

Flood Control District FY2020 Budget Discussion

Key Points:

The Recommended FCD FY2020 Budget provides for \$1.08 million investment in forest restoration by investing:

- \$800,000 in restoration of Bill Williams Mtn,
- \$130,000 in one Air Curtain Burner, and
- \$150,000 in studies to document and quantify the post-wildfire flood risks associated with catastrophic wildfires on Mormon Mountain and the watersheds influencing Munds Park, Oak Creek Canyon and Sedona.

If the FCD tax rate is not reduced in FY2021, then there would be \$2.3 million available for the Board of Directors to invest in forest restoration in FY2021, which could include investments in both restoration of Bill Williams Mtn and Mormon Mtn.

The Recommended FCD FY2020 Budget results in:

A total tax levy of \$3.6 million, which equals a Tax Rate of **\$.228**

At this tax rate, the tax on \$300,000 Residential Property equals **\$68.40** per year or **\$5.70** per month

The Current FCD Tax Rate is \$.1808, which on a \$300,000 Residential Property equals \$4.52 per month, or \$54.24 per year

The tax increase is **\$1.18** per month or **\$14.16** per year

Overall, the total County property taxes have decreased 13.22% during the FY2017 – FY2020 period.

The Benefit/Risk Analysis is Clear:

- The impacts of wildfire and post-wildfire on individual property owners is devastating, and the risk posed by wildfire and post-wildfire flooding is now influencing property owner's ability to secure homeowner's insurance, which is a requirement of lending institutions. A recent article by the Pew Charitable Trust specifically discusses this issue. There are reports by individual property owners in the County that have been refused homeowner's insurance due to high fire

risk. One such example that has been documented was a rejection by American Family Insurance on a home in Kachina Village because of extreme fire risk. This person was able to secure homeowner's insurance from another firm but at a higher cost.

- Also, if a property owner loses a home to wildfire, then there are usually significant financial consequences due to losses exceeding the insurance coverage, which makes it difficult to rebuild or in some cases even re-purchase another home.
- Lastly, even if the homeowner has or secures flood insurance, flood insurance coverage is capped at \$250,000, which may not cover all losses of the home and possessions due to post-wildfire flooding.
- Thus, the taxpayer investment in forest restoration is far less than what the impacts can be on a property owner from increased insurance costs or inability to secure insurance.
- On a broader scale, the post-wildfire flooding impacts on the economy have been documented for both Williams and Flagstaff at up to \$700 million and \$1 billion respectively. And the total economic impact from the Schultz Fire and Floods was about \$150 million, which a significant part was the reduction in private property values.