

PINE-STRAWBERRY FIRE DISTRICT

General Election



November 8, 2016

VOTER BALLOT MEASURE PAMPHLET

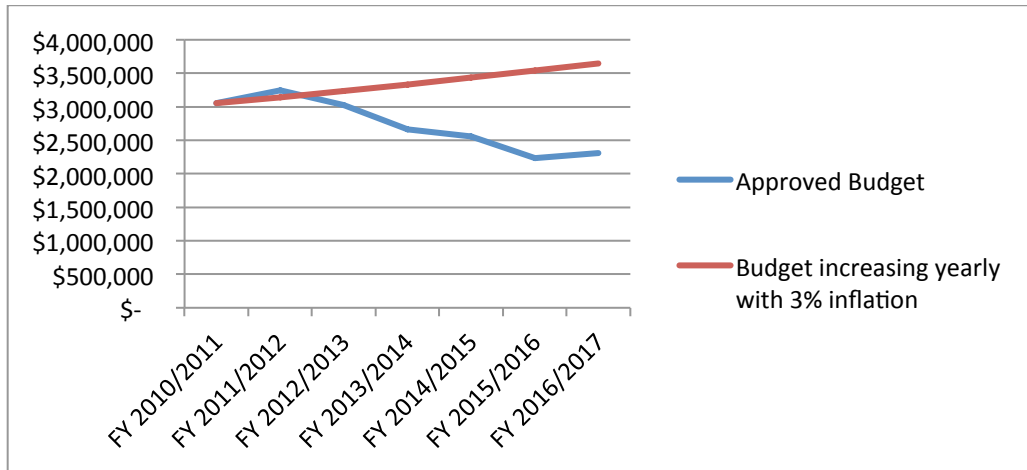
Message from the Fire Chief

The purpose of this information pamphlet is to let you know that the recession, which started in 2009, created a serious funding crisis for the Fire District which continues today. I also want tell you how the Pine-Strawberry Fire District delivers emergency services to you and your family and how the recession has forced the Fire District to reduce services to you. And thirdly, I want to provide an overview of a proposed ballot measure that will be placed on the November 8th General Election which will help restore lost fire district emergency services.

The recession severely hurt fire districts across Arizona. Some lost as much as 46 percent of their funding. This created both a funding and a public safety crisis as fire districts eliminated firefighter paramedic positions and closed fire stations. The Pine-Strawberry Fire District *lost 30 percent* of its funding. This amounted to a **one million dollar loss** which had a severe and negative impact on the Fire District and we also lost firefighter/paramedics.

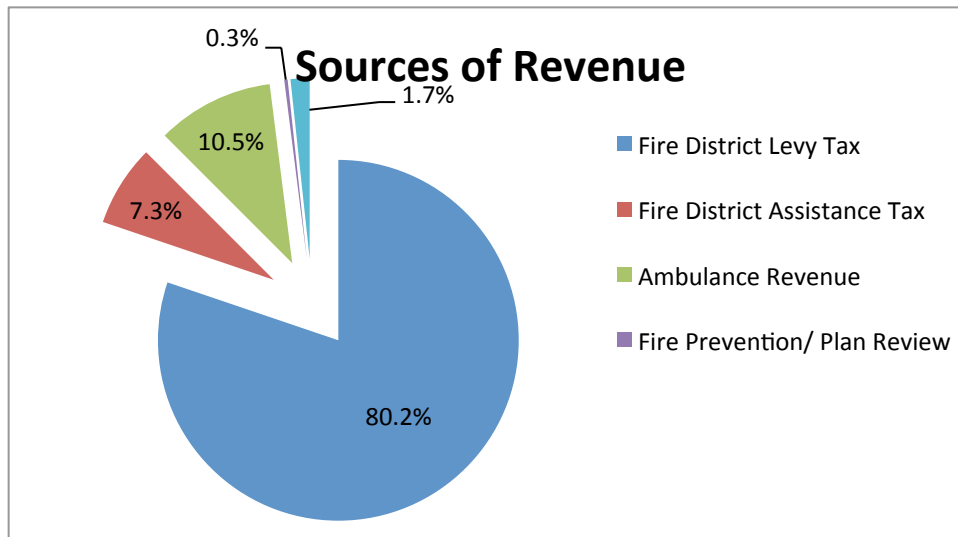
In addition to this \$1 million loss, the other contributing factor to the funding crisis is the State legislature sets the tax levy rate *which has not been adjusted since 2005*. However, this past spring the legislature recognized the funding and public safety crisis was real and passed a Bill which will allow fire district voters to approve a modest levy rate increase. If voters approve the measure, it will put the Pine Strawberry Fire District on a course of restoring lost services. If you have any questions regarding the Fire District or the ballot measure, please feel free to call me at 928-476-4272.

Decline in Funding



The above chart illustrates the nearly \$1 million decline in the Fire Districts budget since 2010. The upward bump in 2012 was only a result of a one-time grant award of \$240,000 from the federal government to purchase self contained breathing apparatus to replace out of dated units. The straight red bar reflects where the budget would be today had the yearly growth of revenues continued without the recession. This would have provided \$1,400,000 additional funds for this year's budget.

Pine-Strawberry Budget – Sources of Revenue



The chart above reflects the Fire District sources of revenue and illustrates the Fire Districts large reliance on the fire district tax levy for funding the Pine Strawberry Fire District.

Pine-Strawberry Budget – Sources of Revenue

2016/2017 Budget Year **Total Budget = \$2,308,798**

Fire District Levy Tax	80.2 percent
Fire Department Assistance Tax	7.3 percent
Ambulance Transport Fees	10.5 percent
Fire Prevention/Plan Review Fees	0.3 percent
Income for Reserve Account	1.7 percent

The Pine-Strawberry Fire District; Providing Life Saving Services to You

The Pine-Strawberry Fire District provides both fire protection and full paramedic services from two fire stations – one in Pine and a second in Strawberry. Utilizing two fire stations provides more rapid response times of about 4 minutes to both communities. This is considered a good response time in that survival from a heart attack that causes a cardiac arrest begins to decline very rapidly after 4 minutes following collapse. Two fire stations also allows a more rapid response times to fires as well as reducing homeowner’s insurance premium costs.

Each fire station has a fire pumper truck to fight fires and an ambulance to rapidly respond and transport patients experiencing medical emergencies. Other equipment includes a large “tanker” truck at each station which carries several thousand gallons of water each which is critical to fighting fires. There are relatively few fire hydrants in the two communities.

The Fire District also has a third ambulance vehicle in reserve status at the Strawberry station. It’s not uncommon for the Fire District to *experience three simultaneous medical emergencies* requiring patient transportation. In these situations, a recall of off-duty personnel is used to staff up the third ambulance and respond. The reserve ambulance is also used as a replacement vehicle should one of the “front line” ambulances have a mechanical problem.

Annually, the District responds to just over 700 emergencies. This averages about two emergency responses each day – so we’re fairly busy. For a medical event, it takes paramedics 2-3 hours for crews to respond, treat, and then transport the patient to the hospital and return the ambulance Fire District. Last year, 73.4 percent of the responses were for medical emergencies, some very life threatening. This large number of medical emergencies illustrates the importance of having paramedic capabilities and three ambulance vehicles to serve you.

Our current on duty staffing model is 3 firefighters at the Pine station and 2 firefighters at the Strawberry station. Of the five, at least two will be paramedics; one or more at each station. This staffing profile of 5 is reduced from the previous total of 6 on-duty firefighters due to the funding crisis. Prior to budget cuts, the Strawberry station was staffed with 3 firefighters.

The importance of adequate staffing levels is particular illustrated in a heart attack resulting in a cardiac arrest. One firefighter is required for chest compression, another to provided breathing ventilation. Next, a paramedic is needed to intubate the patient to improved ventilation and yet another paramedic is needed to start an intravenous line that will allow a paramedic to inject life saving medications. Another firefighter is then required to obtain a medical history, determine medications the patient is taking and start documenting a record of care followed by communicating with the based hospital physician. This totals five firefighter/paramedics at minimum to save the patient's life. Anything less slows critical care and reduces the patient's chances for survival.

The Recession Severely Hurt the Fire-District

As previously described the Pine-Strawberry Fire District lost 30.2 percent in revenues during the recent recession *amounting to one million dollar loss in revenues*. To survive this funding crisis, the Fire District has eliminated three full-time firefighter/paramedic positions and two part-time civilian positions. The new fire chief is working a reduced 32 hour work week as a means to save money and his hourly pay rate is below that of the previous fire chief.

In response to the funding crisis, and to save dollars, as well as extending every dollar, the Pine-Strawberry Fire District joined other fire districts in the region in creating a joint purchasing consortium which allowed reduced costs based on volume of purchases.

The Fire District also joined other fire districts in a regional dispatch system operated by the Payson Police and Fire Departments. Soon after this, the Gila County Sheriff's Office also moved their dispatch services to the same center. Having all the regions public safety emergency services under one roof at a combined dispatch center greatly enhances rapid response as well as backup-up of services.

The Fire District has also pursued any available grant that we may qualify for. While we've obtained some awards, the award amounts have been small.

Some savings were achieved in the above described efforts, but their amounts were below the inflationary costs which have been rising at a rate greater than any savings obtained.

Overtime for full-time firefighters was also substantially reduced. Only if a lower costing reserve firefighter is not available to fill a vacant shift due to vacation or sick day does the Fire District

schedule a full-time firefighter to fill the vacant position. While this policy reduces overtime costs the downside is it also puts a lesser trained reserve firefighter with less experience into the vacant shift.

Inflationary Cost Rising

Another factor delaying recovery is the inflationary cost of operating the Fire District is rising at a rate greater than revenues gained. The first uptick in revenues from the county after five years of decline occurred in July of 2015 when the Fire District received a small increase of only \$18,339 on a \$2.2 million budget; *but*, the increase in health insurance costs alone was \$28,814, leaving the Fire District to cut elsewhere – again!

The next increase occurred this past July when the Fire District received \$66,204 increase in revenue but the inflationary costs were \$74,178. The Fire District ended up with \$8,000 less to operate the fire district. What all this adds up to is the Fire District are being squeezed more and more by inflationary costs which the Fire District has little control of (fuel, health insurance, maintenance, etc.) - except to cut the budget. The Fire District is being slowly strangled.

Stalling the Recovery: State Statutes and Regulation

The problem that is preventing fire districts from a rapid recovery back to pre-2010 funding and service levels is State statutes and regulation. Local fire district fire boards of directors are prohibited from increasing the tax levy rate above \$3.25 of Limited Property Value assessment established by the State. The rate was set by legislative action in 2005 and has not changed in 11 years, and the statute did not include an inflationary formula which would likely have eliminated the funding and public safety crisis for fire districts. **Another way to look at the problem is Arizona fire districts have not had a pay raise in more than a decade.**

Arizona State Legislature Takes Action

In an effort to find a solution to the problem, the Arizona Fire District Association, took the crisis to the State legislature seeking relief. The legislature, in 2015, recognizing an evolving funding and public safety issue with fire districts, passed a Bill establishing a joint Senate and House special study committee titled the *“Joint Legislative Committee on Rural Area Fire Districts Funding and Taxation”*. Its purpose was to study the fire district crisis and bring a proposed bill to the 2016 legislature that would address the crisis. Starting in the fall of 2015 and into this past spring, the Committee heard testimony from many stakeholders and experts who described that the economic recession has had a severe negative impact on fire districts, some of which lost as much as 46 percent of their funding. They learned that more than 30 percent of the states fire districts had begun to eliminate firefighter paramedic positions and were closing of fire stations creating a serious public safety crisis. They also heard that the crisis

was growing, and with the new budget cycle starting in July of 2016, would see several more fire districts eliminating firefighter paramedic positions and closing fire stations (which has indeed happened). Financial experts testifying before the committee also projected that without a change in circumstances it could take an estimated 8 – 12 years for Arizona fire districts to recover back to *2010 funding and service levels*.

The Legislative Committee recognized that Arizona fire districts are truly in a funding crisis which was creating a real public safety crisis due to the closing of fire stations and the elimination of firefighter/paramedic positions.

It should be noted that a key stakeholder in the Committee hearings was the Arizona Tax Research Association (ATRA), whose goal is to reduce tax burdens on tax payers. *ATRA also rightly understood that the public safety crisis was real and expanding.* In talks with the Arizona Fire District Association, ATRA agreed not to oppose an adjustment in the fire district levy rate to \$3.50 per \$100 of Limited Property Value assessment *as a temporary emergency stop gap measure* to stabilize the funding and public safety crisis.

This agreement allowed the successful passage of Senate Bill 1244 this past spring. Both the Arizona State Senate and the House of Representatives recognized the public safety crisis and easily passed the Bill by huge margins. Of the 90 votes cast, there were only 3 “No” votes and 2 Abstains.

The Pollack Report Confirmed Fire Districts are in Funding Crisis

As part of the Legislative Committee’s investigation, committee members also heard from the well recognized economic consulting firm, Elliott D. Pollack and Company, who conducted an analysis of the economic situation affecting Arizona fire districts. The firm has a pristine history of accurately predicting economic growth and retraction and has a renowned reputation for professionalism. Elliott Pollock is also highly respected by the Arizona State legislature. Pollack and Company provided an *independent, third party, and transparent professional report* on the crisis. The firm’s conclusions confirmed Arizona fire districts are suffering both a financial and public safety crisis due to the recession.

Your Homeowners Insurance Premium

The Insurance Services Office (ISO) is a national insurance organization that all insurance companies writing homeowner’s coverage relies on to evaluate all fire departments on their capabilities. The ISO considers staffing levels, age of vehicles, communications capability, training and a host of other criteria. In addition to this data collecting, the firm also makes an on-site site visit to individual fire departments to confirm resources and then publishes a rating. Insurance companies then use that rating to determine premium fees. The loss of recent

staffing for the Fire District, combined with the potential closing of the Strawberry fire station, will reduce our ISO rating with the next evaluation. That means homeowners will likely face a rise in premiums, particularly for Strawberry properties. Because each insurance company uses a different formula to determine premiums, it's uncertain what the increase may be other than they will rise. And it may be that the premium may be greater than the annual \$24 needed to restore fire district services.

What the Ballot Measure Is

The Senate Bill now allows the existing tax levy rate to be raised 25 cents from \$3.25 to \$3.50 per \$100 of Limited Property Value. The legislation requires fire district voters to approve the ballot measure. Additionally, the ballot could only be placed on the November 2016 or 2017 General Election ballots. Finally, if approved by the voters, the levy *increase is only temporary* for a period of five years after which the levy rate returns to the lower rate.

Based on the funding crisis facing the District, along with concerns for the community's safety and welfare, the Pine-Strawberry Fire District Fire Board of Directors unanimously passed a resolution to place a ballot measure on the November General Election for voters to consider adjusting the levy rate.

Where the Money Will - The Strawberry Fire Station Needs Replacement

The living quarters at the Strawberry fire station is a small 945 square foot building constructed in 1970 (46 years ago) as a family weekend cabin and needs to be replaced. It was not designed for the heavy use as a fire station and would not meet today's building code requirements. The Fire District purchased the building in February of 2002 and the fire station was officially opened later in the year.

Years of fighting termites throughout the building have left the sub-floor weak and unstable requiring a number of repairs. The roof is flat with questionable ability to support a substantial snow load. Roof leaks have created repeated mold issues in the interior. The station is not a pleasant or safe living environment for firefighters. The costs to repair the building are unreasonable and the proper correction is to replace the building with a properly designed building.

The Pine fire station, built in the mid-1970's, also needs some modest repairs. Additionally, the Fire Districts Administrative building also has some repair needs including a new roof.

Where the Money Goes - The Districts Aging Vehicle Fleet

The Pine-Strawberry Fire District vehicles are aging. This in turn is creating a concern about operational reliability and the District is suffering increasing vehicle maintenance and repair costs.

In the American fire service the generally accepted maximum *“front line” service life* of a fire pumper truck is 12 years before it is replaced with a new truck and then placed in *“reserve status”*. While in reserve status the vehicle is used to replace a broken pumper truck in order for the community to have continued fire protection. The fire pumper truck at the Pine station is 17 years old and needs to be replaced.



A new fire pumper truck designed for the fire protection needs Pine Strawberry communities will cost about \$610,000.

Additionally, the Fire District does not have a reserve fire pumper truck to move up when there is a mechanical failure of a front line pumper. This leaves whichever fire station which experiences the breakdown without a fire pumper truck This greatly reduces the Districts firefighting capability.

Ambulance vehicles have a much shorter front line life of 8 years due to high mileage in transporting patients before being assigned to reserve status. One of our three ambulances is 17 years old and clearly needs to be replaced in the very near future. With this age and mileage, ambulance vehicle reliability drops off rapidly and the risk of mechanical failure

increases. An old ambulance also creates a potential high risk event for a patient when an ambulance breaks down during transport to a hospital.



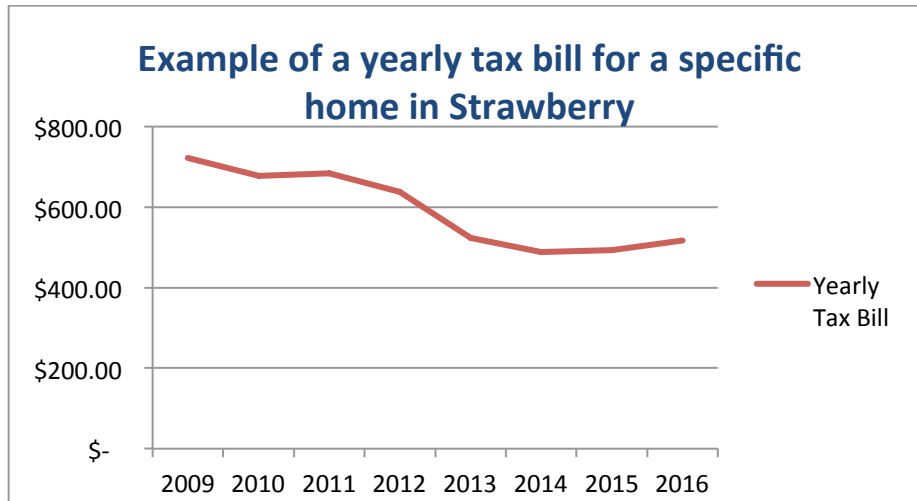
A new ambulance will cost about \$174,000.

The Economic Recession Resulted in Reduced Taxes to Property Owners

Starting in 2009, the housing market suffered a significant reduction in property values. This in turn also resulted in a substantial reduction in assessed values on Pine-Strawberry properties, which in turn, reduced fire district taxes. The figures below represent the actual reduction in fire district tax bills for a home in Strawberry.

2009	\$722.56	2013	\$523.51
2010	\$676.99	2014	\$487.75
2011	\$683.61	2015	\$492.83
2012	\$637.03	2016	\$517.50

A \$205.06 REDUCTION IN TAXES



The above chart reflects the drop in fire district taxes over the 8 year period and this property saw a **\$205.06 reduction** in their Fire District tax bill.

7 Cents a Day Will Begin to Restore Emergency Services

Should the ballot measure pass in November the additional cost to most property owners will be as low as 7 cents per day starting with their 2017 tax bill - or an estimated \$24 to the annual tax bill.

Advisory Group Supports a “Yes” Vote

This past August, the fire chief assembled a 5 member Advisory Group of local business and community leaders with a request to review the funding and public safety crisis of the Fire District. The purpose of creating this Group was to provide *a third party, independent, transparent and professional review of the Fire District situation*. The group was provided financial and budget records for review. The fire chief also provided a detailed overview of the Fire Districts emergency service operations and how the lack of funding from the recession has hurt the Fire District and reduced critical emergency services to the two communities. In the opinion of the Advisory Group, they agreed that the funding crisis was real, that the crisis has significantly reduced emergency services to the two communities, and that the ballot request was reasonable to stabilize the situation and Group supports a “Yes” vote on the ballot measure.

The Ballot Passes – Where the Money Will Go

The recently passed legislation limits the levy rate adjustment to five years at which time the rate returns to pre-2016 levels. Since this is a temporary measure, much of the revenue

generated, combined with some Fire District reserve funds, will go to capital expenditures listed below. This will relieve some money that can be directed to stabilizing staffing and a consideration for a cost of living adjustment for firefighters.

- Replace Strawberry Fire Station Living Quarters. \$182,000
- Modest Repairs and Upgrades to Pine Fire Station \$74,000
- Modest Repairs the Districts Administration Building \$14,000
- Garage to House Reserve Pumper and Other Vehicles. \$58,000
- 2017 Replace an Ambulance 422 \$174,000
- 2018 Replace a Fire Pumper Truck \$610,000
- 2019 Replace an Ambulance \$185,000
- 2020 Replace a Wildland Pumper Truck \$189,000
- Stabilizing On-Duty Staffing
- Consideration of a Cost of Leaving Increase

The Ballot Does Not Pass – More Budget Cuts

As previously described, the inflationary costs to operate the Fire District are rising at a rate greater than revenue received. The net result is the Fire District has been cutting its budget each year. If the measure is not approved in November the following additional cuts will eventually occur.

First is the closure of the Strawberry fire station. This will save enough money in utilities and maintenance expenses to cover operational costs for at least one year. This closure means fire units will be responding to an emergency from the Pine station into Strawberry. This means arrival on scene to an emergency in Strawberry will be 8 minutes or greater. A patient suffering a cardiac arrest will have a greatly reduced survival profile. An 8 minute plus response time to a reported structural fire means the fire most likely will expand to a point that the home, or any trapped victims, will be lost.

Conversely, if fire crews are on an emergency in Strawberry, there may not be a crew to available in Pine to respond to another emergency in the Pine community.

As mentioned above, both Pine and Strawberry property owners will also likely see an increase in the homeowner's insurance premiums. Strawberry property owners will see a greater

increase. Individual insurance companies use different formula's to calculate premiums and the premium could be greater than the \$24 tax increase property owners would have paid with the ballot approval.

Closing the Strawberry station will create some savings. However, if the inflationary costs continuing to increase at a rate greater the revenues gained the next step will be the elimination of additional firefighter/paramedic's positions. This will eventually reduce on-duty staffing to 4 firefighters, down from 6 on-duty firefighters years ago.

Fewer firefighter paramedics on-duty means fewer people to complete critical care needs during a serious emergency, particularly for a patient suffering a heart attack related cardiac arrest event. Fewer full-time employees also means only one or two firefighters remain in the communities for up to 3 hours when an ambulance is transporting a patient to the hospital. And when the District responds to two overlapping medical emergencies (which happens several times a month), the community is left without any firefighters to respond to other emergencies for a period of time.

Vote November 8th

Voting can be done by completing an early ballot you may have received or by going to the First Baptist Church in Pine, located at 4039 North Highway 87, on Election Day to place your vote.