

**AGENDA REPORT SUMMARY**

**Meeting Date:** February 19, 2019

**Subject:** Los Altos County Fire District Draft FY2019/2020 Budget

**Prepared by:** J. Logan, General Manager

Cori Vargas, Financial Consultant

**Attachment:**

1. None

**Initiated by:** Board of Commissioners, Los Altos Hills County Fire District

**Previous Commission Consideration:**

January 15, 2019 appointment of Budget Subcommittee and review of budget development process

**Fiscal Impact:** Establish the FY2019/2020 Budget for the Los Altos Hills County Fire District

General Fund

**Policy Question for Fire Commission Consideration:**

* Will the Board of Commissioners of the Los Altos Hills County Fire District approve the Draft FY2019/2020 Budget that was submitted to the County of Santa Clara Finance Department on February 15, 2019 or, provide staff direction for revisions and re-submission of the Draft FY2019/2020 Budget during the February 19, 2019 meeting?

**Summary:**

* At its January 15, 2019 Regular meeting, the Board of Commissioners (Commissioners) of the Los Altos Hills County Fire District (LAHCFD) received an Agenda Report Summary for Draft FY2019/2020 Budget (Budget) development and submission to the County of Santa Clara (County)
* The Commission appointed a Budget Subcommittee (Vaughan, Spreen) to work with the General Manager (GM), Commission President and Financial Consultant to develop and submit a Budget to the County and report back to the Commission at its February meeting
* During the development process, the GM met with those community members who wished to review, comment and assist with the budget development
* The Budget was submitted to County Finance Department on February 15, 2019
* Commissioners will review the Budget, approve it or make revisions at its February 19, 2019 meeting
* If revised, the Budget will bere-submitted in accordance with County procedures
* The Final FY2019/20 Budget will be adopted at the March 19, 2019 Regular meeting

**Staff Recommendation:**

Provide direction to approve or revise the Draft FY2019/2020 Budget for LAHCFD at the February 19, 2019 meeting

**Purpose:**

Receive the Draft FY2019/2020 Budget; approve draft budget or provide direction to staff for revisions at the February 19, 2019 meeting.

**Background**

At its January 15, 2019 Regular meeting, LAHCFD Commissioners received an Agenda Report Summary for budget development and submission of a Draft Budget to the County of Santa Clara Finance Department. The Commission appointed a Budget Subcommittee (Vaughan, Spreen) to work with the GM, Commission President and Financial Consultant to develop and submit a Budget, and report back to the Commission at its February 19, 2019 meeting.

The GM met with the Budget Subcommittee and consultant staff in a working subcommittee session, met with the Commission President and those community members who wished to review, comment and assist with the budget development. Pending review of the Draft Budget by the Budget Subcommittee and interested community, the Financial Consultant and General Manager completed the Draft FY2019/2020 Budget. The Draft Budget was submitted to the County Finance Department on February 15, 2019. Arrangements were confirmed with County Finance that the Commission would review the Draft Budget at its February 19, 2019 meeting, approve it or make revisions and, if revised, the revised Draft Budget would be accepted by County Finance.

**Discussion/Analysis**

Demands on local fire departments and fire districts responsible for safety of persons, property, environment and emergency medical services are increasing rapidly and experiencing rapid changes to meet the challenges of fire protection, prevention and fire events. This is partly due to recent catastrophic fires and lessons learned when communities are marginally prepared. It is also due to the effects of drought, climate change, rapid increase in population, traffic and building development. These factors compound the Fire District’s growing challenge to keep persons, property and environments protected by prevention of fires and the ability to respond quickly to disasters.

The LAHCFD Draft FY2019/2020 Budget provides the financial ability to prepare and respond. The Budget allocates increased funding in budget Account Categories: Operating Expenditures, Salaries, Professional Services, Contract Services, Consultants, and Projects and Programs. The Budget Narrative reviews each of the Account Categories and sub-accounts with a brief summary.

Each of these Account Categories is restricted to the funds allocated within the Category. A lengthy process by the County is required for funds to be moved between Categories and, as such, time and process delays restrict the Fire District’s ability to make expenditures not allocated in any of the Categories. Hence, each of the Categories has sub-account allocations and contingency allocations to provide flexibility for expenditures that may arise. These expenditure requirements could occur from desired implementation of new programs, expanded programs, technologies, reaction to incidents from fire, earthquake, flood or explosion, failure in infrastructure or systems, regionalization involved in CWPP (Community Wildland Protection Program) or Wildland Urban Interface initiatives. In addition, expenses may be needed to address the Management Audit Report, Findings and Mandates. Many of the impacts and expenditures required to address these issues are uncertain at this time.

The questions before the Commission are; 1) are funds per Category sufficient for the demands that could occur July 1, 2019-June 30, 2020; has the District planned proactively knowing the risks and fire protection and prevention demands that could arise in the height of fire season; is sufficient staff, consultant, contract resources allocated to prepare for the high-risk season, implementation of and management of programs year-round; are programs sufficient and are staff positions allocated to evaluate program implementation and efficiency?

The Draft Budget increases expenditures, projects increased revenues and strives to allocate funding that is flexible, can be readily accessed and is not over or under-allocated in order to respond to the protection needs and achieve the mission of the Fire District in the coming year.

**Options**

1) Provide direction to approve or revise the Draft FY2019/2020 Budget for LAHCFD at the February 19, 2019 meeting

**Advantages:** Approval or revision is possible in time to meet County timelines; discussion will provide helpful direction to GM and consulting staff

**Disadvantages:** None identified

2) Delay in action would not meet County timelines and may subject Fire District to a budget imposed by the County

**Advantages:** None identified.

**Disadvantages:** Delay in action would result in unfavorable conclusion to budget and funding allocations for Account Categories

**Recommendation**

Provide direction to approve or revise the Draft FY2019/2020 Budget for LAHCFD at the February 19, 2019 meeting