



BUDGET NARRATIVE

**Fiscal Year
2021 - 2022**

Introduction

The mission of the Los Altos Hills County Fire District ('LAHCFD' or 'District') is to protect the lives, property, and environment within the community it serves from fires, disasters and medical emergencies or other incidents through education, prevention and emergency response services for the Town of Los Altos Hills and adjacent County of Santa Clara (County) areas.

As part of its mission, LAHCFD contracts with the Santa Clara County Central Fire Protection District (SCCCFPD), thereby enjoying all the benefits offered by a larger organization, including a full roster of professional staff, specialized equipment, fire suppression and emergency medical response services and a high level of readiness for various types of emergencies. In addition to SCCCFPD contract services, the District engages in a variety of high impact initiatives and programs designed for disaster prevention and protection of residents and the community. These initiatives reflect the goals in the District's Strategic Plan.

The District's 2021-2022 Strategic Plan builds upon its initial 2015-2020 Strategic Plan and sets forth a continuous improvement plan for a justifiable and sustainable future. The Strategic Plan provides the framework for how the District develops its initiatives and forms its programs to supplement, enhance, strengthen, and support fire protection and prevention services in addition to the fire protection and emergency medical services contracted from SCCCFPD.

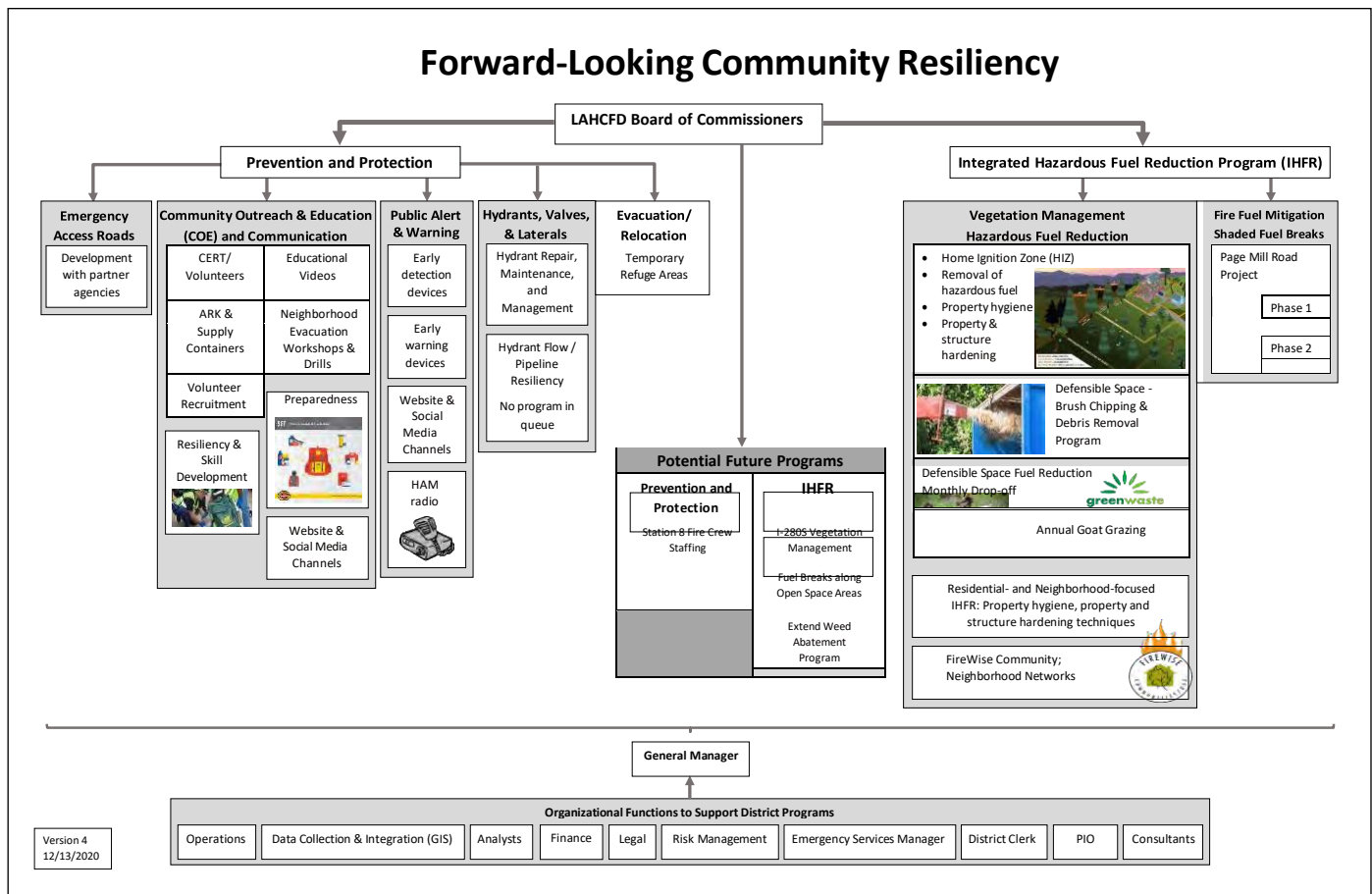
In 2019, the District Board of Commissioners adopted a LAHCFD Community Wildfire Protection Plan (CWPP) Annex 4 and Addendum to further identify protection, prevention, and educational strategies to address the growing threats of wildfire destruction.

To achieve the goals of the Strategic Plan and the tenets of the LAHCFD CWPP, the District utilizes recent fire science principles and guidelines to create, develop, implement, manage, and evaluate a variety of residential and community Integrated Hazardous Fuel Reduction (IHFR) programs aimed at fire prevention, preparedness, and public education. Some of these IHFR programs are: residential and community hazardous fuel reduction and mitigation through the District funded "IHFR Defensible Space Chipping and Debris Removal Program"; the "IHFR Defensible Space Fuel Reduction Monthly Dropoff Program" for brush waste disposal; annual weed abatement; and "IHFR Home Ignition Zone inspections (HIZ)" to assist and provide resources to residents to encourage sustainable property hygiene and creation of defensible space around the perimeter of homes and structures. The District's Prevention and Protection programs include: repairs, maintenance and additions of fire hydrants and related infrastructure of the District's hydrant system; specialized "red-flag" fire day firefighter patrol and engine; and year-round 24/7 additional Battalion Chief services assigned to the El Monte Fire Station. Additional Prevention and Protection programs are focused on Community Outreach and Education. Striving to educate the public for self-reliance and resiliency in the event of emergencies or disaster, the District provides regular classes and workshops in emergency preparedness including Personal Emergency Preparedness (PEP), Community Emergency Response Teams (CERT), Cardio-Pulmonary Resuscitation (CPR) and First Aid, and a series of CERT Refresher programs and workshops. A full-time General Manager manages the District's initiatives, projects, programs, and daily operations with a staff of a full-time CERT Program General Analyst, part-time Emergency Services Manager, a part-time District Clerk, and specialized outside consultants.

The District's structure is founded on Three Pillars of the District: 1) 2021-2022 Strategic Plan, 2) LAHCFD CWPP, and 3) District Budget authority funded by property taxes and a special tax ratified by voters in 1981. The District stands on these Three Pillars along with its Mission and Vision statements to guide its initiatives, programs, operations, management, and actions on behalf of the LAHCFD community and public.

LAHCFD FY22 Budget Narrative

The Forward-Looking Community Resiliency Chart below, built upon the District's Three Pillars, provides a roadmap of programs, operations, and management to achieve LAHCFD's Mission:



Budget Development Process

The District's FY22 Budget development is summarized as follows:

1. The LAHCFD Board of Commissioners appointed three Commissioners to the Brown Act Standing Budget Subcommittee at its September 15, 2020 Regular Meeting. The General Manager and Financial Consultant developed the FY22 Budget - Draft 1, which was presented for feedback to the entire Commission at the November 17, 2020 Regular meeting.
2. At a Special Meeting of the Budget Subcommittee on December 15, 2020, the FY22 Budget - Draft 2 was presented to the public and the subcommittee for discussion.
3. Based on feedback from the Special Meeting, the FY22 Budget – Draft 3 was presented to the Commission for approval at the January 19, 2021 Regular Meeting.
4. The FY22 Final Draft Budget, which incorporated changes made after January 19, 2021, was submitted to the County Office of Budget and Analysis (OBA) on February 12, 2021. This Final Draft was then presented to the Commission at the February 16, 2020 Regular Meeting. Any suggested revisions were sent to OBA as soon as possible.
5. The County Executive reviewed budget submittals with County departments between February 22 and February 25, 2021.

LAHCFD FY22 Budget Narrative

6. The Commission reviewed and approved the Final FY22 Budget (which included any suggested changes made by the County Executive) at its March 16, 2021 Regular Meeting.
7. The County finalized its FY 2021-2022 Recommended Budget on April 23, 2021.
8. The County's FY 2021-2022 Budget Workshops occurred between May 10 and May 12, 2021.
9. The County's Board of Supervisors FY 2021-2022 Budget Hearings occurred June 14, 15 and 17, 2021.

The Economic Outlook

The past year has seen many unprecedented events, including the outbreak of the COVID-19 global pandemic and related health orders from the County, State, and Federal sectors of the government, and a series of record wildfires across California. These events occurred in an election year which compounded the uncertainty over the future economy. While the shelter-in-place orders in California, which began in the spring of 2020, have had a significant impact on the local economy, the District has thus far avoided negative impacts to its revenues since it is funded primarily by property taxes. For FY22, tax revenues are projected to increase 0.4 percent over FY21, though OBA reports that it has taken a conservative approach due to economic uncertainty. Although interest rates continue to decline, the District's interest income from the commingled cash balances held by the County are projected to increase 12.5 percent due to a continuing positive change in the District's fund balance.

Budget Overview

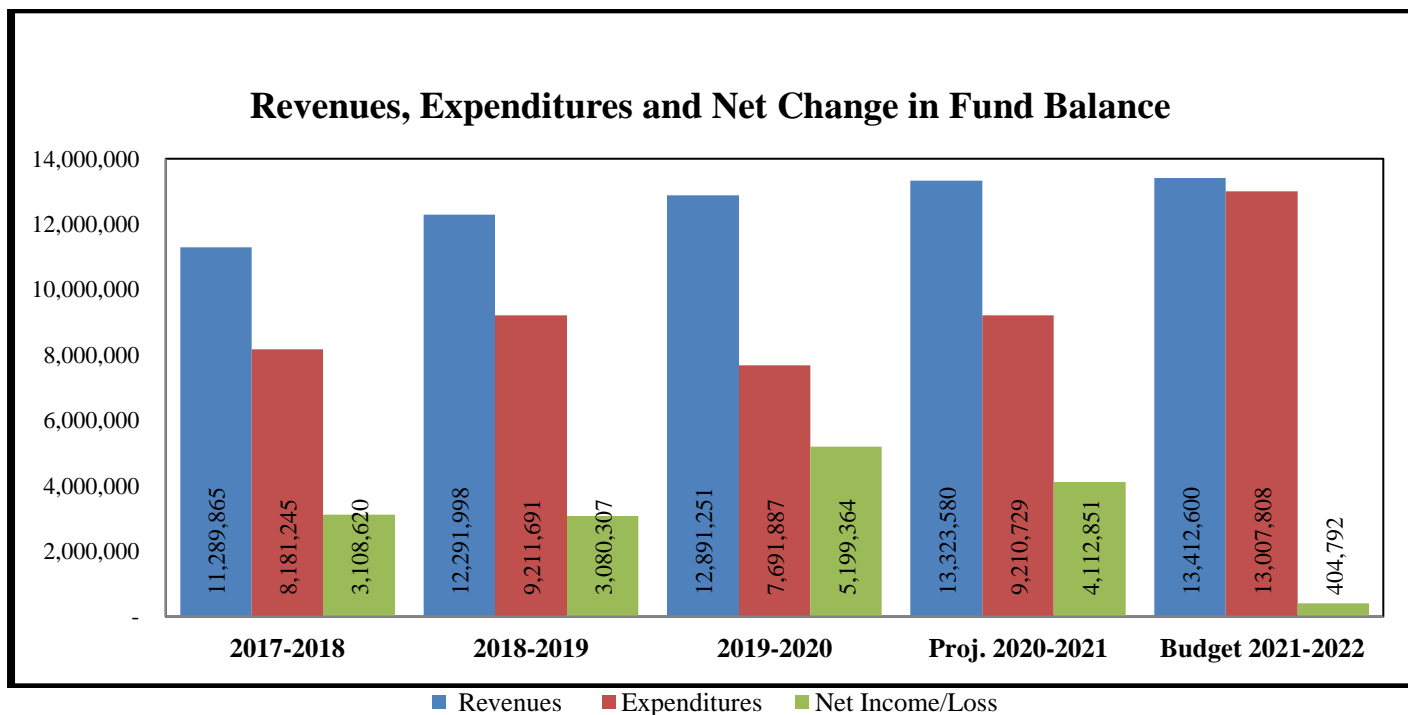
We offer the readers of the District's budget this narrative overview and analysis of the planned financial and operating activities for the year ending June 30, 2022.

- For each of the past five years, the District has shown a positive change in net position, allowing it to accumulate a strong balance of funds with which to continue costly but essential fire protection projects, and to invest in the safety and welfare of fire prevention and emergency response services to the community. Revenues are expected to exceed expenses by approximately \$405,000 in FY22.
- Revenue is anticipated to increase by 0.7 percent to approximately \$13.4 million. The primary source of revenue for the District are property taxes, which represent nearly 97.3 percent of total revenues. As of December 2020, the County assessor's office reports that the number of home sales have decreased but the median price continues to rise within the District.
- Expenditures are expected to increase 41.2 percent over FY21 projected amounts, approximating a little more than \$13 million. This is primarily due to the annual increase for SCCCFPD contract services, plans to collaborate with SCCCFPD and other local agencies to improve fire protection and prevention within the community, increased personnel and consulting resources for improved operation efficiency and implementation of 2021-2022 Strategic Plan goals, expansion, and additions of IHFR projects and programs for fire protection, and contingencies of \$500,000 which were not resourced in FY21.
- "Contract Services" are expected to increase \$1.97 million due to the rate formula in the SCCCFPD Fire and Emergency Services Agreement, collaboration with Palo Alto Fire Department for staffing the neighboring Foothills Park Fire Station during fire season, the purchase of a fire engine water tender for mobility of firefighting, and additional projects to be developed with SCCCFPD and Santa Clara County FireSafe Council (SCCFSC) for hazardous fuel mitigation. "Projects and Programs" are anticipated to increase approximately \$1.35 million. In FY20 the District entered into a contract with the SCCFSC, which has allowed for expansion and increased oversight of the "IHFR Defensible Space Brush Chipping & Debris Removal", "IHFR Shaded Fuel Breaks", "IHFR Home Ignition Zone (HIZ)", and "Neighborhood Evacuation Drills & Outreach" programs, as well as creation of new programs such as "IHFR Open Space Fuel Break" and "Firewise Communities" which offer residents and the community assistance with hazardous fuel mitigation. These programs are core to the LAHCFD CWPP as a best practice, are based on fire science principles, and are conducted with resources and personnel from SCCFSC. Together "Contract Services" and "Projects and Programs" represent 87.7 percent of total expenditures, and provide direct implementation of protection and prevention from fires, disasters, and emergencies.
- "Salaries and Payroll" are expected to increase \$325,500, and "Professional and Specialized Services" are expected to increase almost \$126,000. These increases are due to:
 - 1) The District's expansion of its Projects and Programs for IHFR, mitigation services, and public outreach and education require extra personnel and consultants to improve operational efficiencies and increase community awareness.
 - 2) The County's Management Audit Report of the District, completed in May 2020, requires monthly reporting to the Board of Supervisors and continued implementation of audit recommendations.
 - 3) Analysis and implementation of the 2021-2022 Strategic Plan goals and objectives, and to achieve County Local Agency Formation Commission (LAFCO) and County regional fire protection plan study findings.

LAHCFD FY22 Budget Narrative

- 4) An increase from the budgeted 3 full-time equivalent employees (FTE) in FY21, to 4.5 FTE in FY22 by increasing General Manager, CERT Program General Analyst, and Operations Manager (a vacant position in FY21/22) from a part-time to full-time positions.
- Assets are expected to increase from approximately \$32.2 million to \$33.6 million, a 4.2 percent increase. Cash at the end of the year is anticipated to be approximately \$29 million, accounts receivables \$90,000, and fixed assets (including land, station improvements, fire hydrants/infrastructure, furniture, and equipment) are expected to be slightly more than \$4.5 million.
 - Revenue accounts are grouped into two main account categories: “Property Taxes” and “Other Revenues.” Expenditure accounts are grouped into six main account categories: “Operating Expenses,” “Salaries & Payroll Taxes,” “Professional and Specialized Services,” “Contract Services,” “Contract Services (Consultants),” and “Projects and Programs.” The narrative provides a brief description of each sub-account within these categories, as well as a table to show the percent of favorable/(unfavorable) variance from the prior year, with FY22 percentage variance compared to the FY21 mid-year projected amount.

The bar chart below shows a multi-year total of revenues, expenditures, and net income for comparison purposes:



Revenues

FY22 Budget	13,412,600	0.7%		FY20 Actual	12,891,251	4.9%
FY21 Projected	13,323,580	3.4%		FY19 Actual	12,291,998	8.9%
FY21 Budget	13,186,349	2.3%		FY18 Actual	11,289,865	6.9%

Note: The tables accompanying each account's description show the percent of favorable/(unfavorable) variance from the prior year, with FY22 percentage variance compared to the FY21 mid-year projected amount.

Property Taxes

The County collects taxes for the District, remits fund and charges an administrative handling fee for collecting the money (which is covered in the expense portion of this narrative). The County provides the District with a projection of expected tax revenue that is adapted into the budget. OBA has stated that the initial projections for FY22 are conservative due to economic uncertainties.

- Secured Property Taxes:*

Secured property taxes are calculated based upon the value of real property, land, and personal property, such as structures located upon the real property. Secured property is taxed at a general rate of one percent of the assessed value. These taxes make up the majority of the District's revenue each fiscal year.

FY22 Budget	12,107,400	2.0%		FY20 Actual	11,362,849	6.6%
FY21 Projected	11,867,080	4.4%		FY19 Actual	10,661,980	7.0%
FY21 Budget	11,653,067	2.6%		FY18 Actual	9,967,174	5.9%

- Unitary Property Taxes:*

Unitary property taxes cover such entities as railroads, electric, gas, and telephone companies. The State Board of Equalization assesses the value of these companies' operations and establishes a county-wide tax rate system.

FY22 Budget	52,000	0.0%		FY20 Actual	51,862	(4.9%)
FY21 Projected	52,000	0.3%		FY19 Actual	54,508	19.3%
FY21 Budget	50,900	(1.9%)		FY18 Actual	45,674	12.8%

- Unsecured Property Taxes:*

Unsecured property taxes are assessed against movable personal property such as business equipment, boats, and airplanes. The tax is considered unsecured because any tax not paid results in a lien filed against the owner of the property, not the property itself.

FY22 Budget	592,000	(15.1%)		FY20 Actual	696,645	(6.8%)
FY21 Projected	697,000	0.1%		FY19 Actual	747,280	15.5%
FY21 Budget	695,000	(0.2%)		FY18 Actual	646,840	3.8%

- Supplemental Senate Bill 813 Tax:*

SB 813, also known as the Hughes-Hart Educational Reform Act of 1983, originally was designed to close a perceived loophole in Proposition 13 and generate much needed additional funding for schools. The new law established a "floating lien date" and prevented property owners from delaying the taxation of their properties at higher value assessments. Whenever there is a reappraisal due to a change in ownership or to the completion of new construction, a Supplemental Assessment is issued.

LAHCFD FY22 Budget Narrative

FY22 Budget	195,000	(29.9%)		FY20 Actual	278,420	(30.7%)
FY21 Projected	278,000	(0.2%)		FY19 Actual	401,777	17.5%
FY21 Budget	239,057	(14.1%)		FY18 Actual	342,032	7.2%

- The Homeowner Property Tax Relief:*

HOPTR provides a \$7,000 exemption on the value of owner-occupied homes. The tax revenue lost from this exemption is made up in part from other sources and the District receives a share of this funding.

FY22 Budget	43,000	0.0%		FY20 Actual	42,725	(2.2%)
FY21 Projected	43,000	0.6%		FY19 Actual	43,694	(0.9%)
FY21 Budget	42,825	0.2%		FY18 Actual	44,085	(2.5%)

- Excess Educational Revenue Augmentation Fund:*

The County ERAF account has more revenue than necessary to offset all aid to K–12 and community college districts under Proposition 98. In response, the CA State Legislature enacted a law requiring some of these surplus funds to be used for special education programs, with the remaining funds returned to cities, counties, and special districts in proportion to the amount of property taxes they previously contributed to ERAF.

FY22 Budget	63,000	0.0%		FY20 Actual	49,110	46.1%
FY21 Projected	63,000	28.3%		FY19 Actual	33,620	90.9%
FY21 Budget	49,000	(0.2%)		FY18 Actual	17,615	92.6%

Other Revenues

- Interest – Deposits and Investments:*

The District's cash balances are commingled with and held by the County. The District earns income from these holdings, which varies depending upon market interest rates. Interest rates for FY21 have increased dramatically due to the COVID-19 pandemic, but interest income for FY22 is expected to increase slightly due to extra cash at the beginning and end of the fiscal year.

FY22 Budget	360,000	12.5%		FY20 Actual	409,640	19.8%
FY21 Projected	320,000	(21.9%)		FY19 Actual	342,031	53.2%
FY21 Budget	450,000	9.9%		FY18 Actual	223,285	124.7%

- Property Rental:*

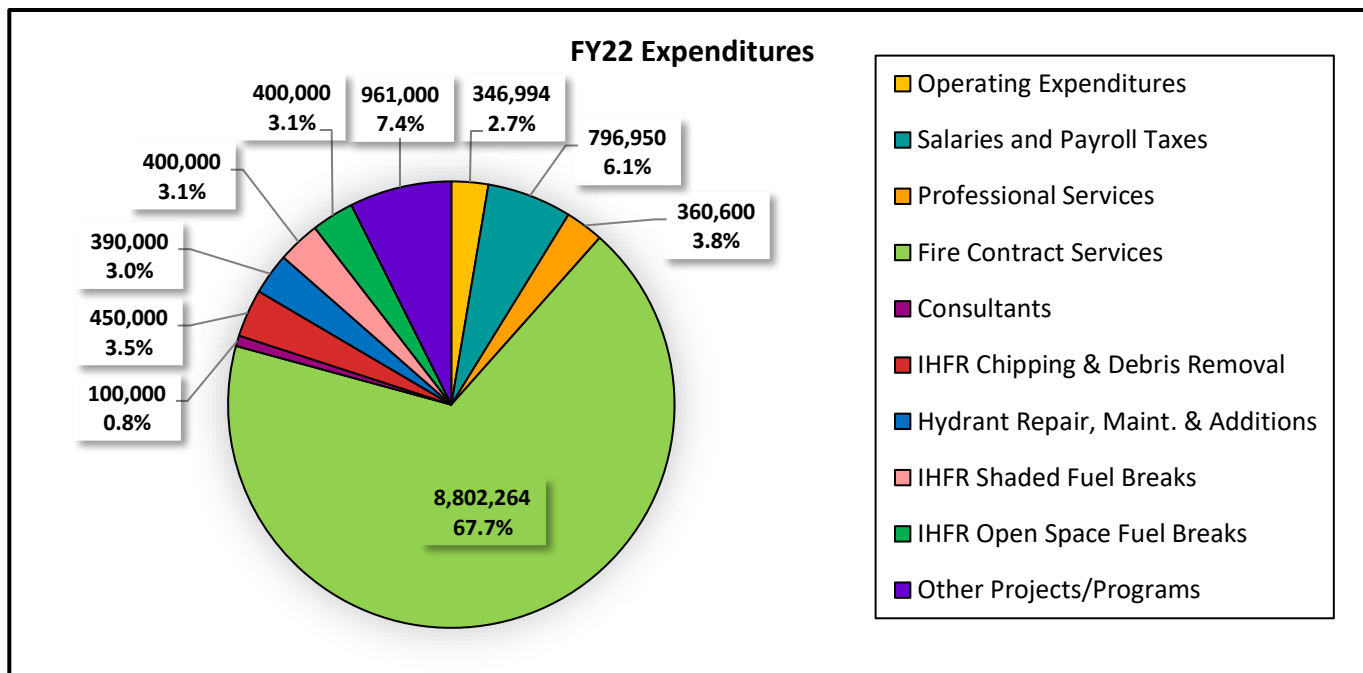
The District owns a parcel of land at 27500 Arastradero Road, Los Altos Hills. In the past the District has rented the land to contractors who are performing local public work for parking their heavy equipment and materials during operations. Starting in FY21, the District ceased renting the land so it can be utilized by fire crews, and for staging of fire suppression and emergency response efforts in the event of an emergency, disaster, structure, or wildland fire.

FY22 Budget	0	0.0%		FY20 Actual	0	(100%)
FY21 Projected	0	0.0%		FY19 Actual	7,000	133.3%
FY21 Budget	6,000	100%		FY18 Actual	3,000	(72.7%)

- Other/Miscellaneous Revenues:*

This account covers other income such as RFP bid package-processing fees, postal reimbursements, and (in FY21) the distribution of dividends from State Compensation Insurance Fund.

FY22 Budget	200	(94.3%)		FY20 Actual	0	(100%)
FY21 Projected	3,500	100%		FY19 Actual	108	(32.5%)
FY21 Budget	500	100%		FY18 Actual	160	(70.0%)

Expenditures

FY22 Budget	13,007,808	(41.2%)	FY20 Actual	7,691,887	16.5%
FY21 Projected	9,210,729	(19.7%)	FY19 Actual	9,211,691	(12.6%)
FY21 Budget	13,681,513	(77.9%)	FY18 Actual	8,181,245	7.8%

Operating Expenditures

- Liability Insurance (FAIRA):**

In FY16, the District entered into an insurance policy with the Fire Agencies Insurance Risk Authority (FAIRA), which provides comprehensive asset and liability coverage. In FY19, the District obtained Workers' Compensation for its first employee, with additional coverage added in FY20. Workers' Compensation Insurance was previously combined with this account but was separated into its own account beginning in FY21. FY21 Projected amounts are low due to insurance premium refund received for FY20 policy. FY22 is budgeted to increase due to addition of hydrants/infrastructure to the policy and planned capital improvements to the District owned El Monte Fire Station.

FY22 Budget	25,000	(1,192%)	FY20 Actual	11,036	(207.1%)
FY21 Projected	1,935	82.5%	FY19 Actual	3,594	(66.4%)
FY21 Budget	5,000	54.7%	FY18 Actual	2,160	53.6%

- Workers Comp. – Special Districts**

This account tracks Workers' Compensation expenditures for the District's employees. This account differs from the "Self-Insurance Claim (Workers' Comp Los Altos)" operating expenditure described below. In FY19, the District hired its first employee and entered into a Workers' Compensation insurance policy with State Compensation Insurance Fund. In FY20, additional coverage was added for the District's two additional .50 FTE part-time employees and volunteer CERT supervisors. Prior to FY22, Workers' Compensation expenditures were included under "Liability Insurance" but have since been reclassified into a designated account to better track employment spending.

FY22 Budget	15,000	(76.5%)	FY21 Budget	16,000	N/A
FY21 Projected	8,500	N/A			

LAHCFD FY22 Budget Narrative

- Commissioners Fee:*

The seven Commissioners of the Board are currently paid \$100 per meeting, which includes the monthly Board Meetings and Strategic Plan meeting attendance, not to exceed five meetings per month per Commissioner.

FY22 Budget	18,000	0.0%	FY20 Actual	15,500	(49.0%)
FY21 Projected	18,000	(16.1%)	FY19 Actual	10,400	31.6%
FY21 Budget	16,000	(3.2%)	FY18 Actual	15,200	(27.7%)

- Maintenance – Structures & Grounds:*

Prior to FY21, this account was titled “Buildings and Grounds” and was categorized under “Projects and Programs”. Since this account includes the monthly landscaping fees and upgrades made to the El Monte Fire Station and District parcel, it has been reclassified into an “Operating Expenditure.” The District began upgrades to the parcel beginning in FY21, hence the higher FY21 Projected and FY22 Budget. For the purpose of analysis, past expenditures from the “Building and Grounds” account are shown in the table below for FY18-FY20.

FY22 Budget	20,000	(33.3%)	FY20 Actual	4,915	9.1%
FY21 Projected	15,000	(205.2%)	FY19 Actual	5,405	0.1%
FY21 Budget	8,000	(62.8%)	FY18 Actual	5,410	(12.7%)

- Office Expenses:*

This account includes amounts spent on postage, copier expenses, shredding, Commissioner meeting accommodations, business cards and letterhead, and other typical office expenses. The substantial increase in FY19 expenditures covered office costs for the newly hired General Manager. FY21 Projected and FY22 Budget are expected to increase due to the hiring of additional employees.

FY22 Budget	10,000	(17.6%)	FY20 Actual	3,791	63.4%
FY21 Projected	8,500	(124.2%)	FY19 Actual	10,362	(120.2%)
FY21 Budget	10,000	(163.8%)	FY18 Actual	4,705	35.8%

- Workshops, Conferences & Seminars*

This is a new account for FY22 for employee development and education. The budgeted amount for this account is \$6,000.

- Professional Services – Internal:*

This account covers the annual fee paid to the Clerk of the County for processing of the “Property Tax Administration Fee.” In FY21 it was budgeted to cover a one-time payment for “Management Audit Cost Recovery Allocation” per the County.

FY22 Budget	500	99.7%	FY20 Actual	231	0.0%
FY21 Projected	193,770	(83,783.1%)	FY19 Actual	231	0.0%
FY21 Budget	200,231	(86,580.1%)	FY18 Actual	231	0.0%

- Property Tax Administration Fee:*

The

Property Tax Administration Fee is paid to the County in the 4th Quarter of the fiscal year and is based on a variable percentage of actual property tax collection costs. The County provides an estimate of the fee as part of its revenue projections, which typically is less than 1% of tax revenue.

FY22 Budget	113,000	(4.6%)	FY20 Actual	102,729	1.0%
FY21 Projected	108,000	(5.1%)	FY19 Actual	103,738	(7.8%)
FY21 Budget	114,000	(11.0%)	FY18 Actual	96,238	(1.1%)

LAHCFD FY22 Budget Narrative

- *Publications and Legal Notices:*

Notices of fire prevention hearings, emergency information, informational brochures, public notices, and the “Los Altos Hills Our Town” mailings to the unincorporated areas of the Town are recorded in this account.

Note: notices or requests for proposals relating to a specific projects or program are expensed to the corresponding accounts.

FY22 Budget	22,000	(37.5%)	FY20 Actual	5,202	41.2%
FY21 Projected	16,000	(207.6%)	FY19 Actual	8,847	(166.7%)
FY21 Budget	10,000	(92.2%)	FY18 Actual	3,317	38.4%

- *IC – Cost Allocation Plan*

This is a new account for FY22 to cover allocation costs as calculated by the County’s Cost Management Unit. The budgeted amount for this account is \$59,994.

- *Self-Insurance Claim (Workers’ Comp Los Altos):*

Prior to FY21, this account was titled “Self-Insurance Claim (Workers’ Compensation)” and was categorized under “Contract Services”. Since expenditures in this account are not related to the District’s contract with SCCCFPD, it has been reclassified as an “Operating Expense.” The purpose of this account is payment for the District’s share of workers’ compensation claims, dating from 1993 when firefighter personnel were shared with Los Altos Fire. The City of Los Altos bills the District an agreed upon one-third of the actual payments quarterly. FY21 Projected amounts are higher since the City of Los Altos did not send the bills for FY20 until FY21. For the purpose of analysis, past expenditures from the “Self-Insurance Claim (Workers’ Compensation)” account are shown in the table below for FY18-FY20.

FY22 Budget	7,500	16.7%	FY20 Actual	0	(100.0%)
FY21 Projected	9,000	(100.0%)	FY19 Actual	5,666	(1103.0%)
FY21 Budget	5,000	100.0%	FY18 Actual	471	4.5%

- *Miscellaneous/Operations Contingency:*

This account is modified from prior years to cover both expenses that do not fall into a specific expense category (such as advertising, dues and subscriptions, or boardroom expenses). Beginning in FY20, this account was modified to include a larger contingency for all the “Operating Expenditure” accounts.

FY22 Budget	50,000	(3,233.3%)	FY20 Actual	2,877	(496.9%)
FY21 Projected	1,500	47.9%	FY19 Actual	482	69.4%
FY21 Budget	55,000	(1,811.7%)	FY18 Actual	1,575	6.4%

Salaries and Payroll Taxes

- *General Manager:*

On October 1, 2018, the District hired a part-time .50 FTE (full-time equivalent) General Manager to oversee and manage operations, projects, programs, and community outreach activities. On November 17, 2020, the General Manager was changed to a full-time 1 FTE position due to the increased time required to perform services for the District’s benefit, including operational oversight and response functions to the County Board of Supervisors. The General Manager’s annual compensation rate is currently \$207,100, with employer’s share of payroll taxes at 6.2% for Social Security (FICA) and 1.45% for Medicare up to \$142,800 of the salary, 2.7% of the first \$7,000 of salary for Federal Unemployment, and 3.5% of the first \$7,000 of salary for California Unemployment/Employment Training Tax. The FY19 Actual figure in the table below represents a partial year salary for the General Manager (October 2018 – July 2019). The FY22 annual salary has been budgeted at \$215,000. The full-time General Manager position receives no medical or retirement benefits.

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- *Emergency Services Manager (ESM):*

The Emergency Services Manager (ESM) leads, oversees, and coordinates most of the District's Projects and Programs including Defensible Space Brush Chipping and Debris Removal, Hazardous Fuel Reduction, Goats for vegetation mitigation, Hydrant Placement, Repair and Maintenance, Home Ignition Zone (HIZ), Hazardous Fuel Reduction and Shaded Fuel Breaks, Emergency Access Roads, and responses to a variety of resident inquiries. The ESM also supervises the CERT Program General Analyst who manages emergency service activities, including Community Emergency Response Training (CERT) and the Neighborhood Grant Program, and outreach presentations to neighborhoods and the community. This position used to be a contracted service through SCCCFPD but was reclassified as a part-time (.50 FTE) employee position beginning in September 2019 with an annual compensation of \$85,000. The FY22 annual hourly compensation has been budgeted at \$95,000. The ESM position receives no medical or retirement benefits.

- *District Clerk:*

The District Clerk was reclassified in October 2019 from "Contract Services (Consultant)" to a part-time (.50 FTE) employee position with an annual compensation of \$55,000. The District Clerk serves as the primary and confidential administrative liaison for the LAHCFD Commission and its legal counsel and for the Fire Chief and other executive management personnel in the County. Responsibilities include preparing the monthly packets, taking minutes of the monthly meetings, responding to public inquiries, collecting invoices for payment, and coordinating auditor visits. The FY22 annual hourly compensation has been budgeted at \$65,000. The District Clerk position receives no medical or retirement benefits.

- *CERT Program General Analyst:*

In February 2021, the District hired a full-time (1 FTE) CERT Program General Analyst to provide administrative and analytical services, and oversee projects to benefit the community. Responsibilities include management of programs for the Community Emergency Response Team (CERT), training programs and drill activities for volunteers and residents, organization and maintenance of the emergency supply ARK, recovery operations for emergencies and disasters, and coordination of emergency services with other local agencies. The CERT Program General Analyst also assists the ESM to plan, organize, implement, direct, and maintain comprehensive emergency and disaster programs. The FY22 annual hourly compensation has been budgeted at \$117,000. The full-time CERT Program General Analyst position receives no medical or retirement benefits.

- *Technical Analyst:*

Beginning in FY22, the District plans to hire a part-time (.5 FTE) Technical Analyst to assist with developing and overseeing the District's Geographical Information System (GIS) Mapping Technology, maintaining the District's social media platforms and website, assist with development of evaluating new technology and resources to educate the community and align outreach communications with neighboring agencies, and provide analytical support to programs and administrative personnel by creating digital solutions for emergency service activities and IHFR Programs. The FY22 annual hourly compensation for this position has been budgeted at \$65,000. The Technical Analyst position receives no medical or retirement benefits.

- *Operations Manager:*

Beginning in late FY21, the District plans on adding a full-time (1 FTE) Operations Manager to interface with SCCCFPD for coordinated fire protection and prevention initiatives that will be developed with the newly formed Wildland Fire Team.

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This position will also manage the District's five hundred and forty (540) fire hydrants and related infrastructure water hydrant system, engage with SCCCFPD and the community to review and update the CWPP Annex 4, align with county-wide fire services to operate within the parameters established by the County, participate in the County and LAFCO Fire Protection Studies, and collaborate with regional partners and SCCFSC to strengthen the IHFR Programs, build community resilience, transparency, effectiveness of local government programs, and identify opportunities to use District resources to benefit a broader regional area in support of common interests.

This position will also coordinate with the ESM and CERT Program General Analyst with emergency and disaster programs. The FY22 annual hourly compensation for this position has been budgeted at \$180,000.

Permanent Employees – Spec. Districts					
FY22 Budget	737,000	(79.1%)		FY20 Actual	213,781 (200.0%)
FY21 Projected	411,500	(92.5%)		FY19 Actual	71,250 N/A
FY21 Budget	547,000	(155.9%)			

Medicare Tax – Employers Share					
FY22 Budget	9,150	(58.4%)		FY20 Actual	3,100 (200.1%)
FY21 Projected	5,775	(86.3%)		FY19 Actual	1,033 N/A
FY21 Budget	8,000	(158.1%)			

FICA – Special Districts					
FY22 Budget	39,000	(58.0%)		FY20 Actual	13,255 (200.0%)
FY21 Projected	24,690	(86.3%)		FY19 Actual	4,418 N/A
FY21 Budget	24,000	(156.5%)			

Unemployment – Special Districts					
FY22 Budget	1,800	(4.5%)		FY20 Actual	1,425 (150.0%)
FY21 Projected	1,722	(20.0%)		FY19 Actual	574 N/A
FY21 Budget	2,600	(81.2%)			

- Overtime**

This is a new account for FY22 to cover overtime hours for non-salaried full-time employees. The budgeted amount for this account is \$10,000.

Professional & Specialized Services

- Annual Audit Charter:**

The District's finances are audited annually by an outside CPA firm and are subject to audit at any time by the Audit Division of the Santa Clara County Board of Supervisors. The current contract with Eide Bailly, LLP, will expire at the beginning of FY23.

FY22 Budget	21,000	(4.6%)		FY20 Actual	20,081 0.1%
FY21 Projected	20,081	0.0%		FY19 Actual	20,105 (3.5%)
FY21 Budget	21,000	(4.6%)		FY18 Actual	19,429 4.9%

LAHCFD FY22 Budget Narrative

- *Accounting Services:*

Vargas Company provides the District with financial consulting services including monthly reports, budget planning, and audit preparation. Accounting services are contracted at a set annual rate and are paid monthly. The Financial Consultant's contract increases when the District requires additional services (such as voucher preparation and payroll processing.)

FY22 Budget	39,600	0.0%		FY20 Actual	39,600	0.0%
FY21 Projected	39,600	0.0%		FY19 Actual	39,600	(10.0%)
FY21 Budget	39,600	0.0%		FY18 Actual	36,000	

- *Outside Legal Fees:*

During FY21, the District ended its contract with Jorgenson, Siegel, McClure & Flegel and is now represented exclusively by the County Counsel. County Counsel assists the District in all legal matters, including legal analysis, advice, matters pertaining to Human Resources, employee hiring, personnel policies, and the drafting of legal documents. Legal fees have steadily risen due to increased projects and programs and employment development within the District, with FY19 and FY20 higher due to additional legal consultation related to a County-initiated Management Audit of the District.

FY22 Budget	150,000	0.0%		FY20 Actual	285,731	(23.0%)
FY21 Projected	150,000	47.5%		FY19 Actual	232,314	(136.8%)
FY21 Budget	300,000	(5.0%)		FY18 Actual	98,121	(16.9%)

- *Outside Professional Services:*

The District uses outside business consultants to assist with operations, including website maintenance and content development, implementation of 2021-2022 Strategic Plan goals, records retention development, GIS development, and designing of District brochures and materials. Outside Professional Services continue to increase as the District's initiatives, programs, and operations continue to expand.

FY22 Budget	50,000	(100.0%)		FY20 Actual	20,905	(23.0%)
FY21 Projected	25,000	(19.6%)		FY19 Actual	17,003	(329.6%)
FY21 Budget	50,000	(139.2%)		FY18 Actual	3,958	9.4%

- *Professional and Specialized Services Contingency:*

The District has budgeted \$100,000 in FY22 to cover additional professional services necessary to quickly address and find solutions to comply with Management Audit findings, operational projects, and to implement Strategic Plan goals and objectives. "Professional and Specialized Services Contingency" covers businesses providing services to the District. "Contract Services (Consultants) Contingency" (see below) covers individuals providing services for the District.

Contract Services

- *Central Fire District:*

Beginning January 1, 2017, the District renegotiated its contract with SCCCFPD for fire protection and emergency medical services through December 31, 2026. The annual percentage increase is based on a weighted average allocation of three indices as follows: 50% the change in the San Francisco/Oakland area consumer price index, 25% assessed local secured parcel values, and 25% firefighters' annual cost of living increases in total compensation. The annual percent increase shall not be less than 2% or greater than 5% of the prior year's base rate.

FY22 Budget	5,423,607	(5.0%)		FY20 Actual	4,904,112	(4.6%)
FY21 Projected	5,165,340	(5.3%)		FY19 Actual	4,690,124	(4.3%)
FY21 Budget	5,135,862	(4.7%)		FY18 Actual	4,498,565	(3.8%)

LAHCFD FY22 Budget Narrative

- Battalion 14:*

Battalion 14 services are part of the contract with SCCCFPD and are recorded in a separate account to better track expenditures. Battalion 14 includes the cost of a 24/7 Battalion Chief at the El Monte Fire Station. Annual increases in compensation are calculated at the same rate as outlined above. As part of the 2017 contract, LAHCFD will receive a 1/15th credit of the adjusted base amount for battalion chief services.

FY22 Budget	1,298,657	(5.0%)		FY20 Actual	1,188,066	(4.1%)
FY21 Projected	1,236,816	(4.1%)		FY19 Actual	1,140,867	(5.0%)
FY21 Budget	1,244,220	(4.7%)		FY18 Actual	1,086,517	(0.2%)

- SCCCFPD Supplies, Maintenance & Reimbursements:*

Prior to FY21, this account covered the non-labor costs associated with the CERT program, emergency supplies, and other reimbursements to SCCCFPD. Since the ESM position is a District employee and is no longer contracted with SCCCFPD, costs associated with CERT and emergency supplies have been separated into a new account under “Projects and Programs.” This account will now cover all reimbursements made to SCCCFPD, including monthly station communications costs and fire station upkeep and maintenance.

FY22 Budget	5,000	0.0%		FY20 Actual	13,771	(479.1%)
FY21 Projected	5,000	63.7%		FY19 Actual	2,378	75.8%
FY21 Budget	15,000	(8.9%)		FY18 Actual	9,840	(178.7%)

- Extra Fire Season Staff:*

Prior to FY20, the District contracted with SCCCFPD for three additional firefighters, nine hours a day during high fire hazard periods, as designated by Cal Fire. In FY20, the District in coordination with SCCCFPD changed this policy to only provide extra patrol staff on “high risk” fire days. Due to lack of rain in the winter months leading to an increase of wildfires across the state, FY21 and FY22 amounts are expected to increase over FY20 actual amount.

FY22 Budget	200,000	(33.3%)		FY20 Actual	42,830	85.7%
FY21 Projected	150,000	(250.2%)		FY19 Actual	300,389	11.4%
FY21 Budget	100,000	(133.5%)		FY18 Actual	338,967	(40.1%)

- Type 3 Fire Engine Rental:*

Beginning in FY18 and under the contract with SCCCFPD, the District rents a Type 3 Engine during extra fire season staff patrolling due to excessive engine wear caused by the District’s rugged terrain. Budgeted costs for FY21 and FY22 have increased over FY20 actual expenditures due to Cal Fire OES increasing the hourly reimbursement rate 58.1% from \$80.00 per hour to \$126.50 per hour (as of the writing of this narrative in February 2021).

FY22 Budget	100,000	(33.3%)		FY20 Actual	12,036	86.6%
FY21 Projected	75,000	(523.1%)		FY19 Actual	90,134	24.9%
FY21 Budget	30,200	(149.3%)		FY18 Actual	120,092	N/A

- SCCCFPD Fire Engine Water Tender*

The year 2020 was the largest wildfire season in California history, and included the local CZU and CSU Lightning Complex fires in August through October 2020 which burned approximately 483,000 acres. The SCCCFPD Fire Chief and Assistant Chief recommend the purchase of a fire engine water tender which has multi-gallon water tank capacity for mobility of water supply for firefighting. The water tender will be purchased by the District at a budgeted cost of \$500,000 but maintained by SCCCFPD.

LAHCFD FY22 Budget Narrative

- *Foothills Park – Palo Alto Fire Station #8*

This is a new account for FY22 for the joint- agreement between LAHCFD, SCCCYPD, and the City of Palo Alto to staff firefighters at the Palo Alto owned Foothills Park - Fire Station #8, which borders the District, during red-flag days. From 1993-2005, the District had annual agreements with Palo Alto to staff three firefighters at Station #8, from roughly June 15 – October 15. The District has budgeted \$575,000 for FY22.

- *Fire Protection Hand Crews*

This is a new account for FY22 for collaboration with SCCCYPD on projects to provide resilience from wildfire and other disaster that affect overlapping and adjacent service areas. The District has budgeted \$300,000 in this account for FY22.

- *Contract Services Contingency:*

For FY22, the District has budgeted \$400,000 to cover additional contract services that may be necessary to assist the District with fuel reduction programs to mitigate wildland fire exposure, implementation of CWPP best-practices, assessment of firefighter requirements for hydrant relocation and additions, and assistance in other areas requiring specialized fire service expertise.

Contract Services (Consultants)

- *Independent Contractor – Consultants:*

The District had two independent consultant positions which were retired during FY20: District Clerk and Fire Consultant (compensation for both positions is combined into the chart below). This account will now cover any individuals (not businesses) who provide independent contract consulting services to the District as needed, such as administrative, operational, or technical assistance.

FY22 Budget	75,000	(15.4%)		FY20 Actual	31,820	53.5%
FY21 Projected	65,000	(24.5%)		FY19 Actual	112,260	5.0%
FY21 Budget	75,000	(30.4%)		FY18 Actual	118,120	2.0%

- *Contract Services (Consultants) Contingency:*

For FY22, the District has budgeted \$25,000 to cover additional independent contractor consultant services that may be necessary due to the Strategic Plan goals, implementation of the Management Audit Report recommendations, and other projects such as GIS mapping and records retention.

Projects and Programs

- *IHFR Defensible Space Chipping & Debris Removal:*

FY22 Budget	450,000	(28.6%)		FY20 Actual	292,497	6.0%
FY21 Projected	350,000	(19.7%)		FY19 Actual	311,229	1.8%
FY21 Budget	500,000	(71.0%)		FY18 Actual	316,904	(9.2%)

- *IHFR Defensible Space Fuel Reduction Monthly Dropoff:*

This District-funded program allows residents to drop-off brush debris and other combustible plant materials once a month associated with property hygiene activities. The District reimburses the Town of Los Altos Hills for the cost of the program. The Town's contract with Greenwaste Recovery was renewed in FY21, resulting in slightly higher program costs. Note: one payment for FY19 was paid in FY20.

FY22 Budget	56,000	(24.4%)		FY20 Actual	38,454	15.3%
FY21 Projected	45,000	(16.9%)		FY19 Actual	45,447	(37.3%)
FY21 Budget	45,000	(16.9%)		FY18 Actual	33,097	11.3%

LAHCFD FY22 Budget Narrative

- *IHFR Goat Grazing Program:*

The District rents goats annually for hazardous fuel load reduction, usually provided at the end of the fiscal year in June. The annual charge for goat services has been \$17,738. The District renewed their annual contact with Ecosystem Concepts, Inc. in FY20, which included a 5% increase in service costs. FY21 and FY22 costs have been increased in case additional increase in service costs and/or change of vendor.

FY22 Budget	25,000	(25.0%)		FY20 Actual	18,624	(5.0%)
FY21 Projected	20,000	(7.4%)		FY19 Actual	17,738	0.0%
FY21 Budget	25,000	(81.5%)		FY18 Actual	17,738	0.0%

- *Emergency/CERT/ARK Supplies:*

Prior to FY21, this account was listed under the “Contract Service” category with purchases related to CERT, PEP, emergency supplies and equipment, and other emergency service expenses reimbursed to SCCCFPD through a retired account titled “Fire Prevention/Emergency Prep”. Since the ESM and CERT Program General Analyst are employees of the District, these purchases are better classified as their own expenditure account under “Projects and Programs.” For the purpose of analysis, past expenditures from the “Fire Prevention/Emergency Prep” account are shown in the table below for FY18-FY20.

FY22 Budget	35,000	(40.0%)		FY20 Actual	13,771	(479.1%)
FY21 Projected	25,000	(81.5%)		FY19 Actual	2,378	75.8%
FY21 Budget	25,000	(81.5%)		FY18 Actual	9,840	(178.7%)

- *Hydrant/Infrastructure Repair, Maintenance & Additions:*

This account covers District-owned hydrant and lateral repair, replacement, and maintenance costs for the District’s 540 hydrants in the Purissima Hills Water District service area. In FY22, this account was expanded to include the cost of hydrant and related infrastructure relocation and additions to provide better service coverage to the community. In FY20, the District retained the services of Freyer & Laureta (F&L) Engineering Consulting firm for a broad array of engineering and consulting services related to the District owned fire hydrants and related infrastructure water system. F&L projects will continue in FY21/22.

FY22 Budget	390,000	(875.0) %		FY20 Actual	41,169	(65.6) %
FY21 Projected	40,000	2.8%		FY19 Actual	24,863	36.4%
FY21 Budget	40,000	2.8%		FY18 Actual	39,086	(1048.5) %

- *Emergency Access Roads:*

The District budgets funds for emergency road repairs and maintenance. The Emergency Services Manager recommends an FY22 allocation of \$60,000 to cover planned enhancements and extra road repairs due to little or no expenditures between FY15 and FY20.

FY22 Budget	60,000	(1100.0%)		FY20 Actual	0	0.0%
FY21 Projected	5,000	(100.0%)		FY19 Actual	0	100.0%
FY21 Budget	20,000	(100.0%)		FY18 Actual	217	(100.0%)

LAHCFD FY22 Budget Narrative

- *IHFR Shaded Fuel Breaks:*

In FY20, the District entered into a contract with the SCCFSC to manage and oversee the District's "IHFR Shaded Fuel Break Program" by removing hazardous vegetation along roadways to help reduce a wildfire's progress, create defensive areas for firefighters to attack and suppress the fire, egress routes for resident evacuations, and ingress routes for firefighters and emergency personnel. The District began Phase 1 of the Shaded Fuel Break program along Page Mill Road during FY20 and expects to complete Phases 2 and 3 during FY21. Additional phases and other locations are expected to be added in FY22.

FY22 Budget	400,000	(100.0%)	FY21 Budget	2,000,000	(7,169.0%)
FY21 Projected	200,000	(626.9%)	FY20 Actual	27,514	N/A

- *IHFR Home Ignition Zone (HIZ) Program:*

As part of the contract with SCCFSC, one of the services provided is HIZ inspections for individual homeowners. Through this program, a trained representative from the SCCFSC will go to a resident's home and walk the property, reviewing defensible space and making recommendations for protecting the home from hazardous ignition and fuels. The program was temporarily halted in FY21 due to COVID-19 social distancing requirements, but is expected to increase in FY22 due to increased resident interest.

FY22 Budget	150,000	(200.0%)	FY21 Budget	200,000	(1758.0%)
FY21 Projected	50,000	(364.5%)	FY20 Actual	10,764	N/A

- *IHFR Open Space Fuel Break Program:*

This is a new account for FY22 for create fuel breaks and fuel reduction in the open space and high-risk wildfire areas within the District and adjoining territories. The District has budgeted \$400,000 for FY22.

- *Neighborhood Evac. Drills and Outreach:*

The Neighborhood Evacuation Drills and Outreach Program encourages LAHCFD residents to improve community emergency preparedness through neighborhood evacuation drills, and community education and training programs.

FY22 Budget	30,000	(200.0%)	FY21 Budget	15,000	N/A
FY21 Projected	10,000	N/A			

- *Firewise Communities:*

This is a new account for FY22 which encourages neighbors to work together on wildfire preparedness. The program is administered by the National Fire Protection Association (NFPA), which provides a collaborative framework to help neighbors get organized, find direction, and take action to increase the ignition resistance of their homes and community, and to reduce wildfire risks at a local level. Communities that have followed a systematic approach to organizing and implementing fire resiliency measures, and maintain "Good Standing Status" on an annual basis will earn the special distinction of being nationally recognized as a "Firewise Community." The District has budgeted \$15,000 for this program in FY22.

- *Temporary Refuge Areas:*

This is a new account for FY22 in which the District will collaborate with local agencies to create areas for residents and emergency service workers to take temporary refuge during emergencies and disasters. The District has budgeted \$15,000 for this program in FY22.

LAHCFD FY22 Budget Narrative

- *Planning, Project Management & Programs Oversight:*

The “Planning, Project Management & Programs Oversight” account (previously titled ‘Projects and Programs Oversight’) covers outside contracting services relating to oversight and coordination of various projects and programs requiring special expertise. This account will cover expenses directly relating to various “Projects and Programs,” such as management and supervision, researching further methods of fire prevention and detection, and community education and engagement.

FY22 Budget	50,000	(400.0%)		FY21 Budget	150,000	(857.9%)
FY21 Projected	10,000	36.1%		FY20 Actual	15,660	N/A

- *Communications & Outreach:*

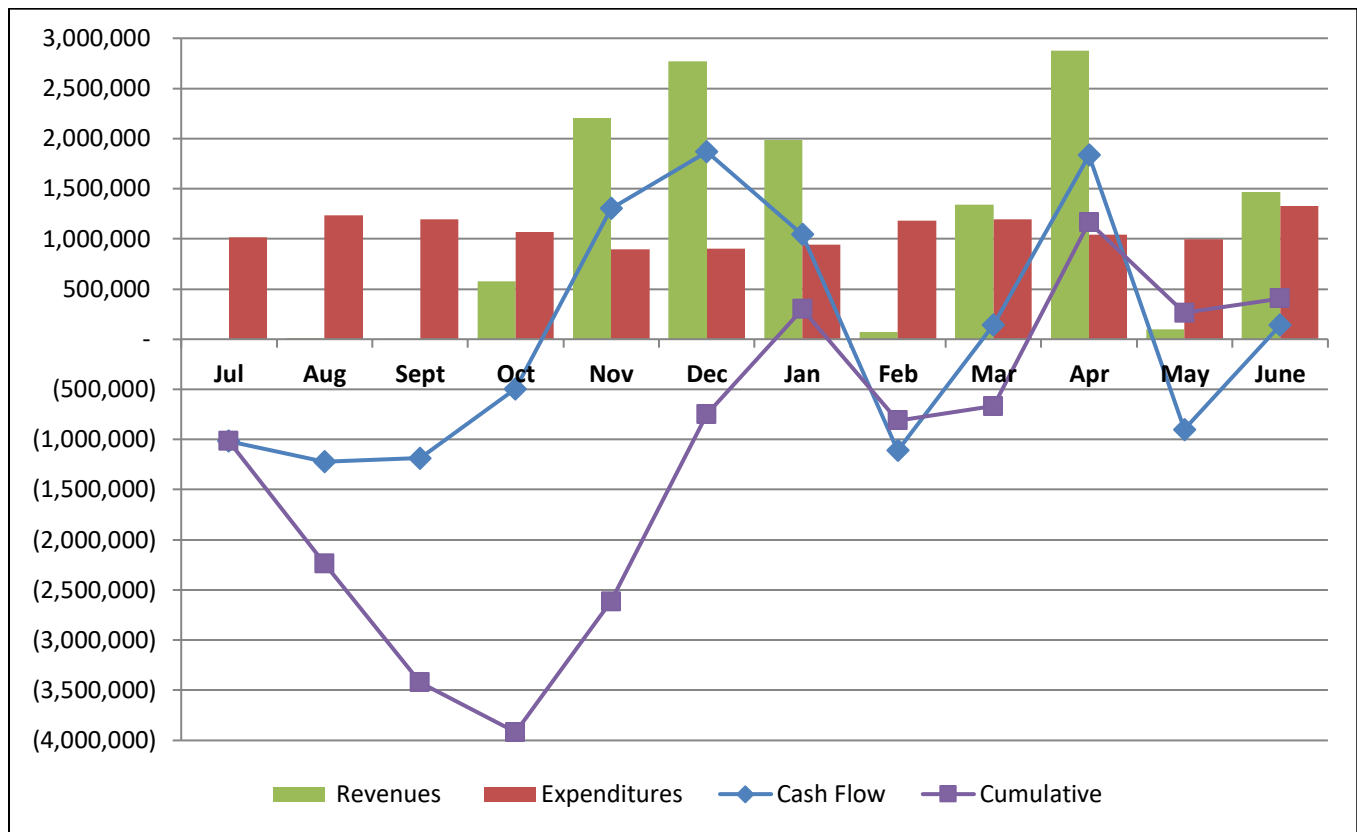
This is a new account for FY22 which was added to support the Strategic Plan Goals and Objectives and to strengthen communication tools and District outreach to residents and the community. The District has budgeted \$50,000 for this account in FY22.

- *Projects & Programs Contingency:*

The District budgeted \$475,000 to cover additional needs or unexpected Projects and Programs expenses, such as change orders, additional services, or emergency needs for the Projects and Programs listed above.

In Summary:

The FY22 budget provides the financial resources for the District to fulfill its mission of life, property, and environmental protection from fire, disaster and medical emergency through education, prevention and emergency response for the residents and community of the Los Altos Hills County Fire District. The District will continue to be guided by its 2021-2022 Strategic Plan and goals, and produce the programs and workplans in the LAHCFD CWPP Annex 4. With a robust set of accomplishments and benefits provided to residents by actions of the Board of Commissioners, the LAHCFD will continue to communicate with and serve the public as a vital local government Fire Protection Special District.

FY21/22 Cash Flow by Month

	July	August	September	October	November	December
Revenues	0	13,650	8,190	575,730	2,202,383	2,771,078
Expenditures	1,014,987	1,235,311	1,193,017	1,071,569	898,968	903,424
Cash Flow	(1,014,987)	(1,221,661)	(1,184,827)	(495,839)	1,303,415	1,867,654
Cumulative	(1,014,987)	(2,236,648)	(3,421,475)	(3,917,314)	(2,613,899)	(746,245)
	January	February	March	April	May	June
Revenues	1,987,724	70,700	1,339,592	2,879,344	95,000	1,469,209
Expenditures	943,646	1,179,708	1,197,410	1,045,019	996,018	1,328,731
Cash Flow	1,044,078	(1,109,008)	142,182	1,834,325	(901,018)	140,478
Cumulative	297,833	(811,175)	(668,993)	1,165,332	264,314	404,792

The District can expect negative cash flow in the first four months of the fiscal year because the largest portion of the District's revenue comes from Property Taxes, of which the majority is collected twice per year in December and April (with early or late payments received in the months immediately preceding or following.)

Net Position

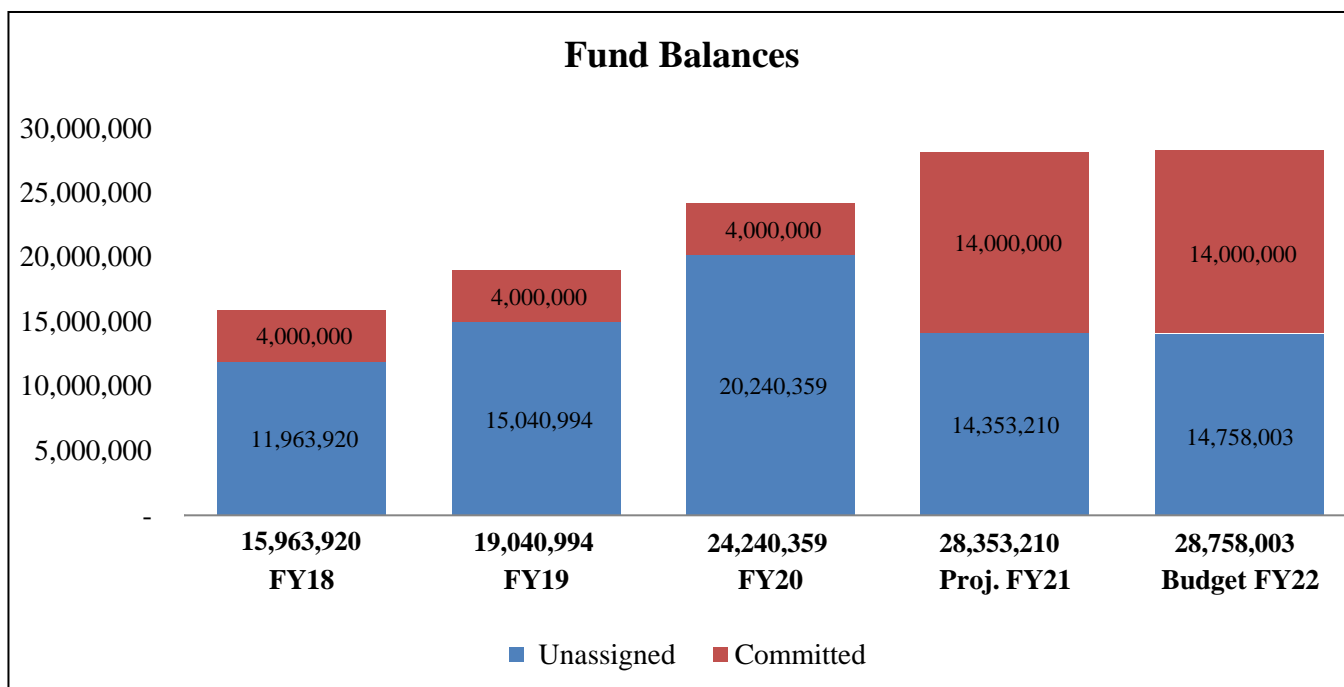
Investment in Capital Assets

At the beginning of FY22, the District's net investment in capital assets (net of accumulated depreciation) is expected to be \$3,681,627. In FY21 there was an 81.1% increase over FY20 total due to the addition of hydrant valves and laterals which were not previously reported. The investment in capital assets includes land, improvements, fire hydrants and infrastructure, furniture, and equipment. In FY22, the District plans to purchase a truck for the ESM for the transport of CERT supply trailers and emergency supplies, inspections of projects, and oversight of District programs. In emergencies, the vehicle will be utilized to transport crews and supplies and to assist in recovery operations. The estimated addition to assets will be \$45,000. The District will also work with SCCCFPD on capital improvements to the El Monte Fire Station, with FY22 costs budgeted at \$1M. Capital assets balance at the end of the fiscal year (net of accumulated depreciation) is estimated to be \$4,527,549.

Fund Balances

The term “fund balance” is the difference between assets and liabilities reported in a governmental fund and is usually a positive number. Prior to Governmental Accounting Standards Board Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), fund balances had been classified into three separate components: Reserved, Designated, and Undesignated. GASB 54 eliminates those three classifications and replaces them with the following five classifications:

- *Non-spendable* – Fund balance classified as *non-spendable* includes amounts that are not in spendable form, such as inventories, or are legally or contractually required to be maintained intact, such as fund balance associated with inventories.
- *Restricted* - Fund balance should be reported as *restricted* when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- *Committed* - 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, should be classified as *committed*. 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.
- *Assigned* - Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
- *Unassigned* – The *unassigned* fund balance is the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications.



For FY22, the District has elected to use the GASB 54 fund balance classifications of “Committed” and “Unassigned” as follows:

Committed for Operations - \$2,000,000

The amount of funds *Committed for Operations* will equal a minimum four months of operating expenses (to cover periods where minimal property tax revenue is forthcoming), including base amounts of SCCCYPD contracted fire services, salaries and payroll taxes, consulting and professional services, commissioners’ fees, repair/maintenance of hydrants and laterals, and all other expenditures the District incurs as a result of performing normal daily operations. Daily operations do not include fire prevention programs such as IHFR programs and hydrant/infrastructure as these are included in Emergency Operation commitments.

Committed for Emergency Operations - \$2,000,000

The amount of funds *Committed for Emergency Operations* will equal a minimum four months of extra fire protection and fire-prevention program expenses (to cover periods where minimal property tax revenue is forthcoming). This includes additional contracted fire-fighting services that should arise specifically due to economic uncertainties or unforeseen disasters or emergencies such as wildfires and earthquakes, staffing for extended fire seasons, and extra contracted services needed to ensure all high priority IHFR fire-prevention programs and hydrant/infrastructure repairs, maintenance, relocations, and additions are completed in a timely manner.

Committed to Buildings and Improvements - \$6,000,000

The District owns the El Monte Fire Station located at 12355 El Monte Road in Los Altos Hills. The District is working with SCCCYPD on fire station capital improvements. \$6,000,000 has been set aside for building replacement or funds that can replace building structure, roofing, walls, irrigation systems, and other systems which are close to reaching the end of their useful life. The District is also exploring ways to meet administrative needs, which could possibly involve fire station expansion or structures built on the District’s parcel.

LAHCFD FY22 Budget Narrative

Committed to Wildfire Protection and Technology - \$1,000,000

The District is committing \$1,000,000 toward technological advancements in firefighting, including Wildfire Detection Cameras, audible early warning systems, and advancements to emergency communications.

Committed to Hydrants and Infrastructures - \$3,000,000

The District owns 540 fire hydrants and lateral pipes and related infrastructures in the Purissima Hills Water District, a utility serving two-thirds of Los Altos Hills with 80 miles of pipe, 10 million gallons of storage, and five pump stations. The water system continues to be upgraded since its formation in 1955. The Fire District is committing funds to District hydrant systems and related infrastructure upgrade. The 2021-2022 Strategic Plan will examine how to develop these programs and set policies and guidelines for the process.

Unassigned Fund Balance

The remaining fund balance (slightly more than \$14.3 million at the end of FY21) will be classified as *unassigned*. After an estimated net change in fund balance of approximately \$404,792, *Unassigned Fund Balance* at the end of FY22 is estimated to be slightly more than \$14.7 million.