



MEMORANDUM REPORT

Meeting Date: January 21, 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 Draft Budget

RECOMMENDATION:

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

BACKGROUND

At its September 17, 2019 Regular meeting, LAHCFD Commissioners appointed an Ad Hoc Budget Subcommittee (Budget Subcommittee), composed of Vice Chair Vaughn and Commissioner Spreen, to work with the General Manager and Financial Consultant to initiate a process to develop a Draft Budget for the 2020/2021 Fiscal Year. The Budget Subcommittee, General Manager and Financial Consultant met on November 8, 2019 to begin development of the budget and discuss account changes (summarized below). The Budget Subcommittee requested the General Manager and Financial Consultant to consult with other District Subcommittees (such as Hazardous Fuel Reduction Subcommittee and Personnel Subcommittee) for their suggestions to incorporate into the FY2020/2021 Draft Budget.

After discussion and approval of the Draft Budget at the January 21, 2020 meeting, the Draft Budget will be submitted to the Santa Clara County Office of Budget and Analysis (OBA) by February 14, 2020 in accordance with County deadline.

A final Draft Budget, Budget Narrative, and Budget By-Month Spreadsheet will be presented to the Commission for review and approval at its February 18, 2020 meeting. Any further revisions to the Draft Budget made at the February 18, 2020 meeting, will be submitted to OBA on February 19, 2020.

DISCUSSION

Discussion points and changes from previous year's Budgets are as follows:

- 1) Operating expenditure account "Maintenance – Structure and Grounds" will replace Projects and Programs account "Building and Grounds". The Budget Subcommittee suggests these expenses, relating to landscaping and maintenance of the Fire Station and District lot, are better classified as an operating expenditure.

- 2) Operating expenditure account “Self-Insurance Claim (Workers Comp Los Altos)” will replace Contract Services account “Self-Insurance Claim (Workers Comp)”. The Budget Subcommittee suggests these expenses, relating to old contract with Los Altos Fire, are better classified as an operating expense since they are not part of the Contract Services with Santa Clara County Fire Department (SCCFD).
- 3) Three new part-time positions have been added under Salaries and Payroll Taxes expenditures at the suggestion of the Budget Subcommittee (with discussion by the Personnel Subcommittee): “General Analyst”, “Technical Analyst” and “Operation Manager”. Position titles and job descriptions are still in development and subject to change. OBA must know the total number of PTE and FTE positions at the time of Draft Budget submittal, and discourages mid-year amendments or additions.
- 4) Addition of Salaries and Payroll Taxes expenditure account “Workers Comp – Special Districts”, which was previously combined with “Insurance” under Operating expenditures.
- 5) In previous budgets, there was an account under Contract Services titled “Emergency Prep/Fire Prevention” for expenses relating to emergency supplies and reimbursements made to SCCFD. The Budget Subcommittee suggests two new accounts in its place: Contract Services expenditure “SCCFD Supplies, Maintenance & Reimbursements” for payments made to SCCFD, and Projects and Programs expenditure account “Emergency/CERT/ARC Supplies” for District purchases relating to Emergency Services Manager and emergency supplies.
- 6) Addition of Contract Services expenditure account “SCCFD Apparatus Enhancements” relating to replacement of Rescue 74 as discussed at the Sept. 17, 2019 Commissioners Meeting.
- 7) The Budget Subcommittee suggests adding “Independent Contractor – Consultants” to Contract Service (Consultant) expenditures. This account will cover service agreements made with individuals, to differentiate from service agreements made with companies which are expensed under Professional & Specialized Services.
- 8) Six accounts have been “retired” (as they have been replaced or are no longer in use) but are still included on the Draft Budget spreadsheet for historical analysis.
- 9) An extra \$150,000 has been estimated in year-end Accounts Payable (in the Balance Sheet section) to cover leasing of a truck for the Emergency Services Manager. The actual amount could vary based upon lease terms and date of lease agreement, which have yet to be determined.
- 10) The Budget Subcommittee recommends Committing \$10M of the Unassigned Fund Balance as follows: \$6M to “Building and Improvements”, \$1M to “Wildfire Protection Technology”, and \$3M to “Hydrants and Infrastructures”. These Commitments would need to be approved by a Resolution at a later date and are included here just for discussion.

It is recommended that the Commission approve FY2020/2021 Draft Budget for submittal to OBA by February 14, 2020.