MEMORANDUM

Date: March 29, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Mount Lemmon Fire District Funding Agreement, Consent Calendar Item Number 8 Continued from the Board of Supervisors March 21, 2017 Meeting**

At the March 21, 2017 Board of Supervisors meeting, Supervisor Christy requested Consent Calendar Item Number 8 be continued. On December 20, 2016, I transmitted to the Board a very detailed analysis of this proposal. This information fully documented the reasons I suggested the County provide additional funding to the Mount Lemmon Fire District (MLFD) equivalent to what property taxes would have been received by the MLFD had the County's properties been taxable. I believe this contribution is reasonable and appropriate to support the activities of the MLFD.

Unfortunately, the MLFD has a very limited tax base but an unlimited service demand placed on the district by nonresidents who visit and recreate in the Mount Lemmon area. The MLFD responds to necessary emergency services from accidents requiring emergency medical attention and fires caused by visitors and nonresidents of the district.

The MLFD is very much in the same position as the County with regard to providing emergency services to individuals who recreate within federal lands, either the National Forests or National Parks, particularly when those residents request emergency services via cell phone access to a 911 emergency system. The MLFD is also in the same position as the County when emergency services are provided to residents and visitors and incur all-costs associated with these services without reimbursement.

It is perfectly appropriate to provide these funds to the MLFD and I recommend the Board do so as partial compensation for the emergency medical and fire services the MLFD provides to non-district residents who recreate within the National Forests and Mount Lemmon Recreation areas.

CHH/lab

Attachment

MEMORANDUM

Date: December 20, 2016

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Mount Lemmon Fire District Financial Aid**

In September of this year, after receiving inquiries from the Mount Lemmon Fire District (MLFD) regarding financial concerns to continue fire and emergency services, I asked my Executive Assistant, Nicole Fyffe, to research the options available to the County. Ms. Fyffe's comprehensive report is attached for your information.

The report includes the financial sustainability letter from the MLFD Chief dated August 7, 2016, as well as a summary of other fire districts that serve a large visitor population in public recreation areas in Arizona. The report concludes that additional financial assistance will be necessary as Mount Lemmon continues to recover from the devastating Aspen Fire that occurred in 2003. While the assessed value of properties has increased since the fire in 2003, the values took a dip during the recent Great Recession. The tax rate of the MLFD is near the peak for fire districts in Arizona, and there is reluctance by the MLFD Board to increase it to the maximum.

In addition, there are number of beneficiaries of fire and emergency services that do not subscribe for these services. These include the Boy Scouts, Girl Scouts, The University of Arizona, County Transportation and Sheriff; and a number of users of communications equipment, including local television stations and the Arizona Department of Public Safety.

Finally, there is a question of the tax equivalency or tax equity for those within the MLFD who are on private property versus on US Forest Service (USFS) leased property. I have asked Ms. Fyffe examine this issue in more detail to determine if there is a clear tax equity issue among users of our emergency services that can be addressed either through legislation or an additional legal assessment out of the MLFD on federal government leased properties.

I will also ask Congresswoman Martha McSally to address the issue of USFS financial participation in support of the MLFD. Apparently, there currently is none. However, the MLFD provides fire and emergency services outside of the District's boundary and cooperates fully with and supports USFS activities. The majority of calls still come from an estimated 1.5 million visitors to the National Forest. It would be appropriate to have a mutual aid service agreement between the USFS and the MLFD, as well as the financial participation by the USFS in supporting the District.

One unmistakable conclusion is that the County, by owning nontaxable property within the MLFD and by not paying subscription fees, is not equitably participating in support of the District. Hence, I will ask the Board to make a General Fund contribution in the amount of $15,000 annually to the MLFD through an intergovernmental agreement. This will offset our lack of participation in providing property taxes to the District 4, County publicly-owned properties, including subscription rates. I believe it is very important the MLFD and the provision fire and emergency services become a sustainable operation. There are 1.5 million nonresident visitors who recreate in the Mount Lemmon/Summerhaven area each year but who do not contribute for the fire and emergency services received.

CHH/lab

Attachment

c: John Perchorowicz, Chairman, Mount Lemmon Fire District Board of Directors
Randy Ogden, Fire Chief, Mount Lemmon Fire District
Tom Burke, Deputy County Administrator for Administration
Nicole Fyffe, Executive Assistant to the County Administrator
Jeff Guthrie, Director, Office of Emergency Management

MEMORANDUM

Date: December 16, 2016

To: C.H. Huckelberry
County Administrator

From: Nicole Fyffe,
Executive Assistant to the
County Administrator

Re: **Mt. Lemmon Fire District Research and Possible Financial Aid**

The following is in response to your September 8, 2016 memorandum requesting research on the growth of Mt. Lemmon Fire District's (MLFD) tax base and a number of other items concerning their current and future financial sustainability. Overall, MLFD continues to be unique among other fire districts in Pima County in that a relatively small number of private property owners fund the majority of the MLFD budget, but the majority of calls come from the estimated 1.5 million visitors to the Coronado National Forest. While their financial situation has improved over the last few years, and they have succeeded in paying off all of their debts, they are still struggling to set aside revenues each year for basic maintenance and improvements to equipment, vehicles, facilities, training and education, and for unforeseen expenditures. Chief Randy Ogden is retiring at the end of the year and is looking for ways to improve the financial sustainability of MLFD over the next 3 to 5 years without compromising their ability to serve residents and visitors to Mt. Lemmon and the surrounding National Forest.

MLFD Property Tax Base and Tax Revenue History

MLFD relies primarily on property taxes, with very little other sources of revenue. MLFD property tax revenues include the MLFD levy and Fire District Assistance Tax. The tax base and tax revenues have more than fully recovered since the Aspen Fire in 2003 (Table 1). Tax revenues peaked in FY2011/12 and have since dropped about 10 percent.

The number of individual parcels of property with the Fire District has declined slightly from 910 parcels in 2003 to 872 parcels in 2016. The number of permits for new buildings has varied over the past six years from two to five permits.

It is important to keep in mind that there are well over 100 homes and businesses within the Fire District that are located on leased Forest Service land. This means that they pay personal property taxes on the value of their improvements, but not on the value of the land.

Table 1
MLFD Property Tax Base & Revenue FY2002/03 - FY2016/17

Fiscal Year	Taxable NAV	Tax Rate	Tax Levy	Fire District Assistance Tax for MLFD	Total Tax Levy & Fire District Assistance
FY 2002/03	$7,356,834	$3.0000	$220,704	$52,592	$273,296
FY 2003/04	$5,834,616	$3.0000	$175,038	$52,592	$227,630
FY 2004/05	$4,453,482	$3.0000	$133,605	$52,592	$186,197
FY 2005/06	$5,656,473	$3.2500	$183,836	$52,592	$236,428
FY 2006/07	$8,584,567	$3.2500	$279,000	$55,800	$334,800
FY 2007/08	$10,686,876	$3.2500	$347,323	$69,465	$416,788
FY 2008/09	$11,067,365	$3.2500	$359,689	$71,938	$431,627
FY 2009/10	$13,536,599	$3.2500	$439,939	$87,988	$527,927
FY 2010/11	$16,826,537	$2.4796	$417,230	$83,446	$500,676
FY 2011/12	$16,530,689	$3.2500	$537,248	$107,450	$644,698
FY 2012/13	$16,036,331	$3.2500	$521,180	$104,236	$625,416
FY 2013/14	$15,386,627	$3.2500	$500,065	$100,013	$600,078
FY 2014/15	$15,535,923	$3.2500	$504,917	$100,983	$605,900
FY 2015/16	$15,471,325	$3.2500	$502,818	$100,564	$603,382
FY 2016/17	$14,805,997	$3.2500	$481,195	$96,239	$577,434

MLFD Budget History, Staffing and Debt

A review of MLFD budgets from FY 2011/12 through FY2016/17 showed the following:

- Revenues are almost entirely from property taxes.
- The majority of expenses are for salaries and benefits.
- Number of employees has remained constant (8 including Chief, 6 firefighters and 1 administrative position).
- Areas of increased expenses include employee benefits (retirement, worker's compensation and medical).
- Salaries have barely increased (one minor increase for all 8 employees in FY2015/16 and increases for two employees in FY2016/17).
- Areas of decreased expenses include the elimination of $96,000 in debt service payments for County lease purchase of fire station, loan on two water tenders, and another general loan.

Table 2
MLFD Budgeted Expenditures FY2011/12 – FY2016/17

Fiscal Year	Total Expenses	Employees	Salary & Wages	Payroll Expenses	Other Employee Expenses	Operations	Admin	Profess. Services	Other	Debt Payments
2011/12	$660,847	8	$387,645	$72,300	$4,890	$83,513	$5,667	$12,996	$26,880	$76,324
2012/13	$641,976	8	$377,213	$82,893	$6,500	$55,190	$1,350	$5,000	$40,231	$73,599
2013/14	$622,378	8	$377,213	$90,981	$1,000	$51,771	$1,150	$4,000	$25,163	$73,600
2014/15	$615,960	8	$378,413	$104,207	$7,000	$61,640	$1,650	$5,500	$23,510	$34,040
2015/16	$614,182	8	$385,566	$102,140	$3,100	$59,520	$3,464	$8,500	$47,347	$0
2016/17	$594,894	8	$394,303	$109,000	$3,500	$70,1 00	$3,291	$11,500	$3,200	$0

Fire and EMS Service Call History

Calls are down 60 percent since 2009 (from 246 to 98). Ninety percent of calls are from non-residents, and equally split between EMS and fire calls. Calls have dropped 38 percent during the time period after property tax revenues began to decrease (after FY2011/2012). In discussions with the Chief, he is aware that the number of calls have decreased but questions whether they have decreased this much and the equal split between EMS and fire calls. One reason provided for reduced calls was less snow related EMS accidents over the past few years. The call data was provided by MLFD. They have the opportunity to provide revised data if available.

Other Arizona Fire Districts that Service Large, Public Recreation Areas

Jeff Guthrie, Pima County Emergency Management and Homeland Security Director, contacted other Arizona County Emergency Operations Managers and requested contact information for fire districts that serve large, public recreation areas. I then contacted several of those provided. The following is a list of how some of these fire districts are coping, and more details on each are attached:

- Receive significant financial assistance from an incorporated town (Tusayan Fire District adjacent to the Grand Canyon National Park)
- Agreements or consolidation with other fire districts, increasing the tax base and reducing administrative and other costs (Central AZ Fire District and Alpine/Nutrioso Fire District)
- Consistently apply for and receive grant assistance (Greer Fire District)
- Have a Certificate of Necessity (CON) (Pine/Strawberry Fire District)
- Sought voter approval for increase to max tax rate of $3.50 per $100 of taxable value (Pine/Strawberry Fire District)

- Seeking from county a share of PILT funds (Alpine Fire District)

I also spoke with John Flynn, Executive Director for the Arizona Fire District Association. His advice for MLFD was to approach a neighboring fire district with a proposal to consolidate, which can significantly help reduce administrative costs. Specially he recommended contacting Chief Randy Karr of Golder Ranch Fire District. He also suggested considering a contract with Rural Metro, who serves as the contractor for four small fire districts at the bottom of Mt. Lemmon. In addition, based on basic information that I gave him on the number of MLFD personnel and calls, Mr. Flynn stated that MLFDs staffing level seemed about middle of the road.

Other Possible Revenue Sources

Subscriptions for Customers outside of the Taxing District: MLFD does charge a subscription to approximately 15 cabins in Willow Canyon, as about a third of the cabins in that area fall outside of the District boundary. The subscription rate is $350 annually. It is unknown whether MLFD has attempted to expand the District to include these cabins and whether revenues would increase if successful. MLFD does collect a subscription from one group of communication towers outside of the District. However, the rate is equal to one subscriber when there are multiple companies and agencies with valuable equipment at the site. MLFD is in discussions with the Forest Service Ranger to get a list of those that have communications equipment at the site. The recent prescribed burn came close to this site. The Boy Scouts and others have private camping facilities that benefit from MLFD services but are not currently subscribers. The University of Arizona has facilities outside of the district on Forest Service land and is not a subscriber. Pima County has Transportation and Sheriff facilities on Forest Service land outside of the district and is not a subscriber. Pima County also has PCWIN communications equipment on Mt. Lemmon and Mt. Bigelow outside of the district under agreements with Southern Arizona TV Stations and the Department of Public Safety and is not a subscriber.

MLFD's subscription fee is a flat rate of $350 per subscriber. It has increased over time from $120 in 2000, to $240 in 2006, and to $350 in 2009. Mr. Guthrie's intern, Simran Singh, contacted other fire districts in Pima County to ask about the method they use to charge subscribers outside of the district. While not all fire districts have responded, the following fire districts apply the fire district tax rate to $100 of net assessed value, just as if the subscribers where inside the district: Avra Valley Fire District, Green Valley Fire District, Arivaca Fire District, Northwest Fire District. It is unknown whether applying this formula instead of a flat rate of $350 per subscriber would assist MLFD, but it is worth further research. The majority of subscribers are likely to be on leased Forest Service land, so the net assessed value would not include the value of the land.

Tax Exempt Land in the Fire District, Excluding the Forest Service: Based on an initial review, there are several parcels within the MLFD that are tax exempt because they are owned by Pima County, the Arizona Board of Regents and a church. Pima County owns 14 parcels. Some of these County parcels are vacant. Others include the wastewater reclamation facility, the community center, a parking lot, and a former school building now leased to the water

improvement district. The MLFD is the first responder if a fire or medical emergency was to occur on these properties. If the County parcels were privately owned, it is estimated that the MLFD would collect approximately $11,000. If the church and the Arizona Board of Regents contributed for their properties, MLFD would collect an additional $5,145.

Rescue Fee: MLFD does not have a Certificate of Necessity for medical transport and has explored this option but determined it to be too expensive. They currently transport patients to a point where South West Ambulance or a medical helicopter can pick them up. Those entities are able to bill the patient's insurance company. MLFD does attempt to collect a rescue fee in the amount of $500 for Advanced Life Support (ALS) and $250 for Basic Life Support (BLS), but many insurance companies and patients simply refuse to pay.

Reimbursement from U.S. Forest Service for Patrol Activities or Actual Call Responses for Emergency Medical Services (EMS) and Fire: For most fires on Forest Service land over one hour, the Fire District is reimbursed costs through an agreement with the State Division of Forestry, which is funded by the Forest Service. Anything under an hour is not reimbursed and there are calls on Forest Service land that fall outside this reimbursement agreement and are therefore not funded. The majority of fire responses on Forest Service land are investigating fires, unattended campfires and lightning strikes, and are handled within an hour, and are therefore not eligible for reimbursement. MLFD also receives no reimbursement for EMS calls on Forest Service land. The Pima County Sheriff has an active agreement with the Forest Service to patrol certain roads and to invoice for reimbursement of eligible costs up to $19,000 for the period between August and December 2016. According to the Sheriff's Department, the amount reimbursed and when reimbursements are available, is up to the whim of the Forest Service. For example, the Sheriff's Department was not reimbursed for January to August of this year. The Forest Service should be approached about providing a similar reimbursement contract for MLFD patrols/responses to calls.

Grants: A number of grants are available for fire departments for equipment, personnel and training. MLFD has successfully received grants in the past. However, as Chief Ogden explained recently, they do not have adequate staff to write grant applications, grant programs are getting more competitive and often require matching funds. Greer Fire District appears to be successful in regularly securing grants and could be consulted regarding their efforts.

Tax Rate Increase: With the change last year in State law, fire districts were afforded the opportunity to seek voter approval to levy a maximum tax rate of $3.50 per $100 of taxable value. MLFD's tax rate is currently $3.25. Chief Ogden reported that MLFD was the first fire district in the state to increase the tax rate to $3.25 when the State last afforded such an opportunity. However, the Chief and the Board feel that it is too much of a burden to now ask property owners for another increase, especially in light of the fact that so many of the calls are from visitors and not property owners.

Other Opportunities Discussed with MLFD

Seek Availability of Surplus Equipment: The Chief mentioned the need for a new generator and replacement vehicle. There was also mention of the need for a water line extension. Mr. Guthrie has encouraged them to submit a list of needs that could be circulated amongst Pima County Departments and outside agencies.

Sharing Costs with Another Fire District: The Chief mentioned that Golder Ranch Fire District has provided assistance in the past with vehicle maintenance, billing and IT. There may be other opportunities to reduce administrative or employee benefit costs by contracting with or sharing those costs with Golder Ranch. Although the Central Arizona Fire and Medical Authority is much larger than MLFD, it was predicated by multiple IGAs for shared services between Central Yavapai and Chino Valley Fire Districts that resulted in cost savings for both fire districts. It is worth learning more about these agreements and whether similar opportunities exist between Golder Ranch and MLFD.

Consolidation with Another Fire District or Contracting with Rural Metro: Both of these significant organizational changes were suggested by John Flynn, Executive Director for the Arizona Fire District Association. I discussed both briefly with Chief Ogden and MLFD Board Chair John Perchorowicz. The MLFD Board is scheduled to receive a presentation from Rural Metro at an upcoming meeting. Chief Ogden suggested that perhaps there would be some benefit from learning more about the Mountain View/Rural Metro hybrid where Mountain View Fire District maintains some local control. Regarding the idea of consolidating with another fire district, the response was that while there may be opportunities to expand cost sharing or contracting agreements, but that full consolidation may not be preferred by the MLFD Board at this time. Overall, there is a sense of small town pride in what MLFD has been able to accomplish, the sacrifices their personnel have made due to a lack of revenues, and value in the personalized attention received from a small, independent fire district. Chief Ogden noted that if MLFD is unable to become more financially sustainable over the next 3 to 5 years, then perhaps the Board should explore both of these options.

Financial Aid to MLFD Since 2010

In 2010, the County purchased the MLFD fire station for $137,500 and simultaneously entered into a lease-purchase agreement whereby MLFD purchased the fire station back over several years. The County's purchase was funded by the Board Contingency Fund. MLFD has fully repaid this debt and has received title back to the fire station.

In 2011, the County received a Homeland Security Grant called Tucson Urban Area Security Initiative Rural Fire District Capabilities and distributed $46,000 in grant funding to the MLFD for personnel equipment.

Since 2013, Pima County has been funding the operations and maintenance costs for MLFD's PCWIN radios at cost of $11,316 from the General Fund. The Board agreed to this subsidy because of the uniqueness of the MLFD service area in comparison to its small tax base, and

the importance of having this area of the County included in the regional communications network.

Recommendations

Pima County has assisted the MLFD in the past because of their unique situation. Mt. Lemmon and the surrounding National Forest is a popular recreation area enjoyed by many Pima County residents as well as visitors. Although unknown to many of these residents and visitors, MLFD is the first responder above mile post 10.5 of the Catalina Highway. It is these residents and visitors that are the primary users of the MLFD services, not the few residents and business that pay property taxes to the Fire District. MLFD has also responsibly paid back a previous County loan arrangement, and is in need of additional consistent revenue sources as opposed to one-time cash or loan contributions. Because of this, please consider the following recommendations:

1. Enter into a custom subscription agreement with the MLFD for fire protection and emergency medical services provided for County facilities and communications equipment, based on the what private property owners would pay for service within and outside of the district, which is approximately $11,000. This would be similar to the voluntary contributions Pima County currently makes to the City of Tucson's Business Improvement District for services provided to County-owned facilities in downtown Tucson.
2. Designate County personnel that can assist MLFD within the next year in identifying and pursuing additional subscribers, reviewing the subscription rate and methodology, reviewing the taxing district boundary, approaching the Forest Service about possible revenue contributions similar to the Sheriff patrol reimbursement contract, and identifying and applying for grants.
3. Encourage MLFD to explore other cost sharing arrangements with Golder Ranch Fire District.

Encourage MLFD to submit an annual list of equipment and vehicle needs in case the County or other partner agencies have surplus equipment available.

Attachment

NF/dr

c: The Honorable Bill Staples, Pima County Assessor
Jan Lesher, Deputy County Administrator for Medical and Community Services
Tom Burke, Deputy County Administrator for Administration
Jeff Guthrie, Director, Emergency Management and Homeland Security
Keith Dommer, Director, Finance and Risk Management
Lon Berg, Deputy Director, Pima County Assessor's Office
Bill Boren, Senior Property Appraiser, Pima County Assessor's Office
Courtney Bear, Operations Manager, Emergency Management and Homeland Security
Simran Singh, Intern, Emergency Management and Homeland Security

MEMORANDUM

Date: September 8, 2016

To: Nicole Fyffe
Executive Assistant to the
County Administrator

From: C.H. Huckelberry
County Administrator

Re: **Tax Base Research Regarding the Mount Lemmon Fire District**

Please review the attached August 7, 2016 letter from the Mount Lemmon Fire District (MLFD) regarding possible financial assistance from the County to ensure sustainability.

Please perform some analysis regarding the MLFD tax base. The letter indicates the tax base has decreased by 4.7 percent this year. It is appropriate to review the tax base before and after the Aspen Fire; how many homes and businesses have been rebuilt in the area; what are their pre-fire and post-fire assessed values, individually, and in the aggregate. Can we, at any reasonable time, forecast if the tax base of the MLFD will approach and/or exceed the pre-fire taxable value?

Please coordinate your analysis with Emergency Management and Homeland Security Director Jeff Guthrie, as he has reviewed a number of the issues raised and may be able to provide input on the analysis and explore options that could be utilized by MLFD to stabilize their financial condition.

Another subject I would like you to investigate is whether the MLFD should receive any portion of the payment for the cost of transporting individuals who sustain injuries while recreating in the national forest or in a traffic collision on Mount Lemmon Highway. It would appear that the MLFD paramedics are called on to assist victims but do not receive any compensation for these services. The compensation goes entirely to Southwest Ambulance and/or Rural Metro in their transport cost associated of the individuals who have been injured. Perhaps a cost-sharing agreement should be entered into such that MLFD paramedics receive some portion for their services in treatment and stabilization prior to transport.

While this problem is unique to MLFD, I do not believe it is unique in Arizona as there are a number of fire districts or agencies throughout the State that operate in the urban interface with the national forest. Perhaps we should ask for a survey of other counties and determine if they have similar circumstances with fire districts within their county. I would be particularly interested in how each national forest units throughout Arizona deal with the issue of financial support and/or contract payments to fire agencies that might provide service to county residents who travel through, or are surrounded by, national forests. Some

of the reimbursement agreements referenced in the letter seem inequitable to the local fire district, perhaps we should seek renegotiation of these conditions through the assistance of our Congressional Delegation.

Please feel free to request additional information or clarification, if necessary, from MLFD Chief Randy Ogden.

CHH/anc

Attachment

c: Randy Ogden, Fire Chief, Mount Lemmon Fire District
Jan Lesher, Deputy County Administrator for Community and Health Services
Jeff Guthrie, Director, Office of Emergency Management and Homeland Security

August 7, 2016

Mr. Chuck Huckelberry
Pima County Administrator
130 W Congress
Tucson, AZ 85701-1317

Ref: Financial Sustainability Mt. Lemmon Fire District

Dear Mr. Huckelberry;

This letter is in response to your communication with Bill Staples and Jeff Guthrie. I am planning to retire at the end of December. I am researching options that will allow for the Mt. Lemmon Fire District to maintain financial sustainability and continue providing professional fire and emergency medical services to Pima County residents that visit the 'Mountain'. Mt. Lemmon is often referred to as Tucson's backyard.

Mt Lemmon Fire District (MLFD) provides fire (structural and wildland) and emergency medical services (advanced Life Support) to the Village of Summerhaven and the surrounding area. USFS estimates 1.5 million visitors to Mt. Lemmon each year. The Mt. Lemmon Fire District services 12.5 square miles including:

- Catalina Highway (General Hitchcock)
- US Forest
- University of Arizona Sky Center
- Radio Ridge
- Bigalow Towers
- Ski Valley
- Rose Canyon Lake
- Willow Canyon
- Boy Scout & Girl Scout Camps
- Windy Point
- Lemmon Rock Lookout

The closest fire and/or EMS provider is 60-90 minutes away. The trauma center is 90 minutes by ground. The closest U.S.F.S. fire support is stationed at Sabino Canyon. U.S.F.S. does not staff fire response engines after five p.m. and currently is not staffing a fire engine on weekends.

The fire District is funded primarily through secondary property tax - paid exclusively by the residents of Summerhaven. MLFD receives no financial support from either the University of Arizona or the U.S. Forest Service. MLFD receives payment for fire suppression activities on working fires within the fire district on U.S.F.S. land after the first hour of firefighting. The majority of MLFD fire responses on the U.S.F.S land are investigating fires, unattended campfires and lightning strikes. Most are handled within the first hour and eliminate the need for U.S.F.S responses.

MLFD is experiencing a consistent decrease in tax revenues. This year we are starting the year with a 4.7% decrease in available tax support. MLFD has finished the past 5 years with a balanced budget. Six years prior, the Fire District was several hundred thousand dollars in debt. The district made a change in management six years ago resulting in the Mt. Lemmon Fire District repaying all of our debts. Currently the District is debt free.

The Fire District has been forgoing station improvements and postponing the purchase of special equipment and apparatus to meet fiscal obligations. We can no longer defer station improvements. We are fortunate that we have been able to maintain our current apparatus adequately.

Options for financial sustainability:

- Obtain an Arizona Ambulance Certificate (CON)- this option has been explored but is too costly. This CON would allow for MLFD to charge for ambulance services and transportation and would qualify for payment from insurance carriers. This solution would require the hiring of additional staff and purchase an additional ambulance. MLFD currently only transports patients to rendezvous with Southwest Ambulance or an emergency medical helicopter for transport to a hospital or trauma center. Southwest Ambulance has the current Certificate of Necessity (CON) from the Arizona Department of Health Services to provide transport.
- Charge United States Forest Service for fire and EMS protection. Currently MLFD responds to all reports of fire/smoke within above mile post 10.5. This is private, leased and forest service land. MLFD also responds to and treats all EMS/rescue requests. It would be worth exploring what the 'reasonable expectation' is for emergency services on USFS land. There are a number of organized camp grounds including; Boy Scouts of America, Girl Scouts, Camp Zion, Baptist Camp, Rose Canyon, Spencer Canyon, White Tail. MLFD currently provides all emergency medical and rescue services to the facilities.
- Charge Pima County for emergency responses on the Catalina Highway.

- Charge the companies/agencies that are serviced by the broadcast/transmit facilities on Mt. Bigalow and Radio Ridge. Currently the facilities are provided fire and EMS protection by MLFD. The property is owned by the U.S.F.S.

  The equipment is utilized by the majority of television stations, radio stations and public safety organizations within Pima County. It is estimated that several million dollars of communications equipment is located at Mt. Bigalow, Radio Ridge and FAA Loop.

  The facilities are considered to be an essential element of the emergency communications system for all of Pima County and the City of Tucson. Damage to the facilities would be catastrophic to federal, state and county and city emergency public safety services. The majority of local television and radio stations broadcast from the facilities.
- Consider changing the fire district response model. This option would require reducing the fire district's boundaries to reflect serving only the area directly surrounding the Village of Summerhaven.

  This scenario will place additional stress on the emergency response capabilities of the Pima County Sheriff Department. This change would also greatly compromise the safety of visitors to the mountain. Re-districting will also have a marked effect on the USFS protection. The impact on the insurability of leased properties outside of the new MLFD district boundaries would be questionable.

- Consider having Pima County take ownership and maintain the MLFD fire station and associated facilities.

Thank you for your attention in this matter and I would appreciate any thoughts and support that you could provide. As always, I am available to answer any questions or provide additional information.

Respectfully,

Randy Ogden
Fire Chief

Cc BFord
BStaples
JGuthrie

Other Arizona Fire Districts that Serve a Large Visitor Population to Public Recreation Areas

- Receive significant financial assistance from an incorporated town (Tusayan FD)
- Agreements or consolidation with other Fire Districts, increasing the tax base and reducing administrative and other costs (Central AZ FD and Alpine/Nutrioso FD)
- Consistently apply for and receiving grant assistance (Greer FD)
- Have a Certificate of Necessity (CON) (Pine/Strawberry FD)
- Seeking voter approval for increase to max tax rate of $3.50 per $100 of taxable value (Pine/Strawberry FD)
- Seeking from County a share of PILT funds (Alpine FD)

Tusayan Fire District
Budget FY15/16: $744,523
Calls per year: Approximately 700
Employees: 4 full-time, 2 part-time, plus volunteers

Greg Brush, Chief, via email and phone:

We definitely have some similar challenges. I've been through Mt. Lemmon and Summerhaven a bit. We also have a large visitor impact, ours runs about 4.2 million visitors a year (1 million vehicles for Grand Canyon). We are just outside the gate for Grand Canyon, we are about 80 miles from the nearest hospital. Currently, we have over 1,100 guest rooms in our district.

We don't receive any substantial budget assistance from the National Forest or the Grand Canyon Airport. In the event of a wildland fire, we are part of the state lands dispatching (and do receive reimbursement for that). If a fire is in the Forest Service boundaries, they are extremely efficient in taking care of their fires (with minimal support from us); that cost for us is negligible.

However, we're extremely fortunate to receive payroll assistance from the Town of Tusayan ($325,000 for FY2016). Even though we're a district with distinct boundaries form the town, they've provided financial assistance for the last several years. Before the monies were available, it was only a few fulltime firefighters with some volunteer assistance.

Our ambulance/rescue situation is similar to theirs. Guardian (Flagstaff Medical Center) has an ALS ambulance and staff parked here at TFD on 48 hour shifts. If somebody is transported by Guardian or TFD, we usually trade off the patient halfway to Flagstaff. In those events, TFD is unable to collect for transportation either.

Frankly, we would be unable to operate if it wasn't for the support of the town. I'm assuming (since Summerhaven isn't an incorporated town), that's probably not an option beyond what taxes the locals are already providing(?). I went to their webpage and saw the board isn't in favor of seeking any tax increases. The only other option I can think of is outsourcing a wildland fire apparatus/crew to generate monies.

Chief Brush further explained last year they received about $325,000 in assistance from the Town for personnel and plan to apply for FEMA Assistance for Firefighters grant in November for equipment funding.

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Budget FY16/17: $760,000
Calls per year: 71
Employees: 6 full-time, 5 reserve, plus volunteers

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Budget FY16/17: $386,840
Calls per year:
Employees:

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Budget FY16/17: $24.5 million ($5.4 million Chino Valley + $19 million Central Yavapai)
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Arizona Fire District Association

John Flynn, Executive Director, stated that he had not heard of any counties sharing PILT funds (Payments in Lieu of Taxes from the Federal Government based on acres of National Forest and National Park land within a county that is property tax exempt) with fire districts, but a few have made the request unsuccessfully. Mr. Flynn's advice to MLFD was to approach a neighboring fire district (doesn't have to the contiguous) with a proposal to consolidate. He anticipates significant savings in administrative costs. He recommended contacting Chief Randy Karrer of Golder FD, who he says is also on the Arizona Fire District Association board. Contracting with Rural Metro, who already serves as the contractor for 4 small fire districts at the bottom of Mt. Lemmon Highway, is also worth exploring. Mr. Flynn thought MLFDs staffing level seemed about middle of the road.

Mt. Lemmon Fire District, Summary of Data

Overview

The MLDF property tax base has more than recovered from the Aspen Fire. Their tax revenues peaked in FY2011/12 and have dropped about 10 percent since then. The number of calls have dropped by 38 percent from 2012 to now, and their calls are down 60 percent since 2009. (What could be the reason for reduced call numbers?) Most of their calls are still from non-residents. It appears their calls are generally split equally between EMS and fire calls, which differs from many fire departments that typically see significantly more EMS calls than fire calls. (Why?) According to their budgets since FY2011/12, it appears they've kept the same number of firefighters. The greatest area of increased expenses has been for employee benefits (health insurance etc.). The greatest area of decreased expenses has been in debt service, with $96,000 less in debt service expenses since paying off three loans.

Property Tax Base and Tax Revenue History

The Aspen Fire in 2003 destroyed approximately 324 structures and reduced the MLFD property tax base to a taxable value from $7.4 million to $4.5 million. However, the tax base had fully recovered four years after the fire, and reached a high of $16.8 million in FY2010/11. The taxable value has since experienced a gradual decline to $14.8 million for FY2016/17.

MLFD property tax revenues include both the MLFD levy and Fire District Assistance Tax revenue, the history of both of which have closely followed the changes in the property tax base. Property tax revenues hit a low of $186,000 in FY2004/05, reached a high of $645,000 in FY 2010/11, and have gradually declined to $577,000 for FY2016/17.

The number of individual parcels of property within the district has declined slightly from 910 parcels in 2003 to 872 parcels in 2016. The number of permits for new buildings has varied over the past six years from two to five permits.

Call History

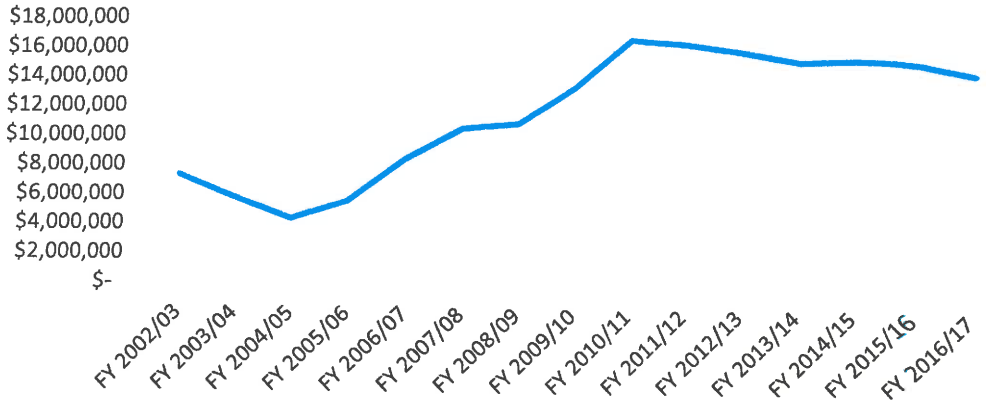
We reviewed call data for calendar years from 2008 through 2015. Calls peeked in 2009 at 246, dropped to 168 in 2010, stayed somewhat steady through 2013 and then dropped again in 2014 and 2015 to 98 calls for 2015. Since 2009, calls are down 60 percent. If we just look at the period of time after property tax revenues for MLFD began to decrease (after FY2011/12), calls have dropped 38 percent.
The far majority of calls continue to come from non-residents. Types of calls are generally split equally between EMS and fire.

Budget History, Including Expenditures on Staffing and Debt

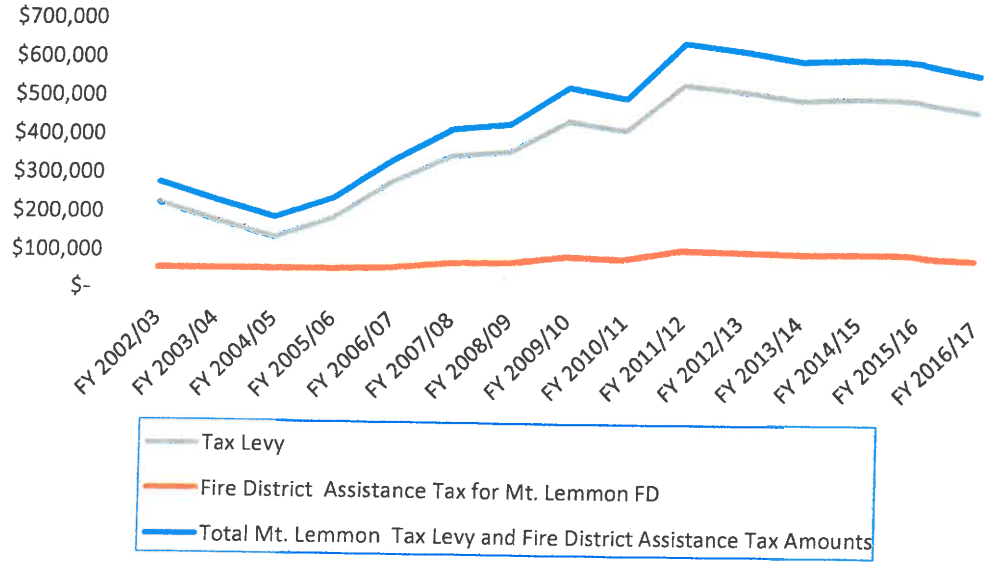
We reviewed the MLFD budgets for fiscal years 2011/12 through 2016/17. Salaries have barely increased – one minor increase for all 8 employees in FY2015/16 and increases for two employees in FY2016/17. Greatest increase has been in payroll expenses (retirement, worker's compensation and medical). The greatest decrease in expenditures has been for debt service for three loans. Through FY2014, MLFD was paying $40,000 a year on a general loan. Through FY2015, MLFD was paying approximately $34,000 to the County for lease-purchase of the fire station. And through FY2017, MLFD was paying approximately $22,000 annually for the two water trucks. Combined, eliminating these debts has saved the MLFD $96,000 a year.

MLFD continues to rely almost exclusively on property taxes, will very little other revenues.

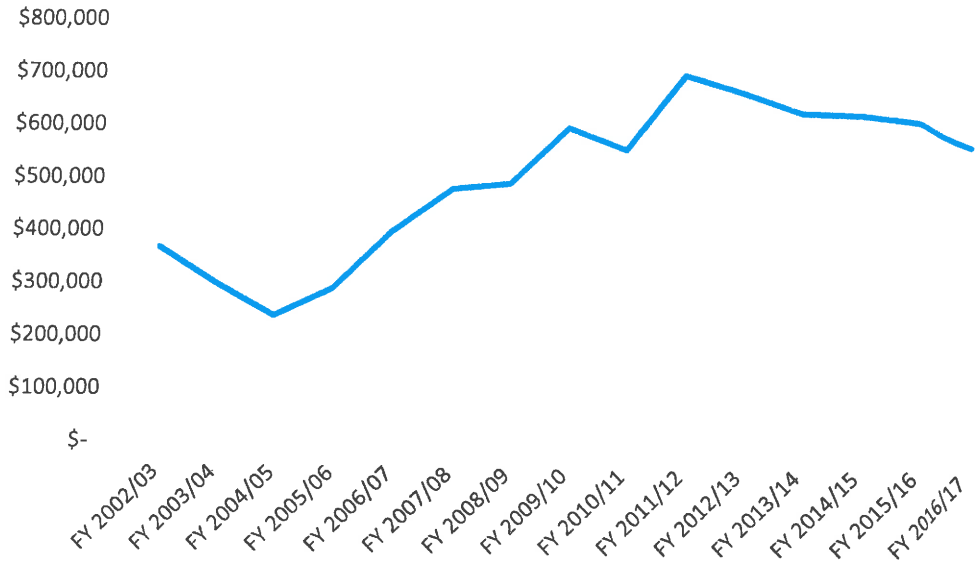
Mt. Lemmon Fire District Taxable Net Assessed Value



Mt Lemmon Fire District Tax Levy & FD Assistance

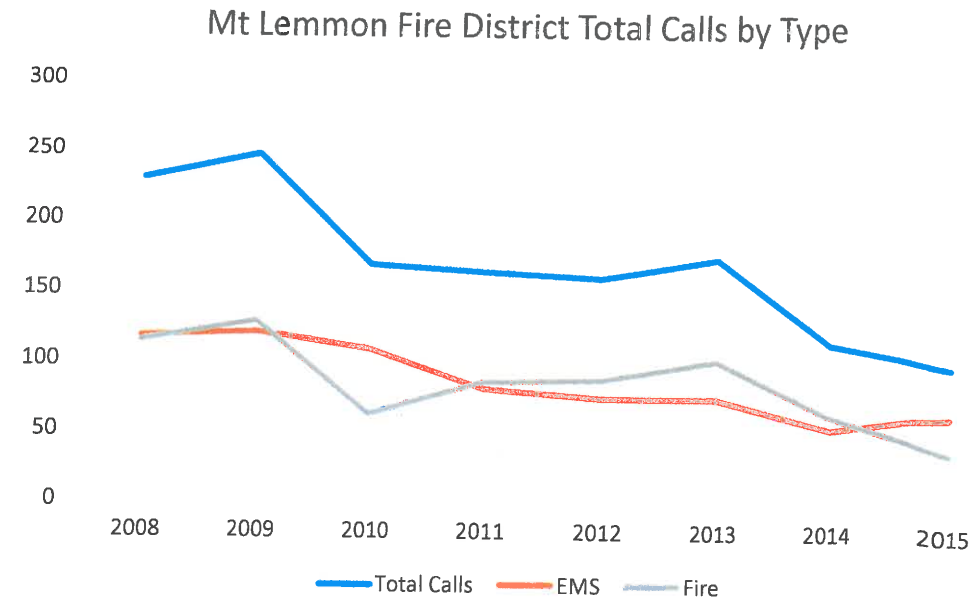


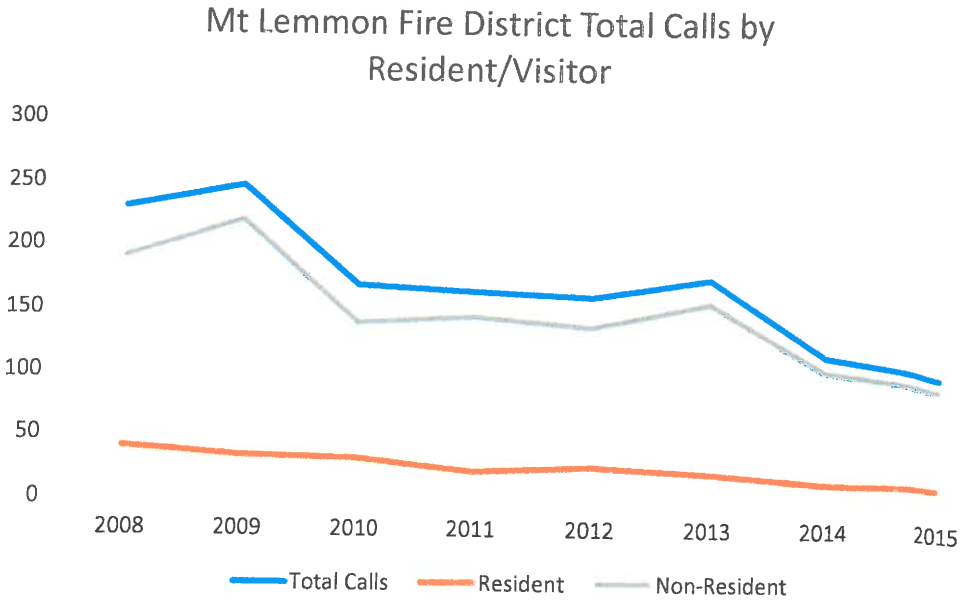
Total Mt. Lemmon Tax Levy and Fire District Assistance Tax Amounts Adjusted for Inflation

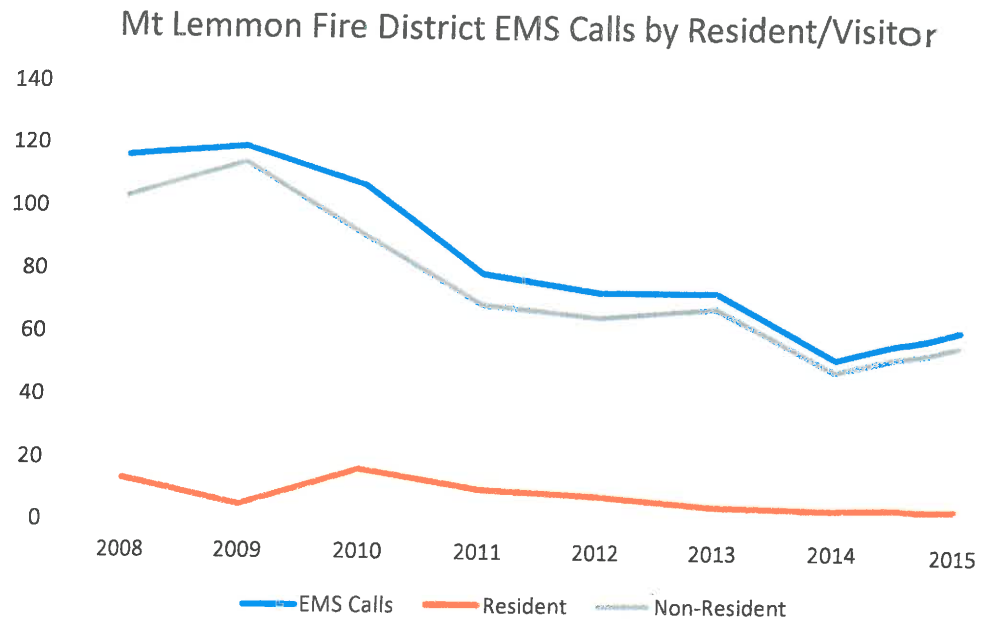


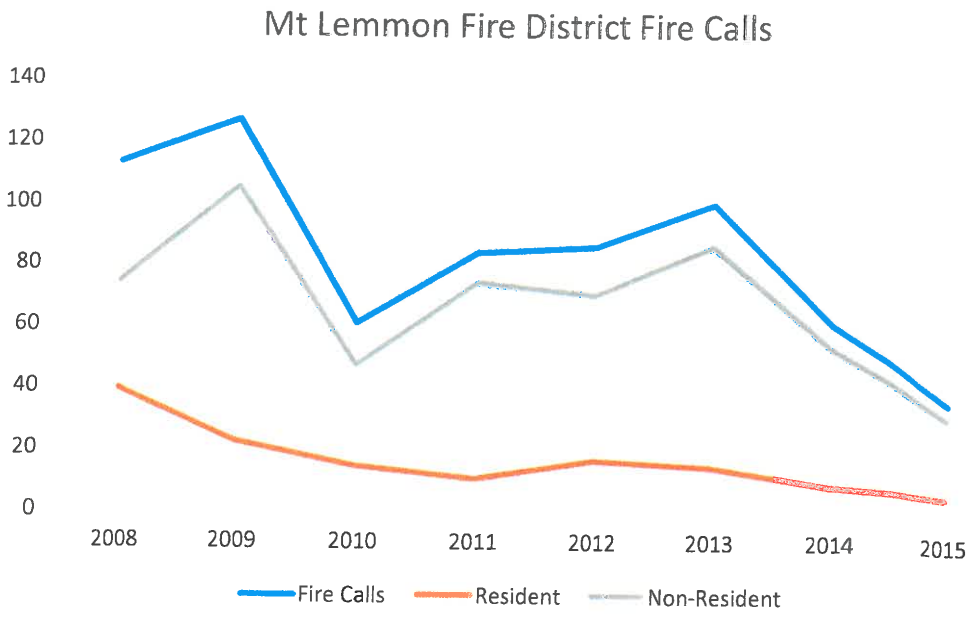
Mt. Lemmon Fire District Property Tax Levies and Rates

Fiscal Year	Taxable NAV	Tax Rate	Tax Levy	Fire District Assistance Tax for Mt. Lemmon FD	Total Mt. Lemmon Tax Levy and Fire District Assistance Tax Amounts
FY 2002/03	$ 7,356,834	$ 3.0000	$ 220,704	$ 52,592	$ 273,296
FY 2003/04	$ 5,834,616	$ 3.0000	$ 175,038	$ 52,592	$ 227,630
FY 2004/05	$ 4,453,482	$ 3.0000	$ 133,605	$ 52,592	$ 186,197
FY 2005/06	$ 5,656,473	$ 3.2500	$ 183,836	$ 52,592	$ 236,428
FY 2006/07	$ 8,584,567	$ 3.2500	$ 279,000	$ 55,800	$ 334,800
FY 2007/08	$ 10,686,876	$ 3.2500	$ 347,323	$ 69,465	$ 416,788
FY 2008/09	$ 11,067,365	$ 3.2500	$ 359,689	$ 71,938	$ 431,627
FY 2009/10	$ 13,536,599	$ 3.2500	$ 439,939	$ 87,988	$ 527,927
FY 2010/11	$ 16,826,537	$ 2.4796	$ 417,230	$ 83,446	$ 500,676
FY 2011/12	$ 16,530,689	$ 3.2500	$ 537,248	$ 107,450	$ 644,698
FY 2012/13	$ 16,036,331	$ 3.2500	$ 521,180	$ 104,236	$ 625,416
FY 2013/14	$ 15,386,627	$ 3.2500	$ 500,065	$ 100,013	$ 600,078
FY 2014/15	$ 15,535,923	$ 3.2500	$ 504,917	$ 100,983	$ 605,900
FY 2015/16	$ 15,471,325	$ 3.2500	$ 502,818	$ 100,564	$ 603,382
FY 2016/17	$ 14,805,997	$ 3.2500	$ 481,195	$ 96,239	$ 577,434


Mt Lemmon Fire District Total Calls by Type
300
250
200
150
100
50
0
2008
2009
2010
2011
2012
2013
2014
2015
Total Calls
EMS
Fire


Mt Lemmon Fire District Total Calls by Resident/Visitor
300
250
200
150
100
50
0
2008
2009
2010
2011
2012
2013
2014
2015
Total Calls
Resident
Non-Resident


Mt Lemmon Fire District EMS Calls by Resident/Visitor
140
120
100
80
60
40
20
0
2008
2009
2010
2011
2012
2013
2014
2015
EMS Calls
Resident
Non-Resident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140
120
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2008
2009
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2011
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Fire Calls
Resident
Non-Resident

MLFD Call Data

2008					
Total Calls	229	EMS Calls	116	Fire Calls	113
Resident	39	Resident	13	Resident	39
Non-Resident	190	Non-Resident	103	Non-Resident	74
2009					
Total Calls	246	EMS Calls	119	Fire Calls	127
Resident	32	Resident	5	Resident	22
Non-Resident	219	Non-Resident	114	Non-Resident	105
2010					
Total Calls	168	EMS Calls	107	Fire Calls	61
Resident	30	Resident	16	Resident	14
Non-Resident	138	Non-Resident	91	Non-Resident	47
2011					
Total Calls	163	EMS Calls	79	Fire Calls	84
Resident	20	Resident	10	Resident	10
Non-Resident	143	Non-Resident	69	Non-Resident	74
2012					
Total Calls	159	EMS Calls	73	Fire Calls	86
Resident	24	Resident	8	Resident	16
Non-Resident	135	Non-Resident	65	Non-Resident	70
2013					
Total Calls	173	EMS Calls	73	Fire Calls	100
Resident	19	Resident	5	Resident	14
Non-Resident	154	Non-Resident	68	Non-Resident	86
2014					
Total Calls	113	EMS Calls	52	Fire Calls	61
Resident	12	Resident	4	Resident	8
Non-Resident	101	Non-Resident	48	Non-Resident	53
2015					
Total Calls	98	EMS Calls	62	Fire Calls	36
Resident	10	Resident	5	Resident	5
Non-Resident	88	Non-Resident	57	Non-Resident	31
2016 (through 9/15)					
Total Calls	85	EMS Calls	37	Fire Calls	48
Resident	7	Resident	3	Resident	4
Non-Resident	78	Non-Resident	34	Non-Resident	44

MLFD Budgets
Expenses

Fiscal Year	Total expenses	# Employees*	Salary & Wages	Payroll Expenses	Other Employee Expenses	Operations	Admin	Professional Services	Other**	Debt Payments***
2011/12	$ 660,847	8	$ 387,645	$ 72,300	$ 4,890	$ 83,513	$ 5,667	$ 12,996	$ 26,880	$ 76,324
2012/13	$ 641,976	8	$ 377,213	$ 82,893	$ 6,500	$ 55,190	$ 1,350	$ 5,000	$ 40,231	$ 73,599
2013/14	$ 622,378	8	$ 377,213	$ 90,981	$ 1,000	$ 51,771	$ 1,150	$ 4,000	$ 25,163	$ 73,600
2014/15	$ 615,960	8	$ 378,413	$ 104,207	$ 7,000	$ 61,640	$ 1,650	$ 5,500	$ 23,510	$ 34,040
2015/16	$ 614,182	8	$ 385,566	$ 102,140	$ 3,100	$ 59,520	$ 3,464	$ 8,500	$ 47,347	$ -
2016/17	$ 594,894	8	$ 394,303	$ 109,000	$ 3,500	$ 70,100	$ 3,291	$ 11,500	$ 3,200	

*Chief, 6 firefighters and Admin Manager. Excludes call in firefighter listed for 12 & 13
**Included $22,000 tanker truck payment until 2017.
***Debt payments included $40,000 annually until thru 2014 for general loan, $34,000 annually thru 2015 for County loan on Firestation

Other Arizona Fire Districts that Serve a Large Visitor Population to Public Recreation Areas

- Receive significant financial assistance from an incorporated town (Tusayan FD)
- Agreements or consolidation with other Fire Districts, increasing the tax base and reducing administrative and other costs (Central AZ FD and Alpine/Nutrioso FD)
- Consistently apply for and receiving grant assistance (Greer FD)
- Have a Certificate of Necessity (CON) (Pine/Strawberry FD)
- Seeking voter approval for increase to max tax rate of $3.50 per $100 of taxable value (Pine/Strawberry FD)
- Seeking from County a share of PILT funds (Alpine FD)

Tusayan Fire District
Budget FY15/16: $10,263,053
Calls per year: Approximately 700
Employees: 4 full-time, 2 part-time, plus volunteers

Greg Brush, Chief, via email and phone:

We definitely have some similar challenges. I've been through Mt. Lemmon and Summerhaven a bit. We also have a large visitor impact, ours runs about 4.2 million visitors a year (1 million vehicles for Grand Canyon). We are just outside the gate for Grand Canyon, we are about 80 miles from the nearest hospital. Currently, we have over 1,100 guest rooms in our district.

We don't receive any substantial budget assistance from the National Forest or the Grand Canyon Airport. In the event of a wildland fire, we are part of the state lands dispatching (and do receive reimbursement for that). If a fire is in the Forest Service boundaries, they are extremely efficient in taking care of their fires (with minimal support from us); that cost for us is negligible.

However, we're extremely fortunate to receive payroll assistance from the Town of Tusayan. Even though we're a district with distinct boundaries form the town, they've provided financial assistance for the last several years. Before the monies were available, it was only a few fulltime firefighters with some volunteer assistance.

Our ambulance/rescue situation is similar to theirs. Guardian (Flagstaff Medical Center) has an ALS ambulance and staff parked here at TFD on 48 hour shifts. If somebody is transported by Guardian or TFD, we usually trade off the patient halfway to Flagstaff. In those events, TFD is unable to collect for transportation either.

Frankly, we would be unable to operate if it wasn't for the support of the town. I'm assuming (since Summerhaven isn't an incorporated town), that's probably not an option beyond what taxes the locals are already providing(?). I went to their webpage and saw the board isn't in favor of seeking any tax increases. The only other option I can think of is outsourcing a wildland fire apparatus/crew to generate monies.

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We do not have agreements with other agencies for reimbursement (County, State or Federal) unless it becomes a declaration of disaster by the jurisdictional entity. We do have intergovernmental agreements with State Forestry for leasing use of our buildings (administrative offices) and housing emergency vehicles at some of our stations in exchange for monetary payments and reduced leases for land that our stations sit on (100-year lease for $1). We definitely see an increase in call volume and population during the summer months due to tourism in the area, but it is nothing comparative to what is experienced by your District.

Arizona Fire District Association

John Flynn, Executive Director, stated that he had not heard of any counties sharing PILT funds (Payments in Lieu of Taxes from the Federal Government based on acres of National Forest and National Park land within a county that is property tax exempt) with fire districts, but a few have made the request unsuccessfully. Mr. Flynn's advice to MLFD was to approach a neighboring fire district (doesn't have to the contiguous) with a proposal to consolidate. He anticipates significant savings in administrative costs. He recommended contacting Chief Randy Karrer of Golder FD, who he says is also on the Arizona Fire District Association board. Contracting with Rural Metro, who already serves as the contractor for 4 small fire districts at the bottom of Mt. Lemmon Highway, is also worth exploring. Mr. Flynn thought MLFDs staffing level seemed about middle of the road.