



AGENDA REPORT SUMMARY

Meeting Date: September 17, 2019

Subject: FY2020/2021 Budget Development Process for the Los Altos Hills County Fire District

Prepared by: Cori Vargas, Los Altos Hills County Fire District Financial Consultant

Initiated by:
Commission President in coordination with the General Manager and Financial Consultant

Previous Commission Consideration:
None for FY2020/2021

Policy Question(s) for Fire Commission Consideration:

- Will the Fire Commission, based on the information presented, initiate a process to develop and adopt a budget for FY2020/2021?

Purpose:
Appoint an Ad Hoc Budget Subcommittee for development of the FY2020/2021 budget for the Los Altos Hills County Fire District (LAHCFD).

Background

The County of Santa Clara Board of Supervisors requires LAHCFD, through the County of Santa Clara's Office of Budget Administration (OBA), to provide a budget showing expected revenues and expenditures for the fiscal year beginning July 1, 2020 through June 30, 2021. OBA provides LAHCFD with projected property tax revenue, but the District is required to calculate interest income, rental income and all expenses.

Discussion/Analysis

As of September 9, 2019, OBA's has not provided an FY2020-2021 Budget Timeline, however, based on historical procedures the official instructions for Budget Submission is expected to be published in December 2019. LAHCFD should receive the Property Tax Income Forecast from OBA in January 2020.

In the past, the LAHCFD Commissioners have created a "Budget Subcommittee", which consists of the Financial Consultant, the General Manager, and one or two Commissioners. Additionally, the General Manager may solicit comments from interested residents of the Los Altos Hills Fire District. Additional help is provided by the District's Fire Consultant and the Emergency Services Manager (new for FY2020-2021). The Budget Subcommittee meets to exchange information, consolidate budget requests from District subcommittees, plan and recommend a draft budget, and report back to the full Commission at a public Commission meeting.

If following the prior years' approach, the FY2020-2021 Budget Subcommittee would have been formed at the January 2020 Commission meeting, giving the District less than one month to analyze, develop, review and submit a draft to OBA before their due date of mid-February. This year, the Commission President in coordination with the General Manager and Financial Consultant encourage the Commission to take a proactive approach by forming the Budget Subcommittee four months in advance and in addition asks each Commission subcommittee to immediately start its budget discussion to recommend to the Budget Subcommittee. This will allow the Budget Subcommittee more time gather subcommittee input, to analyze and research cost-effective spending on services to the community, and to provide a more accurate projection of expected expenditures. This also allows extra time for the District's other Subcommittees (Fuel Reduction, Personnel, and Hydrant Flow & Pipeline Resiliency) to develop their own suggested budgets to be incorporated into the Budget Subcommittee's final report.

Options

1) Appoint a Budget Subcommittee to prepare and report back with a draft FY2020/2021 Budget at the January 21, 2020 meeting; authorize the General Manager and Commission President to take necessary steps in development of the budget process, and direct staff and consultants accordingly.

Advantages: Allows analysis of expected revenues and reviews the various projects and programs in order to create a resourceful spending strategy for the Fire District; provides flexibility in the process to the General Manager and Commission President to take steps as necessary and report back to the Commission at the January 2020 meeting.

Disadvantages: None identified.

2) Delay taking action to appoint a Subcommittee

Advantages: None identified

Disadvantages: Delay of action results in less time for the District to strategically review operations, services, projects and program to provide an accurate spending strategy. Complete delay could result in OBA creating their own budget for the District based on historical data. This would not take into account the varying needs of LAHCFD's programs, and could possibly lead to delay or cancellation of essential fire prevention projects.

Recommendation

Begin development of the FY2020/2021 budget for the Los Altos Hills County Fire District; appoint a Budget Subcommittee of 2 or 3 Commissioners that includes the General Manager and the Financial Consultant to report back with a draft FY2020/2021 budget at the January 21, 2020 meeting; request the District's other Subcommittees to prepare their own budgetary plans; authorize the General Manager and Commission President to take necessary steps in development of the budget process, and direct staff and consultants accordingly.