



MEMORANDUM REPORT

MEETING DATE: June 16, 2020

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

FROM: Cori Vargas, Financial Consultant

SUBJECT: Committed Funds for FY 2020-2021

RECOMMENDATION:

Amend Resolutions 15-6 and 17-18 for Committed Funds and adopt Resolution 20-23 to add \$10,000,000 to Committed Funds Balance.

Background

Committed Funds, as defined by the Governmental Accounting Standards Board Statement No. 54 (GASB 54), are fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Commissioners. These funds cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit these amounts. The Commissioners previously adopted Resolutions 15-6 and 17-18, which committed funds of \$2M for "Operations" and \$2M for "Emergency Operations". Resolution 20-23 will add an additional \$10M, bringing the total Committed Fund Balance to \$14M.

Discussion and Recommendations

In addition to creating an outline of revenues and expenditures for FY2020-2021, the Ad-Hoc Budget Subcommittee discussed and researched the commitment of funds for additions and improvements to the District's Capital Assets. These recommended figures were included in the FY 2020-2021 Budget, which was approved at the March 17, 2020 meeting:

- Committed to Buildings and Improvements - \$6,000,000
Original construction and subsequent improvements for the District owned Fire Station (12355 El Monte Road, Los Altos Hills) cost slightly more than \$2.5M more than 20 years ago. It is suggested \$6M be committed for roofing, walls, irrigation systems, and other systems which are close to reaching the end of their useful life, as well as expansion and improvements necessary for the District's administrative needs, and ultimately for replacement of the building once the lifetime has elapsed.

- Committed to Wildfire Protection and Technology - \$1,000,000
It is suggested \$1M be committed for technological advancements that enhance safety of property and lives from threats of wildfires in firefighting, including Wildfire Detection Cameras, audible early warning systems, and advancements to emergency communications. Technology is increasingly important emerging area of tools to ensure fire protection, resiliency, and protection.
- Committed to Hydrants and Infrastructures - \$3,000,000
The District owns 540 fire hydrants and lateral pipes in the Purissima Hills Water District. It is suggested \$3M be committed to enhance fire flows, provide pipeline resiliency in event of earthquake or disaster, and improve back-up power and generator systems.
- Committed to Operations - \$2,000,000
The \$2M Committed to Operations will remain unchanged. These funds were committed to cover four months of District operations expenses (such as contracted fire service, payroll, consulting and professional services, insurance, communications, and hydrant repair and maintenance) during periods where minimal property tax revenue is forthcoming.
- Committed to Emergency Operations - \$2,000,000
The \$2M Committed to Emergency Operations will remain unchanged. These funds were committed to cover four months of expenses for fire-prevention projects and programs, and extra fire protection during emergencies, disasters, and extended fire-seasons expenses during periods where minimal property tax revenue is forthcoming.

Proposed Action by Commission:

- Approve Resolution 20-23 to amend Resolutions 15-6 and 17-18 and establish Committed Funds for FY2020-2021.