, mid and long-term revenue plan given the planning horizons for potential passage of a property tax. In the short run (1-4 years), it is likely that fire service will continue to be paid for exclusively from the existing dedicated sales tax revenue. Sales tax receipt projections therefore dictate what fire service budget is possible. If a property tax initiative is successful, it may be possible and desirable to consider more expensive options offered under Automatic Aid. **It is important to note, that costs for fire services will increase year-to-year as all options include annual cost escalator provisions. With no new revenue sources such as an increase in sales tax or a property tax, the current average deficit spending for fire service will worsen, putting the Town at risk of financial crisis.**

Additionally, we must include all public safety services in our thinking about revenue needed – not just fire protection services. Once we have completed discussions on fire services we will turn our attention to our law enforcement contract with MSCO and remain open to the possibility that increases in services (and costs) may be needed there as well.

[Sheila insert below]

Responsible structure/budgeting of revenues requires diversification of revenues, which protects a city from highly volatile revenues that could lead to a budget crisis. Typical revenue sources for a city are state transfers, local fees, local sales taxes and local property taxes. These combined sources of revenue help build resiliency into a city budget.

For Carefree to build a sustainable budget, a property tax should be considered. The fixed costs associated with public safety services align well with a property tax. Fire service should be funded by those who benefit from fire protection. We know the reality of wildfire is a risk and that every structure needs every level of fire protection. Overall, every structure needs fire protection regardless of full time or part time resident status.

Carefree's sales tax of 9.3% is close to being uncompetitive to surrounding cities. The heavy reliance on sales tax puts the budget of Carefree at risk as sales taxes rise and fall with the economy. Fixed costs, such as fire protection need sustainable revenues. Carefree cannot cut the fire budget when the next recession hits.

The general revenue model for most cities is diversified and property taxes typically make up the bulk of revenues for critical services.

As Carefree grows and the cost of providing services grow, the town will need more revenues. I believe a property tax is inevitable to build a sustainable budget for the town.

All taxes and fees have incentives and disincentives. We should try to minimize distortions when seeking tax revenues for the town.

Taxing one entity to pay for another distorts behavior as prices send signals

The sales tax in Carefree is getting close to acting as a disincentive to shop in Carefree as the surrounding local governments are at or lower than our combined state and local sales tax rate of 9.3%

Sales taxes can overly burden small business and incentivize people to shop in lower tax jurisdictions. We want to incentivize people to shop in Carefree.

Since sales taxes make up a good portion of the town budget, full-time residents shopping in Carefree are subsidizing part time residents.

We need to make it clear that the property tax recommended will not be used for operations, it will be a voted in tax dedicated to public safety.

Comparative Decision Criteria (To Be Completed)

Criteria	Rural Metro	DMFD	SFD
Cost: One Time Start Up	-0-	\$515K	\$684K
Cost: Annual	Yr 1-3: \$1.9M Yr 4-5: ?	Yr 1: \$2.4M Yr 2 – 5: ?	Yr 1: \$2.9M Yr 2-5: ?
Automatic Aid (Satellite Dispatch) OR Mutual Aid (Radio Request)	Mutual Aid (Currently, with SFD only)	Automatic Aid	Automatic Aid

Personnel Automatically Dispatched	3 firefighters per Engine 2 paramedic/firefighter on the ambulance	4 firefighters per Engine	4 firefighters per Engine
On-going training	X	X	X
Fire Investigator	X	X	X
Fire Marshall	X	X	X
Emergency Manager	X		
Emergency Medical Services (Ambulance)	X Holds Certificate of Necessity (CON)		
Fire Hydrant Inspections	X		
Vehicle Maintenance	Parts + ?		
Fire House Utilities included in contract	X		
Insurance	X		
Grant Writing	X		
Community Outreach Programs	X		
Employee Retirement Costs	401K	Pension	Pension
Cost per dwelling/lot (residential and commercial) (total contract costs divided by number of dwellings/lots)			
Cost per estimated call for assistance (annual call estimate: 700)			

Draft Committee Recommendations

Recommendation #1:

The Public Safety Advisory Committee recommends that the Town of Carefree Town Council establish a 3-5 year contract for fire service with Rural Metro beginning July 1, 2022, under the following conditions:

- Rural Metro has mutual aid agreements in place with bordering fire departments and districts
- There is demonstrated and assured ability to respond to fire and medical emergencies within Carefree town boundaries including west of Black Mountain, within 6 minutes of alarm bell
- Planning and further consideration be given by the Town to building financial and physical capacity to join the automatic aid system at some future date. Need to develop clear cost estimates (both operational and capital expenditures) and revenue plan for financing it.

Rationale for Recommendation

- Lowest contract operating cost of options presented
- No contract increases for first three years of contract
- No startup costs
- Existing satisfactory service and response track record – good and proven working relationship between Rural Metro and the Town of Carefree
- Town retains full political and decision-making control of fire service

Recommendation #2:

The Public Safety Advisory Committee recommends that the Town of Carefree develop a blended revenue strategy to pay for fire and emergency services to include the existing dedicated sales tax and a new dedicated property tax to be presented to voters for approval within three years.

Further, PSAC recommends:

- Include law enforcement costs, in addition to fire and emergency services, in total public safety expense forecasts and budgets.
- Develop 5-year pro forma revenue and expense projections for public safety services utilizing alternative assumptions with respect to economic activity projections (sales tax revenue levels), property tax revenues and projected costs. Utilize this analysis to inform Town decisions with respect to tax rates and mix.
- The Town has a structural deficit today (and has had, on average, for the past 10 years) – it pays more for existing public safety services than it has dedicated revenue to cover. The Town requires additional sources of dedicated revenue that are more resilient to economic downturns to adequately cover public safety costs both now and in the future. This need becomes more urgent under potential automatic aid contracts in future as costs

for fire and emergency response services increase significantly.

Rationale for Recommendation

- Existing dedicated sales tax revenue is not sufficient to cover fire and emergency services costs. The Town has experienced an annual average \$400k shortfall requiring the Town to make up the “loss” with General Fund revenue.
- Sales tax revenue is highly elastic and difficult to accurately predict and budget. It is also driven by economic cycles. Fire and emergency services are inelastic costs – they remain fixed and constant over time and are not tied to economic cycles. Paying for fire and emergency services with sales tax revenue creates fiscal uncertainty and structural deficits. It is not prudent public finance management.
- The need for the Town to consider a property tax to pay for fire and emergency services exists under both the current (and recommended) option of contracting with Rural Metro under mutual aid agreements AND under any potential future scenarios where the Town might choose to be part of automatic aid through contracting with another public fire response entity such as the City of Scottsdale, City of Phoenix or Daisy Mountain Fire District. Sales tax revenue alone will not cover fire and emergency services under any scenario – particularly in periods of economic downturn.
- The three year time frame to pass a property tax initiative acknowledges the fact that Carefree has not had a property tax to date and significant public education may be required to help citizens understand why it is important if we want high quality fire and emergency response services provided by the Town of Carefree.
-