



MEMORANDUM REPORT

Meeting Date: February 18, 2020

TO: Board of Commissioners of the Los Altos Hills County Fire District

FROM: Cori Vargas, Financial Consultant

SUBJECT: Los Altos Hills County Fire District FY2020/2021 Final Draft Budget

RECOMMENDATION:

Approve FY2020/2021 Final Draft Budget for submittal to Santa Clara County Office of Budget and Analysis.

BACKGROUND

At the January 21, 2020 Regular meeting, the LAHCFD Commissioners were presented with a first draft of the FY2020/2021 Budget and approved submission, with discussed changes as outlined below, to the Santa Clara County Office of Budget and Analysis (OBA) by February 14, 2020 (per the County deadline.) An updated Final Draft Budget is being presented to the Commission for discussion and approval at tonight’s meeting. Any further revisions from tonight’s meeting will be incorporated into the Final Draft Budget and submitted to OBA on February 19, 2020. The LAHCFD Commissioners will be presented with a resolution to adopt the FY2020/2021 Budget at the March 17, 2020 Regular meeting. Per OBA’s Budget timeline, the County will finalize their FY2020/2021 Budget by April 24, hold a Budget Workshop for discussion with the Board of Supervisors the week of May 11, and hold the Budget Hearing to adopt the Final County FY2020/2021 Budget the week of June 15.

A first draft of the FY2020/2021 Budget that was approved for submission by the Commissioners at the January 21, 2020 meeting was submitted to OBA with the following changes:

- 1) Updated revenue projections were provided by OBA in late January. “Property Tax – Current Secured” was increased from \$11,641,737 to \$11,653,067 and “Property Taxes – Current Unsecured” was increased from \$681,000 to \$695,000.
- 2) As discussed at the meeting, the 2020 annual contract increase with Santa Clara County Fire Department (SCCFD) had not been calculated in time for the first draft of the Budget. The final figures were provided by SCCFD in early February which lead to slight expense increases in “Contract Services – Central Fire District” (from \$5,123,776 to \$5,135,862) and “Contract Services – Battalion Chief” (from \$1,241,282 to \$1,244,220).

- 3) As discussed at the meeting, “Accounts Payable” was reduced by \$150,000 due to miscalculation and change of plans from leasing to purchase of a truck for transport of two CERT trailers and to replace the prior SUV vehicle used by the emergency services contract personnel. The truck will be recognized as an asset with an estimated purchase price of \$45,000 (less depreciation), changing “Investment in Capital Assets” for FY21 from \$1,960,027 to \$1,996,027.
- 4) The titles of the “Tree Removal Program” and “Fuel Reduction and Shaded Fuel Breaks” were changed to “Hazardous Fuel Reduction Program” and “Hazardous Ignition Zone and Shaded Fuel Breaks” to better describe the program’s functions.

A copy of the Draft Budget that was submitted to OBA on February 14, 2020 with the 4 changes listed above is attached to this Memo Report.

DISCUSSION

The Final Draft of the FY2020/2021 Budget that is being presented for discussion and approval tonight (agenda item 14.B) has had the following changes from the first draft:

- 1) “Extra Fire Season Staff” has been reduced from \$325,000 to \$100,000 and “Type 3 Fire Engine Rental” has been reduced from \$98,000 to \$30,000. These extra fire season services provided by SCCFD have been reduced to occur only on “high risk” fire days, rather than daily patrolling during the Cal-Fire designated “fire season”.
- 2) “Hazardous Fuel Reduction Program” expenditures have been reduced from \$2,750,000 to \$2,000,000. Since new guidelines for tree removal and defensible space have been put into place, expenditures are expected to decrease.
- 3) “Hazardous Ignition Zone and Shaded Fuel Breaks” expenditures have been increased from \$95,000 to \$200,000. Extra expenditures are anticipated as this program continues to expand.
- 4) The “Re-projected FY20 Budget” Net Change in Fund Balance has increased from an estimated \$1,608,662 to \$1,648,661 due to updated property tax revenue projections provided by the County in late January 2020. This in turn has increased “Cash” and “Unassigned Fund Balance” figures on the Balance Sheet.

The Commission is strongly encouraged to read the Budget Narrative (agenda item 14.C.) for more details about these proposed changes. After discussion for any further suggested modifications, it is recommended that the Commission approve FY2020/2021 Final Draft Budget for submittal to OBA on February 19, 2020.

ATTACHMENTS

- “LAHCFD FY2020/2021 Draft Budget” as submitted to OBA on February 14, 2020

Los Altos Hills County Fire District	Budget FY21 (2020-2021)
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**ATTACHMENT:
FY2020-2021 Draft Budget
Submitted to OBA**

SAP	LAHCFD #	Revenues	
4001100	4001100	Prop Taxes - Curr Secured	11,653,067
4001200	4001200	Prop Tax - Unitary	50,900
4002100	4002100	Prop Taxes - Curr Unsecured	695,000
4006100	4006100	Senate Bill 813	239,057
4301100	4301100	Interest - Deposits & Investment	450,000
4302100	4302100	Property Rental	6,000
4419100	4419100	HOPTR (Homeowner's Prop Tax Relief)	42,825
4813810	4813810	Other/Misc. Revenue	500
4980220	4980220	Tax Revenue - Excess ERAF	49,000
		Total Revenues	13,186,349
		Operating Expenditures:	
5220200	5220200	Insurance	5,000
5225500	5225500	Commissioners Fee	16,000
5235110	5235110	Maint. - Structure & Grounds	8,000
5250100	5250100	Office Expenses	10,000
5258200	5258200	Professional Services - Internal	231
5259200	5259200	Property Tax Admin Fee	114,000
5260100	5260100	Publications and Legal Notices	10,000
5340000	5340000	Self Insurance Claim (Workers Comp Los Altos)	5,000
5350100	5350100	Miscellaneous/Operations Contingency	55,000
		Total Operating Expenditures	223,231
		Salaries & Payroll Taxes	
5108400		Permanent Employees - Special Districts	
	5108401	General Manager	132,000
	5108402	Emergency Services Manager	110,000
	5108403	District Clerk	65,000
	5108404	General Analyst	65,000
	5108405	Technical Analyst	65,000
	5108406	Operations Manager	110,000
5108400		Total Permanent Employees - Special Districts	547,000
5110500	5110500	Medicare Tax - Employers Share	8,000
5113020	5113020	Social Security - Special Districts	34,000
5113040	5113040	Unemployment - Special Districts	2,600
5113050	5113050	Workers Comp - Special Districts	16,000
		Total Salaries & Payroll Taxes	607,600
5255100		Professional & Specialized Services	
	5255101	Annual Audit Charter	21,000
	5255102	Accounting Services	39,600
	5255103	Outside Legal Fees	300,000
	5255104	Outside Professional Services	50,000
	5255105	Professional & Specialized Serv. Contingency	100,000
5255100		Total Professional & Spec. Services	510,600
5255500		Contract Services	
	5255501	Central Fire District	5,135,862
	5255502	Battalion 74 Services	1,244,220
	5255503	SCCFD Supplies, Maintenance & Reimbursements	15,000
	5255504	Extra Fire Season Staff	325,000
	5255505	Type 3 Fire Engine Rental	98,000
	5255506	SCCFD Apparatus Enhancements	375,000
	5255507	Contract Services Contingency	45,000
5255500		Total Contract Services	7,238,082
5255600		Contract Services (Consultants)	
	5255601	Independent Contractor - Consultants	75,000
	5255602	Contract Serv. (Consultants) Contingency	25,000
5255600		Total Contract Services (Consultants)	100,000
5282200		Projects and Programs	
	5282201	Chipping Program	500,000
	5282202	Yard Waste Program	45,000
	5282203	Brush Goat Program	25,000
	5282204	Emergency/CERT/ARC Supplies	25,000
	5282205	Hydrant Repair and Maintenance	40,000
	5282206	Emergency Access Roads	20,000
	5282207	Hazardous Fuel Reduction Program	2,750,000
	5282208	Fire Service Water Flow Improvements	2,000,000
	5282210	Hazardous Ignition Zone and Shaded Fuel Breaks	95,000
	5282211	Neighborhood Grant Program	15,000
	5282209	Projects & Programs Oversight	150,000
	5282212	Projects & Programs Contingency	275,000
5282200		Total Projects and Programs	5,940,000
		Total Expenditures:	14,619,513
		Net Change in Fund Balance	(1,433,164)

Balance Sheet		FY20 Year End	FY21 Year End	
Assets	Cash	20,789,655	19,406,491	
	Accounts Receivable / Prepaids	100,000	150,000	
	Capital Assets (net of Accum. Depreciation)	2,033,305	1,996,027	
	Total Assets	22,922,960	21,552,518	
Liabilities	Accounts Payable	200,000	300,000	
	Fund Balance	Committed to Operations	2,000,000	2,000,000
		Committed to Emergency Operations	2,000,000	2,000,000
		Committed to Buildings and Improvements		6,000,000
		Committed to Wildfire Protection Technology		1,000,000
		Committed to Hydrants and Infrastructures		3,000,000
Total Committed Funds	4,000,000	14,000,000		
Net Position	Unassigned Fund Balance	16,689,655	5,256,491	
	Investment in Capital Assets	2,033,305	1,996,027	
	Total Liabilities and Net Position	22,922,960	21,552,518	