

**January 5, 2022**

**Clem Shute, President  
Santa Cruz Valley Citizens Council  
P.O. Box 1501  
Tubac, AZ 85646**

**Dear Clem:**

**First of all, I want to thank you and the Santa Cruz Valley Citizens Council Executive Board for providing a forum for discussion of the Tubac Fire District plans for the replacement of District Station One in Tubac. It has been informative and useful. I also thank the citizens of the District for getting involved in these discussions and taking the time and making the effort to get informed. I believe the process has made it crystal clear that a new, modern, safe, secure and fully code- and standard-compliant station is not only needed, but overdue.**

**Even though the process to replace Station One began with a successful bond election in 2008, the current effort on this project started in 2019 when the Fire Board held public discussions in the fall. Subsequently, the Board authorized a committee to evaluate whether the existing Station One could be remodeled to meet District needs. This committee met virtually through the winter and spring of 2020 making their report to the Board in May of that year.**

**Almost a year later, in March of 2021, the Board considered the committee report and findings and voted to proceed with building a new station. In July, the Board was presented with a development plan from the architectural firm that has been assisting staff with this project. Chief Horvath, in presenting this development plan, cautioned that the dates were “soft” at this point, due to continuing COVID-related and budget uncertainties. Acquisition of a site for the new replacement station by the end of calendar year 2021 was discussed in the staff report and at the meeting. The development plan was approved. Prior to the vote one Board member commented correctly, in my view, that “financial considerations would not necessarily slow down our design process. (It would) be good to have design in our pocket and property that we own and then still have the flexibility to decide when to commit capital to build.” This is exactly how projects such as this are developed.**

**Based on that Board decision and direction, the Chief conducted discussions with landowners adjacent to the existing Station One, but could not arrive at offers that were realistic or comparable to nearby current land purchase prices. In the search for an affordable, appropriate location, the owners of the commercial property on the northeast corner of Bridge Road and the East Frontage Road were approached. Those negotiations bore fruit and a purchase agreement was prepared for Board consideration.**

**I was involved in some of the discussions for the land acquisition. I can report that I was and am thrilled with the deal for the corner property. It is a premiere site for a new replacement Station One. For emergency response, it could not be better. Infrastructure is in place not only for access, but also for sewer, which is a rarity in Tubac. Yes, it is a visible site, but isn't it preferable to have a fire station on that corner than a convenience store? The best part of the deal is the price, which I cannot divulge at this time due to the confidentiality of Board executive sessions. The price will be revealed upon acceptance of the deal, making it a public record.**

Regardless of whether we pursue building a new replacement station this year or next or five years from now, acquisition of this site now is the right decision, in my view. It's the right location, the right property attributes and the right price. The District simply will not go wrong in making this deal.

As to the next steps in this process after site acquisition, some things need to occur or are in process to help us get a clearer picture on the path forward:

1. Site specific project design work needs to occur. This will allow a tighter project scope and timeline to be developed. The Fire Station part of the project will be fully designed and costed with the Administration part of the project laid out separately. There needs to be an Admin function at this new site, but how large and to what extent has not been determined. The Board will need to decide that.
2. From a project funding perspective, the Board has heard a strong message from our finance team that balancing the District operating budget is a pre-condition to moving forward with a construction scenario incorporating savings and additional bond debt.

For the coming District budget cycle, the annual notification of Districtwide assessed valuation (AV) from the County Assessor is the beginning point. This happens in February but we may have an inkling a couple of weeks earlier.

The AV, which grows with construction and contracts with real estate value downturns, is used to develop the annual budget. The past budget cycle or two, we conservatively projected AV growth for the District, as has the Assessor. Clearly with all the building in our area, our eyes tell us that AV will continue to rise as those new home are completed and brought onto the tax rolls.

With the new AV figure, we will develop the budget for the next fiscal year and determine what, if any, increase in the primary tax rate would be needed to balance the operating budget.

It is important to know that this is something the Board heard from our finance team in July and again in November: that balancing our operating budget is critical to moving forward with Station One project construction.

We are positioned, depending on the anticipated growth of AV, and the care the District has taken in spending, to be able to balance our budget with a small rate increase. But we will not know until we get the new AV numbers in a few weeks.

The other factor that will become clearer with the new AV numbers is the impact to the taxpayers' current bond debt obligation. Led by the Chief and our finance team, the Board approved a refinancing effort in 2019 that saved District property owners about a half a million dollars on our current bond debt. An increase in AV as a result of new properties entering the tax rolls can further reduce that annual property tax obligation for each taxpayer.

3. There have been comments, rightfully so, about the loss of revenue the District experienced when the communications tower in Rio Rico was sold in early 2020. We

had been receiving a little under \$200,000 each year from leases, although this was expected to decline further due to business mergers among service providers.

Upon the sale of the cell tower and the loss of that annual lease revenue, Chief Horvath and our finance team began to look for ways to offset the reduction. They identified ambulance rates as being one avenue. The District ambulance rates had not been adjusted for years. The Board voted to authorize the increase and it went to the state for approval. The normal turnaround time for state approval has been significantly affected by the pandemic. We are still waiting for final approval, which is expected soon. The rate increase is anticipated to offset the cell tower revenue loss.

This past fall, the Board voted to delay a decision on site acquisition until January. That led to the public discussion regarding where the District has been and where it is going relative to a new replacement station in Tubac and a chance for District residents to see first-hand the inadequacies of the existing Station One.

This has been valuable for everyone. It has served to educate the public on Fire District financing in general and our Fire District finances in particular. It has, hopefully, led to an understanding that this Board has not acted rashly, irresponsibly, casually or impetuously when asked to make budget decisions. In fact, this discussion, to the attentive listener, should demonstrate how District staff and the Board have made decision after decision with an eye on the bottom line and how taxpayers will be affected. It has also given Board members an opportunity to hear from the public and have meaningful conversations about the future of the District.

But now we must turn back to the opportunity and the immediate decision facing us and that is acquisition of the site for the new replacement station. This is a deal the District cannot and should not pass up. To do so would be to act irresponsibly.

So let's move forward as a District together and take the next step toward replacing Station One.

Best regards,



Mary Dahl

Tubac Fire District Board Member