



LOS ALTOS HILLS



COUNTY FIRE DISTRICT



**BUDGET NARRATIVE
FISCAL YEAR 2022-2023**





Table of Contents

Introduction.....2

Budget Development Process.....4

Budget Overview.....5

Budget Highlights.....6

Revenues.....8

Expenditures.....11

FY22/23 Cash Flow by Month.....25

Net Position and Fund Balances.....26



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 unincorporated areas in the County of Santa Clara known as Loyola, Los Trancos, and San Antonio Hills.

As part of its mission, LAHCFD contracts with the Santa Clara County Central Fire Protection District (SCCCFPD or Fire Department) for fire suppression, emergency medical services, hazmat and other fire services, 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 contracting with SCCCFPD for fire services, the District provides a variety of high impact initiatives and programs designed for disaster prevention and protection of residents and the community. District programs of community outreach and education build sustainable and resilient neighborhoods to increase life and property safety and community recovery in event of a disaster.

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. During fiscal year 2022-2023 the District will commence development of the next Successor Strategic Plan. The Strategic Plan provides the framework for how the District develops its initiatives and forms its programs to supplement, enhance, strengthen, and support disaster protection and prevention services in addition to the fire protection and emergency medical services contracted from SCCCFPD.

In June 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.

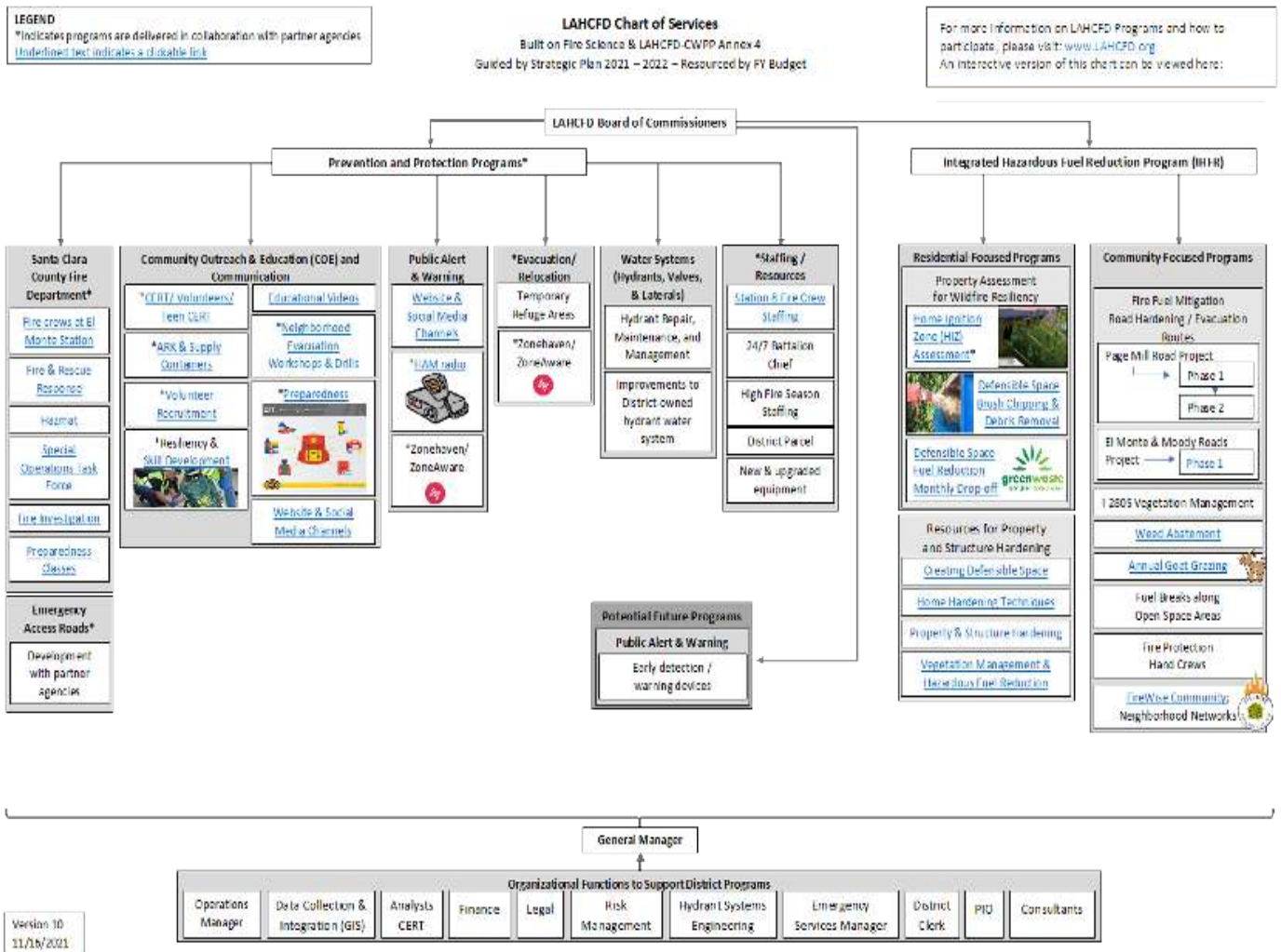
To achieve the goals of the Strategic Plan and the tenets of the LAHCFD CWPP, the District utilizes recent fire science principles and guidelines to create, develop, implement, manage, and evaluate a variety of residential and community Integrated Hazardous Fuel Reduction (IHFR) programs aimed at fire prevention, preparedness, and public education. The District also provides prevention and protection programs focused on Community Outreach and Education (COE). 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. These include, Personal Emergency Preparedness (PEP), adult and teen Community Emergency Response Teams (CERT), CERT skills refresher classes and workshops, Cardio-Pulmonary Resuscitation (CPR) and First Aid and Stop the Bleed Class.

A full-time General Manager oversees the District's initiatives, projects, programs, and daily operations with a staff of a full-time Operations Manager, a full-time Emergency Services Manager, a full-time Programs and Grants Manager, a part-time Community Education & Risk Reduction Manager, a part-time District Clerk, and specialized outside consultants.

LAHCFD FY23 Budget Narrative

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.

The LAHCFD Chart of Services 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 Fiscal Year 2022-2023 Budget development is summarized as follows:

1. **November 9, 2021, Standing Budget Subcommittee Special Meeting** - LAHCFD Fiscal Year 2022-2023 Draft Budget, developed by the General Manager (GM) and Financial Consultant (FC), presented and discussed by the Standing Budget Subcommittee.
2. **November 16, 2021, Commission Regular Meeting** – Revised Draft Budget presented to the LAHCFD Board of Commissioners for discussion.
3. **January 18, 2022, Regular Meeting** – The County of Santa Clara Office of Budget & Analysis (OBA) and the County of Santa Clara Controller-Treasurer Department revisions were incorporated into the Draft Budget and received by the LAHCFD Commission. The Commission provided direction to the GM and FC to incorporate any additional revisions made by the County into the Final Fiscal Year 2022-2023 Draft Budget after January 18.
4. **February 11, 2022** – The Final Fiscal Year 2022-2023 Draft Budget submitted to OBA.
5. **February 15, 2022, Regular Commission Meeting** – The Final Fiscal Year 2022-2023 Draft Budget returned for consideration and approval by the LAHCFD Commission.
6. **March 15, 2022, Regular Commission Meeting** - The Commission reviewed and approved the Final Fiscal Year 2022-2023 Budget (which included any suggested changes made by the County Executive).
7. **April 22, 2022** – County of Santa Clara finalization of the Fiscal Year 2022-2023 Recommended Budget.
8. **May 16-18, 2022** – County of Santa Clara Fiscal Year 2022-2023 Budget Workshops. The District Workshop will occur on Wednesday May 18, 2022.
9. **June 13, 14 and 16, 2022** - The County Board of Supervisors Fiscal Year 2022-2023 Budget Hearings to approve the County Executive's Final Budget.



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, 2023.

FY 2022-2023 Goal and Objectives

For the fiscal years ending 2017 through 2021, revenues have exceeded expenditures for a total net change in fund balance of approximately \$17.9 million. Revenues are expected to exceed expenses by approximately \$3.1 million in fiscal year 2021-2022 due to COVID-19 restrictions in the workforce, unfilled staff positions, lower than projected expenditures for fire services, and unspent contingencies, which has led to underspending of budgeted expenditures. The District's goal for fiscal year 2022-2023 is to increase personnel and consulting services and resources to support the expansion of operations and program capacity, such as implementation and oversight of projects and programs, and the building of community resilience programs to benefit residents and the region. The District also aims to utilize its fund balance for expanded vegetation management programs, grant contribution fund allocations, procurement of vegetation management equipment, development of the District's parcel of land, and remodeling of the El Monte Fire Station.

The Economic Outlook

The past two years have 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. While the shelter-in-place orders in California have had a significant impact on the local economy, the District did not experience a negative impact to its primary revenue source in property taxes. For FY23, tax revenues are projected to increase 2.3 percent over FY22, though the County Office of Budget Analysis (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 4.3 percent, resulting in a positive change in the District's fund balance.

Narrative Layout

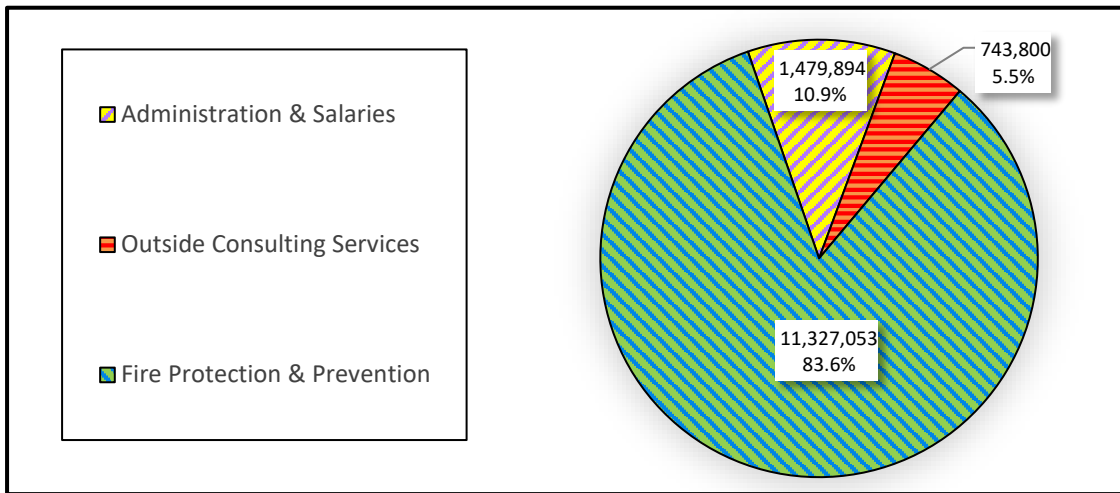
The Budget Narrative provides a summary of each of the District's accounts and is organized by revenues, expenditures, net position, and fund balances. Revenues are grouped into two main account categories: "Property Taxes" and "Other Revenues." Expenditure accounts are grouped into six main account categories: "Operating Expenses," "Salaries & Payroll Taxes," "Professional and Specialized Services," "Contract Services," "Contract Services (Consultants)," and "Projects and Programs." Each of the revenue and expenditure sub-accounts includes a table to show the percent of favorable/(unfavorable) variance from the prior year, with FY23 percentage variance compared to the FY22 mid-year projected amount.



Budget Highlights

- Revenues are anticipated to increase by 2.3 percent to approximately \$14 million. The primary source of revenue for the District are property taxes, which represent nearly 98.3 percent of total revenues. As of December 2021, the County assessor’s office reports that the assessed property valuation has been increasing and has shown consistent growth for the last eleven fiscal years.
- Expenditures are expected to increase 28.2 percent over FY22 projected amounts, approximating a little more than \$13.5 million. While FY22 is projected to show lower expenditures than anticipated, the FY23 increase is also 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, and the expansion of IHFR projects and programs for fire protection.
- “Contract Services” are expected to increase approximately \$0.5 million due to the rate formula in the SCCCFPD Fire and Emergency Services Agreement 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 \$1.64 million. In FY22 the District increased staffing and continued its contract with the SCCFSC to allow for expansion and increased oversight of IHFR Programs.
- “Salaries and Payroll” are expected to increase \$389,250, and “Professional and Specialized Services” are expected to increase \$283,200 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) Development of the 2023-2025 Strategic Plan goals and objectives.
 - 3) Analysis and implementation of County Local Agency Formation Commission (LAFCO) and County regional fire protection plan study findings.
 - 4) An increase from the budgeted 4.5 full-time equivalent employees (FTE) in FY22, to 5.5 FTE in FY23 by adding the position of Programs, Planning and Grants Manager.
 - 5) Additional specialized consulting services for District parcel design and development, as well as increased Geographical Information System (GIS) mapping, videographer services, and design services for District brochures and educational materials.
- Assets are expected to increase from approximately \$34.5 million to \$35 million, a 1.6 percent increase. Cash at the end of the year is anticipated to be approximately \$32.8 million, accounts receivables \$100,000, and fixed assets (including land, station improvements, fire hydrants/infrastructure, furniture, and equipment) are expected to be slightly more than \$2.1 million.

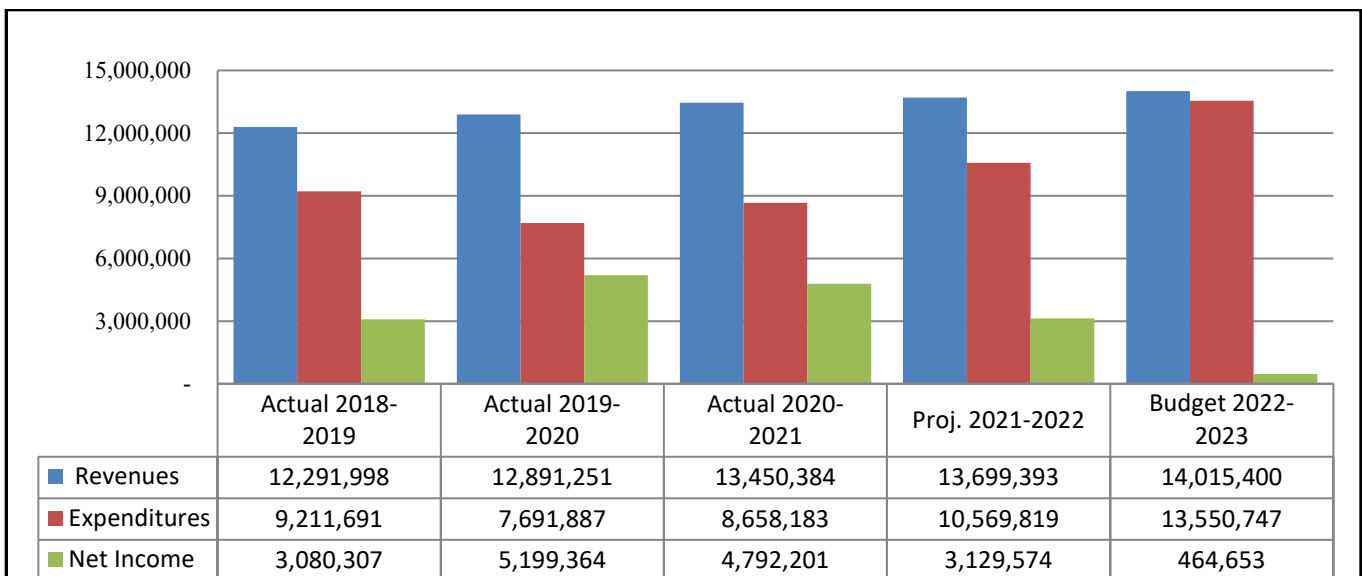
Percentage of Expenditures for Public Benefit



- “Operating Expenditures” and “Salaries and Payroll” (representing “Administration & Salaries”) are 10.9 percent of total expenditures. “Professional and Specialized Services” and “Contract Services (Consultants)” (representing “Outside Consulting Services”) are 5.5 percent of total expenditures. These accounts provide the resources to support the increase in operations and program capacity, such as implementation and oversight of projects and programs, and the building of community resilience to benefit residents and the region.
- “Contract Services” and “Projects and Programs” (representing “Fire Protection & Prevention”) are 83.6 percent of total expenditures and provide direct implementation of protection and prevention from fires, disasters, and emergencies.

Net Change in Fund Balance

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





Revenues

	Actual FY19 (2018-2019)	Actual FY20 (2019-2020)	Actual FY21 (2020-2021)	Budget FY22 (2021-2022)	Reproj. FY22 (2021-2022)	Budget FY23 (2022-2023)
Property Taxes	11,942,859	12,481,610	13,185,165	13,052,400	13,469,193	13,775,200
Other Revenues	349,139	409,640	265,219	360,200	230,200	240,200
Total Revenues	12,291,998	12,891,251	13,450,384	13,412,600	13,699,393	14,015,400

Note: The tables accompanying each account’s description show the percent of favorable/(unfavorable) variance from the prior year, with FY23 percentage variance compared to the FY22 mid-year projected amount.

Property Taxes

The County collects taxes for the District, remits funds 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 FY23 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.

FY23 Budget	12,770,000	2.5%		FY21 Actual	11,922,143	4.9%
FY22 Projected	12,463,993	4.5%		FY20 Actual	11,362,849	6.6%
FY22 Budget	12,107,400	1.6%		FY19 Actual	10,661,980	7.0%

- *Unitary Property Taxes:*

Unitary property taxes cover such entities as 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.

FY23 Budget	57,000	0.0%		FY21 Actual	51,583	1.3%
FY22 Projected	57,000	10.5%		FY20 Actual	50,928	(4.9%)
FY22 Budget	51,000	(1.1%)		FY19 Actual	53,563	17.3%

LAHCFD FY23 Budget Narrative

- *Unitary Property Taxes Railroad:*

For railroad unitary property taxes which are assessed by the State Board of Equalization.

FY23 Budget	1,200	0.0%		FY21 Actual	1,075	15.2%
FY22 Projected	1,200	11.7%		FY20 Actual	933	(1.3%)
FY22 Budget	1,000	(6.9%)		FY19 Actual	945	2.2%

- *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.

FY23 Budget	660,000	0.0%		FY21 Actual	734,274	5.4%
FY22 Projected	660,000	(10.1%)		FY20 Actual	696,645	(6.8%)
FY22 Budget	592,000	(19.4%)		FY19 Actual	747,280	15.5%

- *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.

FY23 Budget	173,000	0.0%		FY21 Actual	385,057	38.3%
FY22 Projected	173,000	(55.1%)		FY20 Actual	278,420	(30.7%)
FY22 Budget	195,000	(49.4%)		FY19 Actual	401,777	17.5%

- *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.

FY23 Budget	41,000	0.0%		FY21 Actual	41,388	(3.1%)
FY22 Projected	41,000	(0.9%)		FY20 Actual	42,725	(2.2%)
FY22 Budget	43,000	3.9%		FY19 Actual	43,694	(0.9%)

- *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.

FY23 Budget	73,000	0.0%		FY21 Actual	49,646	1.1%
FY22 Projected	73,000	47.0%		FY20 Actual	49,110	46.1%
FY22 Budget	63,000	26.9		FY19 Actual	33,620	90.9%

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. Since FY21, interest rates have decreased dramatically due to the COVID-19 pandemic, but interest income for FY23 is expected to increase slightly due to extra commingled cash at the beginning and end of the fiscal year.

FY23 Budget	240,000	4.3%	FY21 Actual	261,815	(36.1%)
FY22 Projected	230,000	(12.2%)	FY20 Actual	409,640	19.8%
FY22 Budget	360,000	37.5%	FY19 Actual	342,031	53.2%

- *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.

FY23 Budget	0	0.0%	FY21 Actual	0	0.0%
FY22 Projected	0	0.0%	FY20 Actual	0	(100%)
FY22 Budget	0	0.0%	FY19 Actual	7,000	133.3%

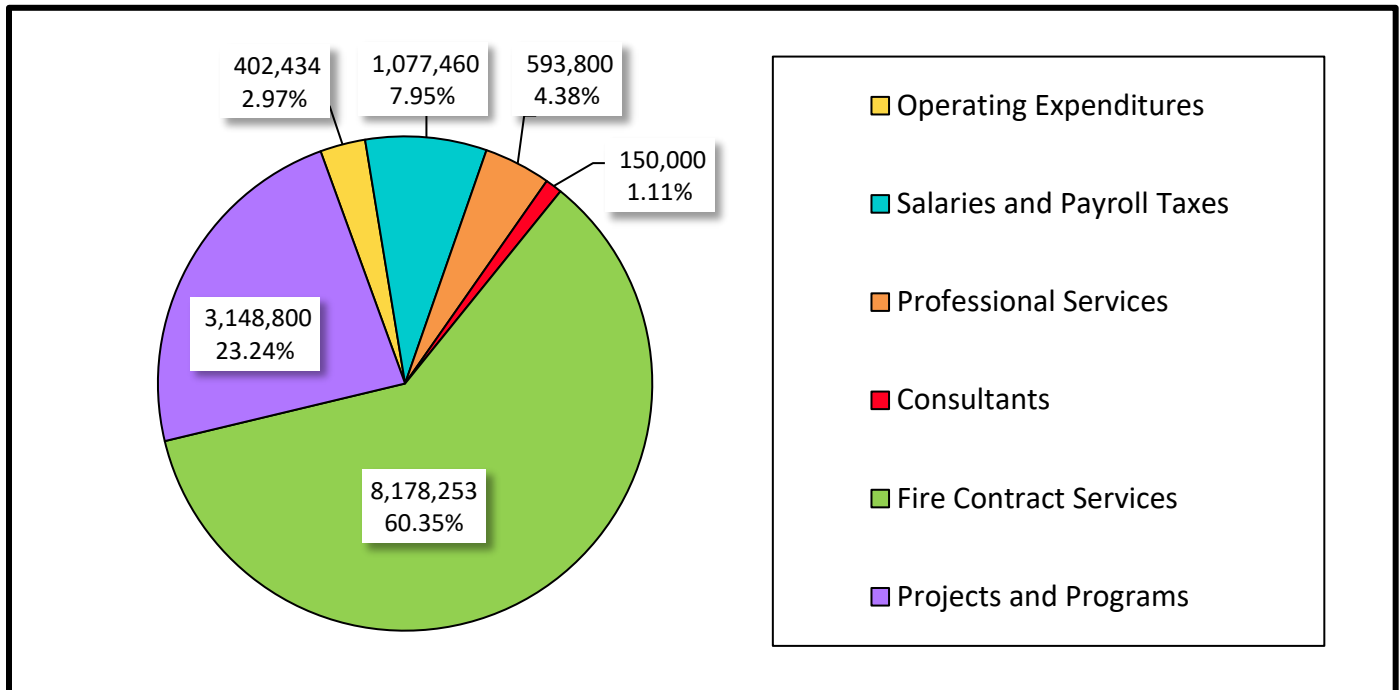
- *Other/Miscellaneous Revenues:*

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.

FY23 Budget	200	0.0%	FY21 Actual	3,404	100%
FY22 Projected	200	(94.1%)	FY20 Actual	0	(100%)
FY22 Budget	200	(94.1%)	FY19 Actual	108	(32.5%)



Expenditures



	Actual FY19 (2018-2019)	Actual FY20 (2019-2020)	Actual FY21 (2020-2021)	Budget FY22 (2021-2022)	Reproj. FY22 (2021-2022)	Budget FY23 (2022-2023)
Operating Expenditures	137,654	141,365	365,392	346,994	295,825	402,434
Salaries & Payroll Taxes	77,275	231,571	373,697	796,950	688,210	1,077,460
Prof. & Specialized Serv.	309,022	366,317	279,844	360,600	310,600	593,800
Contract Services	6,234,738	6,160,815	6,809,485	8,802,264	7,649,184	8,178,253
Cont. Serv. (Consultants)	112,260	52,223	72,151	100,000	120,000	150,000
Projects and Programs	2,340,742	739,595	757,615	2,601,000	1,506,000	3,148,800
Total Expenditures	9,211,691	7,691,887	8,658,184	13,007,808	10,569,819	13,550,747

Note: The tables accompanying each account’s description on the following pages show the percent of favorable/(unfavorable) variance from the prior year, with FY23 percentage variance compared to the FY22 mid-year projected amount. For the purpose of the budget, decreased expenditures are considered favorable, and increased expenditures are considered unfavorable.

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. FY21 amounts were low due to an insurance premium refund received for the FY20 policy. The FY22 amount increased due to addition of hydrants/infrastructure, increase in current value assessment of the District owned El Monte Fire Station, and increase in insurance rates due to COVID-19. Insurance rates are expected to continue to rise for FY23.

FY23 Budget	28,000	-21.2%	FY21 Actual	1,934	27.2%
FY22 Projected	23,100	(1,094%)	FY20 Actual	2,657	(5.6%)
FY22 Budget	25,000	(1,192%)	FY19 Actual	2,517	(16.5%)

- *Workers' Comp. – Special Districts*

This account tracks Workers' Compensation expenditures for the District's employees and 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 (SCIF). In FY20, coverage was added for the District's two additional .50 FTE part-time employees and volunteer CERT supervisors. More coverage was added in FY21 for an additional full-time employee, but insurance expense was lower due to a refund received on the FY20 policy. For FY22 and FY23, rates are expected to increase due to additional District employees and an increase in insurance rates due to COVID-19.

FY23 Budget	17,000	(36.0%)	FY21 Actual	4,385	47.7%
FY22 Projected	12,500	(185.1%)	FY20 Actual	8,379	(678%)
FY22 Budget	15,000	(242.1%)	FY19 Actual	1,077	N/A

- *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.

FY23 Budget	18,000	0.0%	FY21 Actual	14,400	7.1%
FY22 Projected	18,000	(25.0%)	FY20 Actual	15,500	(49.0%)
FY22 Budget	18,000	(25.0%)	FY19 Actual	10,400	31.6%

- *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 FY22, hence the higher FY22 Projected and FY23 Budget. For the purpose of analysis, past expenditures from the "Building and Grounds" account are shown in the table below for FY19 and FY20.

FY23 Budget	20,000	0.0%	FY21 Actual	4,815	2.0%
FY22 Projected	20,000	(315.4%)	FY20 Actual	4,915	9.1%
FY22 Budget	20,000	(315.4%)	FY19 Actual	5,405	0.1%

LAHCFD FY23 Budget Narrative

- *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 office costs will continue to increase due to the hiring of additional employees.

FY23 Budget	17,000	(41.7%)	FY21 Actual	9,894	(161.0%)
FY22 Projected	12,000	(21.3%)	FY20 Actual	3,791	63.4%
FY22 Budget	10,000	(1.1%)	FY19 Actual	10,362	(120.2%)

- *Workshops, Conferences & Seminars*

Beginning in FY22, the District covered expenditures for employee development, training, and continuing education.

FY23 Budget	12,000	(60.0%)	FY22 Budget	6,000	N/A
FY22 Projected	7,500	N/A			

- *Professional Services – Internal:*

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

FY23 Budget	500	(116.5%)	FY21 Actual	193,770	(83,783%)
FY22 Projected	231	99.9%	FY20 Actual	231	0.0%
FY22 Budget	500	99.7%	FY19 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.

FY23 Budget	121,000	(5.2%)	FY21 Actual	109,924	(7.0%)
FY22 Projected	115,000	(4.6%)	FY20 Actual	102,729	1.0%
FY22 Budget	113,000	(2.8%)	FY19 Actual	103,738	(7.8%)

- *Publications and Legal Notices:*

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

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

FY23 Budget	30,000	(100.0%)	FY21 Actual	15,459	(197.2%)
FY22 Projected	15,000	3.0%	FY20 Actual	5,202	41.2%
FY22 Budget	22,000	(42.3%)	FY19 Actual	8,847	(166.7%)

LAHCFD FY23 Budget Narrative

- *IC – Cost Allocation Plan*

Beginning in FY22, this account covers allocation costs as calculated by the County’s Cost Management Unit.

FY23 Budget	78,934	(31.6%)	FY22 Budget	59,994	N/A
FY22 Projected	59,994	N/A			

- *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” but 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 amounts are higher since the City of Los Altos did not send the bills for FY20 until FY21. For this analysis, past expenditures from the “Self-Insurance Claim (Workers’ Compensation)” account are shown in the table below for FY19 and FY20.

FY23 Budget	10,000	(33.3%)	FY21 Actual	10,310	(100.0%)
FY22 Projected	7,500	27.3%	FY20 Actual	0	100.0%
FY22 Budget	7,500	27.3%	FY19 Actual	5,666	(1103.0%)

- *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 district banners and signage, dues and subscriptions, or boardroom expenses). Beginning in FY20, this account was modified to include a larger contingency for all the “Operating Expenditure” accounts.

FY23 Budget	50,000	(900.0%)	FY21 Actual	500	82.6%
FY22 Projected	5,000	(900.0%)	FY20 Actual	2,877	(496.9%)
FY22 Budget	50,000	(9,900.0%)	FY19 Actual	482	69.4%

Salaries and Payroll Taxes

<u>FY 2022-2023</u>		<u>FY 2021-2022</u>	
General Manager	1.0 FTE	General Manager	1.0 FTE
Operations Manager	1.0 FTE	Operations Manager	1.0 FTE
Emergency Services Manager	1.0 FTE	CERT Prog. General Analyst	1.0 FTE
Comm. Ed. & Risk Red. Manager	0.5 FTE	Emergency Services Manager	0.5 FTE
District Clerk	0.5 FTE	District Clerk	0.5 FTE
Technical Analyst	0.5 FTE	Technical Analyst	<u>0.5 FTE</u>
Prog., Planning & Grants Manager	<u>1.0 FTE</u>		
Total:	5.5 FTE	Total:	4.5 FTE

- *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 \$213,333, with employer’s share of payroll taxes at 6.2% for Social Security (FICA) up to \$147,000 of the salary, 1.45% for Medicare, 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 FY23 annual salary has been budgeted at \$220,000. The full-time General Manager position receives no medical or retirement benefits.
- *Programs Planning and Grants Manager:*
 The full-time (1 FTE) Technical Analyst /Programs, Planning and Grants Manager will manage programs, planning and project management of the Cal OES/FEMA Grant application process currently under development. Manager will develop and design planning and project management and plan grants and funding sources that support the initiatives of the District. Manager is responsible for the selection, procurement, installation, training and implementation of project management software, training of personnel, automated workflow systems and data platforms. Serves in a leadership role and liaison for planning, project management and grants to County, local and regional agencies, partners and other parties that are cooperatives with the District. The FY23 annual compensation for this position has been budgeted at \$180,000. The Programs, Planning and Grants Manager will receive no medical or retirement benefits.
- *Emergency Services Manager (ESM):*
 The Emergency Services Manager (ESM) leads, oversees, and coordinates 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 ESM also coordinates with the Community Education and Risk Reduction Manager on outreach presentations to neighborhoods and the community, such as Firewise Communities and Neighborhood Evacuation Drills.

LAHCFD FY23 Budget Narrative

The ESM coordinates with the Operations Manager to implement evacuation routes, emergency roads, and early warning notification programs. 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. For FY23, options will be considered to reorganize the position to a full-time (1 FTE) position with annual hourly compensation budgeted at \$133,250. The ESM position receives no medical or retirement benefits.

- *Operations Manager:*

Beginning in December 2021, the District hired a full-time (1 FTE) Operations Manager to provide operational support, administration, manage operations in projects and services, and develop methods to ensure continuous improvement of service operations to protect the lives, property and environment within the Community. The Operations Manager works to strengthen the IHFR Programs, provides operational support for projects including evacuation routes, emergency roads, and early warning notification programs, supports the operations of the District's five hundred and forty (540) fire hydrants and related hydrant infrastructure system, participates with SCCCFPD and the community to review and update the CWPP Annex 4, and provides operational support to regional partners and SCCFSC. This position coordinates with the Emergency Services Manager (ESM) and Community Education and Risk Reduction Manager and the Programs, Planning and Grants Manager on prevention, protection and emergency and disaster programs. The FY23 annual hourly compensation for this position has been budgeted at \$182,000. The full-time Operations Manager position receives no medical or retirement benefits.

- *Community Education and Risk Reduction Manager:*

In FY23, the District will consider options for position reorganization of the duties of the Emergency Services Manager and the CERT Program General Analyst. If approved, one part-time (.5 FTE) position will be titled Community Education and Risk Reduction Manager to manage programs for education, outreach and risk reduction in the community. The Community Education and Risk Reduction Manager will be involved in the District's risk reduction projects and programs including Defensible Space Brush Chipping and Debris Removal, Evacuation Route & Vegetation Management, goats for vegetation mitigation, hydrant relocation and placement, Home Ignition Zones (HIZ) and Rebate Programs, emergency access roads projects, and responses to a variety of resident inquiries. The Community Education and Risk Reduction Manager also assists the Emergency Services Manager with community education and outreach efforts to support the community participation in the District's comprehensive emergency and disaster programs. The FY23 annual hourly compensation has been budgeted at \$98,500. The Community Education and Risk Reduction Manager 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. 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 FY23 annual hourly compensation has been budgeted at \$68,000. The District Clerk position receives no medical or retirement benefits.

LAHCFD FY23 Budget Narrative

- *Technical Analyst:*

Beginning in FY23, a position is available for a part-time (.5 FTE) Technical Analyst. Duties may include assist with the District’s Geographical Information System (GIS) Mapping Technology, assist with the District’s social media platforms and website, assist with 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. The FY23 annual hourly compensation for this position has been budgeted at \$65,000. The Technical Analyst position receives no medical or retirement benefits

Permanent Employees – Special Districts					
FY23 Budget	946,750	(48.3%)		FY21 Actual	346,022 (61.9%)
FY22 Projected	638,210	(84.4%)		FY20 Actual	213,781 (200.0%)
FY22 Budget	737,000	(113.0%)		FY19 Actual	71,250 N/A

Medicare Tax – Employers Share					
FY23 Budget	14,600	(69.8%)		FY21 Actual	5,017 (61.9%)
FY22 Projected	8,600	(71.4%)		FY20 Actual	3,100 (200.1%)
FY22 Budget	9,150	(82.4%)		FY19 Actual	1,033 N/A

FICA – Special Districts					
FY23 Budget	53,700	(64.7%)		FY21 Actual	21,453 (61.9%)
FY22 Projected	32,600	(52.0%)		FY20 Actual	13,255 (200.0%)
FY22 Budget	39,000	(81.8%)		FY19 Actual	4,418 N/A

Unemployment – Special Districts					
FY23 Budget	2,410	(33.9%)		FY21 Actual	1,204 16.1%
FY22 Projected	1,800	(49.5%)		FY20 Actual	1,425 (150.0%)
FY22 Budget	1,800	(49.5%)		FY19 Actual	574 N/A

- *Temporary and Seasonal Employees:*

This is a new account for FY23 for temporary and seasonal positions hired to assist on projects during high-fire season months such as: 1.) community events; 2.) emergency preparedness fairs; 3.) coordination with the Town of Los Altos Hills regarding residential complaints about fire hazards, hydrant issues involved with development of property, weed and vegetation mitigation; 4.) CERT volunteer training, programs and drills; and 5.) coordination with Firewise Community organization in neighborhoods and neighborhood evacuation routes practice and drills. Position titles and job descriptions are from County Fire Department

- Community Risk Reduction Specialist I, salary range from \$40.00 - \$59.00/hour
- Community Risk Reduction Specialist II, salary range from \$60.00 - \$75.00/hour
- Program Specialist I, salary range from \$30.00 - \$55.00/hours

- *Overtime*

This account was created in FY22 to cover overtime hours for non-salaried full-time employees.

FY23 Budget	10,000	(42.9%)		FY22 Budget	10,000	N/A
FY22 Projected	7,000	N/A				

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 the auditing firm expired in FY22, so FY23 has been budgeted slightly higher to account for a new contract.

FY23 Budget	28,000	(33.3%)	FY21 Actual	20,081	0.0%
FY22 Projected	21,000	(4.6%)	FY20 Actual	20,081	0.1%
FY22 Budget	21,000	(4.6%)	FY19 Actual	20,105	(3.5%)

- *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.)

FY23 Budget	40,800	(3.0%)	FY21 Actual	39,600	0.0%
FY22 Projected	39,600	0.0%	FY20 Actual	39,600	0.0%
FY22 Budget	39,600	0.0%	FY19 Actual	39,600	(10.0%)

- *Outside Legal Fees:*

During FY21, the District ended its contract with a private legal firm and is now represented exclusively by the Offices of 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.

FY23 Budget	150,000	0.0%	FY21 Actual	129,662	54.6%
FY22 Projected	150,000	(15.7%)	FY20 Actual	285,731	(23.0%)
FY22 Budget	150,000	(15.7%)	FY19 Actual	232,314	(136.8%)

- *Outside Professional Services:*

The District uses outside business consultants to assist with operations, including website maintenance and content development, development of the Strategic Plan, records retention development, GIS development, videographer services, and designing of District brochures and materials. Outside Professional Services will continue to increase in FY23 with the addition of the Cal OES/FEMA Grant process, District parcel design services and CWPP fire fuel modeling services.

FY23 Budget	325,000	(255.0%)	FY21 Actual	90,501	(332.9%)
FY22 Projected	100,000	(10.5%)	FY20 Actual	20,905	(23.0%)
FY22 Budget	50,000	44.8%	FY19 Actual	17,003	(329.6%)

- *Professional and Specialized Services Contingency:*

The District has budgeted \$50,000 in FY23 to cover additional professional services necessary to quickly address and find solutions for additional operational projects implementation of 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.

FY23 Budget	5,492,614	(4.0%)	FY21 Actual	5,105,340	(4.1%)
FY22 Projected	5,279,346	(3.4%)	FY20 Actual	4,904,112	(4.6%)
FY22 Budget	5,423,607	(6.2%)	FY19 Actual	4,690,124	(4.3%)

- *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.

FY23 Budget	1,330,639	(4.0%)	FY21 Actual	1,236,816	(4.1%)
FY22 Projected	1,278,972	(3.4%)	FY20 Actual	1,188,066	(4.1%)
FY22 Budget	1,298,657	(5.0%)	FY19 Actual	1,140,867	(5.0%)

- *SCCCFPD Supplies, Maintenance & Reimbursements:*

Prior to FY22, 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.

FY23 Budget	5,000	0.0%	FY21 Actual	2,345	83.0%
FY22 Projected	5,000	(113.2%)	FY20 Actual	13,771	(479.1%)
FY22 Budget	5,000	(113.2%)	FY19 Actual	2,378	75.8%

- *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 FY21, the District in coordination with SCCCFPD changed this policy to only provide extra patrol staff on “high risk” fire days.

FY23 Budget	100,000	(233.3%)	FY21 Actual	67,059	(56.6%)
FY22 Projected	30,000	55.3%	FY20 Actual	42,830	85.7%
FY22 Budget	200,000	(198.2%)	FY19 Actual	300,389	11.4%

LAHCFD FY23 Budget Narrative

- *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. In coordination with “Extra Fire Season Staff”, the District reduced the Type 3 Fire Engine Rental to provide extra patrolling on only “high risk” fire days.

FY23 Budget	50,000	(233.3%)	FY21 Actual	34,830	(189.4%)
FY22 Projected	15,000	56.9%	FY20 Actual	12,036	86.6%
FY22 Budget	100,000	(187.1%)	FY19 Actual	90,134	24.9%

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

Beginning in FY22, the District entered into a joint-agreement with SCCCFPD and the City of Palo Alto to staff firefighters at the Palo Alto owned Foothills Park - Fire Station #8, which borders the District, during the fire season.

FY23 Budget	500,000	(19.0%)	FY22 Budget	575,000	N/A
FY22 Projected	420,000	N/A			

- *Fire Protection Hand Crews*

In FY22, the District budgeted for collaboration with SCCCFPD fuels management crews on projects to provide resilience from wildfire and other disaster that affect overlapping and adjacent service areas.

FY23 Budget	300,000	0.0%	FY22 Budget	300,000	N/A
FY22 Projected	300,000	N/A			

- *Contract Services Contingency:*

For FY23, 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.

FY23 Budget	100,000	16.7%	FY21 Actual	72,151	(38.2%)
FY22 Projected	120,000	(66.3%)	FY20 Actual	52,223	53.5%
FY22 Budget	75,000	(3.9%)	FY19 Actual	112,260	5.0%

- *Contract Services (Consultants) Contingency:*

For FY23, the District has budgeted \$50,000 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 Brush Chipping & Debris Removal:*

This District-funded, on-site IHFR Defensible Space Brush Chipping & Debris Removal service (provided twice-yearly in each of the District’s six Areas) reduces excess fuel loads from residential properties. The program’s requests for service have continued to increase due to dryer weather conditions and mounting fire danger from hazardous brush, limbs and branches, and extra funds have been budgeted in FY23 to cover emergency “on-call” requests. Since October 2019, this program has been managed and overseen by the SCCFSC

FY23 Budget	400,000	(6.7%)	FY21 Actual	295,406	(1.0%)
FY22 Projected	375,000	(26.9%)	FY21 Actual	292,497	6.0%
FY22 Budget	450,000	(52.3%)	FY20 Actual	311,229	1.8%

- *IHFR Defensible Space Debris 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 FY22, resulting in slightly higher program costs. Note: one payment for FY18 was paid in FY19.

FY23 Budget	56,000	(24.4%)	FY21 Actual	38,454	15.3%
FY22 Projected	45,000	(16.9%)	FY20 Actual	45,447	(37.3%)
FY22 Budget	45,000	(16.9%)	FY19 Actual	33,097	11.3%

- *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 FY23 due to increased resident interest.

FY23 Budget	230,000	(360.0%)	FY21 Actual	1,167	(89.2%)
FY22 Projected	50,000	(4183.5%)	FY20 Actual	10,764	N/A
FY22 Budget	150,000	(12750%)			

- *IHFR Evacuation Route & Vegetation Management:*

In FY20, the District entered into a contract with the SCCFSC to manage and oversee the District’s “IHFR Evacuation Route & Vegetation Management” 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 has completed evacuation route and vegetation mitigation along Page Mill Road and El Monte and Moody Roads, and plans to complete additional road hardening along Altamont Road during FY22. Additional locations will be added in FY23.

FY23 Budget	400,000	(33.3%)	FY21 Actual	43,680	(100.0%)
FY22 Projected	300,000	(586.8%)	FY20 Actual	27,514	N/A
FY22 Budget	400,000	(815.8%)			

LAHCFD FY23 Budget Narrative

- *IHFR Open Space Fuel Break Program:*

This account was added in FY22 for creation of fuel breaks and fuel reduction in the open space and high-riskwildfire areas within the District and adjoining territories.

FY23 Budget	200,000	27.3%	FY22 Budget	400,000	N/A
FY22 Projected	275,000	N/A			

- *IHFR I-280 Fuel Break Project:*

This is a new account for FY23, for hazardous fuel reduction and removal of hazardous fire fuels along a 5.9 mile stretch of I-280 from Page Mill Road to Permanente Creek, which is a critical evacuation route in the event of wildfire, earthquake, or other disaster. The program will be run in coordination with SCCFSC and with permits through Cal Trans AND is estimated to take 3 years to complete. The District has applied for Cal OES/FEMA grant to assist with financing the multi-million dollar project. Ongoing maintenance of the vegetation will be necessary after completion of the project. The District has budgeted \$550,000 for this program in FY23.

- *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 District renewed their annual contact with Ecosystem Concepts, Inc. in FY22, which included a 5% increase in service costs. FY23 costs have been increased to include the possibility of goat grazing in additional locations.

FY23 Budget	40,000	(60.0%)	FY21 Actual	19,556	(5.0%)
FY22 Projected	25,000	(27.8%)	FY20 Actual	18,624	(5.0%)
FY22 Budget	25,000	(27.8%)	FY19 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 Community Education and Risk Reduction Manager are employees of the District, these purchases are better classified as their ownexpenditure 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 FY19 and FY20.

FY23 Budget	40,000	(14.3%)	FY21 Actual	28515	(107.1%)
FY22 Projected	35,000	(22.7%)	FY20 Actual	13,771	(479.1%)
FY22 Budget	35,000	(22.7%)	FY19 Actual	2,378	75.8%

- *Vegetation and Response Equipment & Maintenance:*

This is a new account for FY23 for purchase and repairs and maintenance of a heavy-duty work truck that has the capacity to haul district equipment and emergency equipment trailers, and to purchase a masticator and other equipment to facilitate the removal of vegetation to assist with the preparation and development of evacuation routes and vegetation mitigation of fire roads within the District. The District has budgeted \$175,000 for this account in FY23.

LAHCFD FY23 Budget Narrative

- *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.

FY23 Budget	350,000	(40.0 %)	FY21 Actual	99,365	(141.4) %
FY22 Projected	250,000	(151.6%)	FY20 Actual	41,169	(65.6) %
FY22 Budget	390,000	(292.5%)	FY19 Actual	24,863	36.4%

- *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.

FY23 Budget	30,000	(200.0%)	FY22 Budget	30,000	N/A
FY22 Projected	10,000	N/A			

- *Firewise Communities:*

Firewise Communities 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.”

FY23 Budget	15,000	(50.0%)	FY22 Budget	15,000	N/A
FY22 Projected	10,000	N/A			

- *Temporary Refuge Areas:*

This account was added in FY22 for the District to collaborate with local agencies to create areas for residents and emergency service workers to take temporary refuge during emergencies and disasters.

FY23 Budget	25,000	(150.0%)	FY22 Budget	15,000	N/A
FY22 Projected	10,000	N/A			

- *Planning, Project Management & Programs Oversight:*

This account 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.

FY23 Budget	50,000	0.0%	FY21 Actual	15,598	0.4%
FY22 Projected	50,000	(220.5%)	FY20 Actual	15,660	N/A
FY22 Budget	50,000	(220.5%)			

LAHCFD FY23 Budget Narrative

- *Communications & Outreach:*

This account was added in FY22 to support the Strategic Plan Goals and Objectives and to strengthen communication tools and District outreach to residents and the community.

FY23 Budget	75,000	(50.0%)	FY22 Budget	50,000	N/A
FY22 Projected	50,000	N/A			

- *Emergency Access Roads:*

The District budgets funds for emergency road repairs and maintenance. The Emergency Services Manager recommends an FY23 allocation of \$60,000 to cover planned enhancements and extra road repairs due to little or no expenditures between FY15 and FY21.

FY23 Budget	60,000	(500.0%)	FY21 Actual	0	0.0%
FY22 Projected	10,000	(100.0%)	FY20 Actual	0	0.0%
FY22 Budget	60,000	(100.0%)	FY19 Actual	0	100.0%

- *Projects & Programs Contingency:*

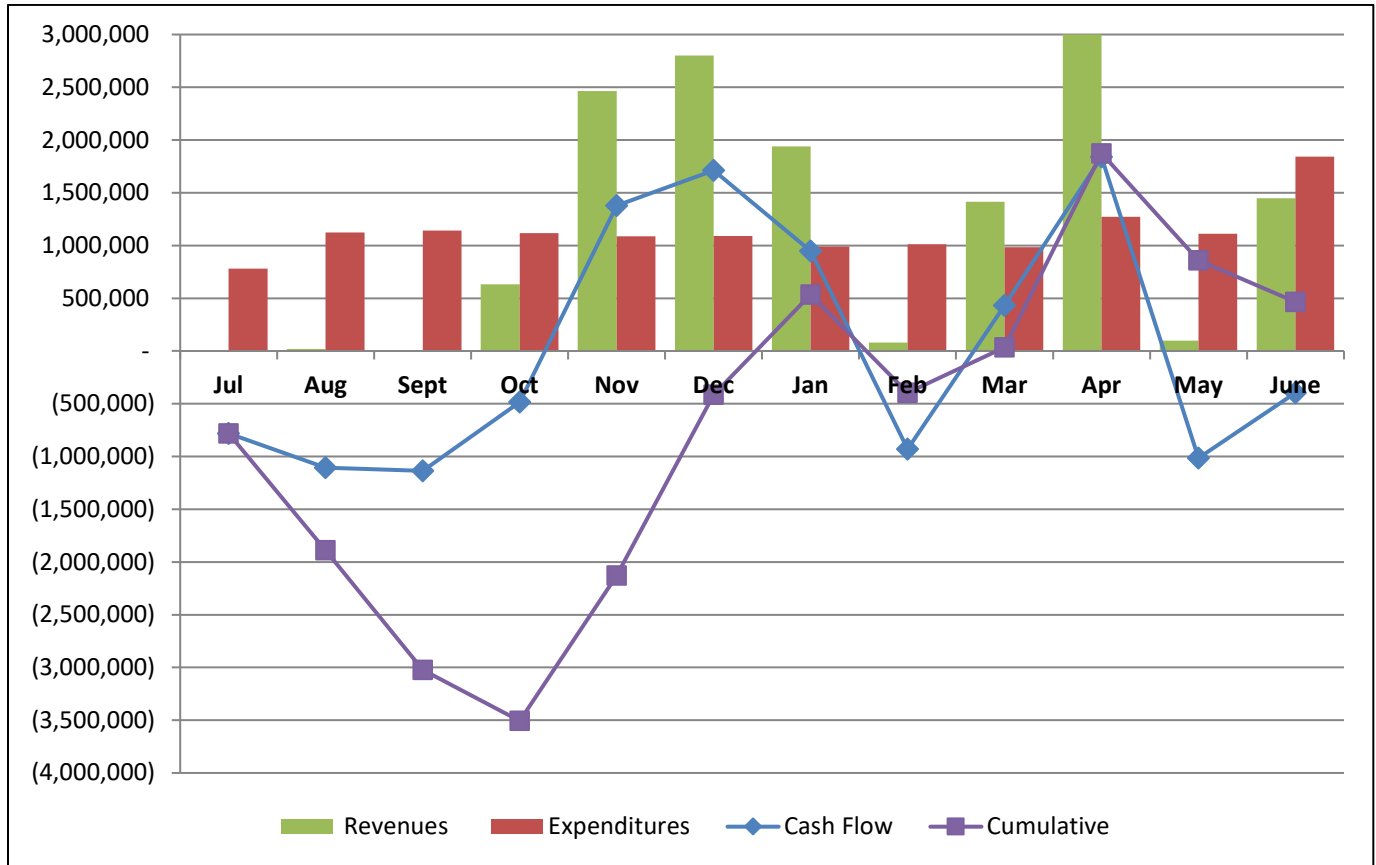
The District budgeted \$450,000 to cover additional needs or unexpected Projects and Programs expenses, such as change orders, additional services, or emergency needs for the Projects and Programs listed above.

In Summary:

The FY23 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.



FY22/23 Cash Flow by Month



	July	August	September	October	November	December
Revenues	0	18,550	5,190	633,055	2,464,615	2,802,469
Expenditures	781,614	1,124,270	1,141,372	1,116,005	1,085,627	1,089,917
Cash Flow	(781,614)	(1,105,720)	(1,136,182)	(482,950)	1,378,988	1,712,552
Cumulative	(781,614)	(1,887,334)	(3,023,516)	(3,506,466)	(2,127,478)	(414,926)
	January	February	March	April	May	June
Revenues	1,939,182	80,140	1,416,047	3,110,472	98,950	1,446,730
Expenditures	990,223	1,009,993	984,977	1,271,482	1,112,548	1,842,719
Cash Flow	948,959	(929,853)	431,070	1,838,990	(1,013,598)	(395,989)
Cumulative	534,033	(395,820)	35,250	1,874,240	860,642	464,653

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 and Fund Balances

Net Position

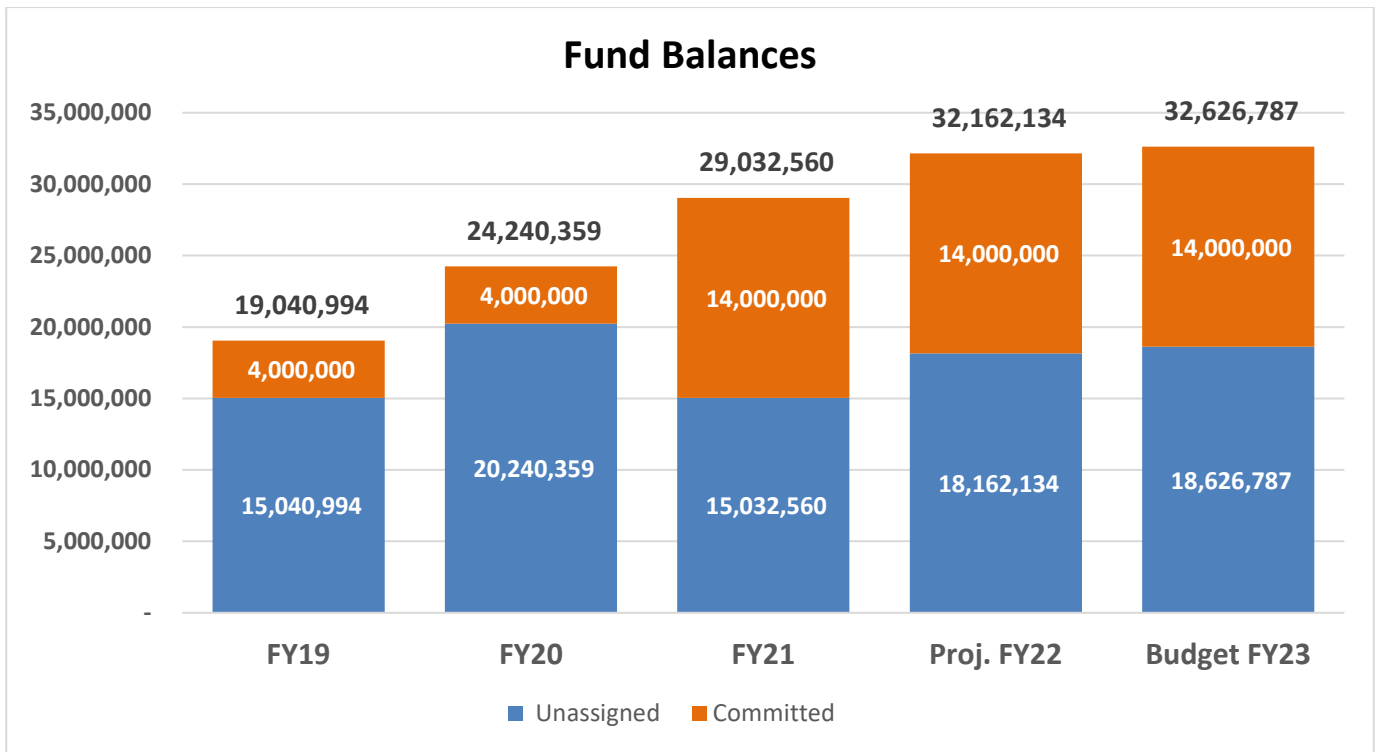
Investment in Capital Assets

At the beginning of FY23, the District's net investment in capital assets (net of accumulated depreciation) is expected to be \$2,087,412. In FY22 there is projected to be a 6.5% increase over FY21 due to the addition of vegetation mitigation equipment. The investment in capital assets includes land, improvements, fire hydrants and infrastructure, furniture, and equipment. In FY23, the District plans to purchase a staff vehicle with towing capacity, radio communications, and emergency response capabilities. In emergencies, the vehicle will be utilized to transport crews and supplies and to assist in recovery operations. The District also plans to purchase additional hazardous fuel reduction equipment. The estimated addition to assets will be \$250,000. Capital assets balance at the end of the fiscal year (net of accumulated depreciation) is estimated to be \$2,164,132.

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 FY23, 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 SCCCFPD 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 SCCCFPD 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 FY23 Budget Narrative

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

The District is committing \$500,000 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 less than \$18.2 million at the end of FY22) will be classified as *unassigned*. With an estimated net change in fund balance of \$464,653, *Unassigned Fund Balance* at the end of FY23 is estimated to be slightly more than \$18.6 million.