



Supplemental Funding for Fire Districts


March 30, 2009

Budget Deficit

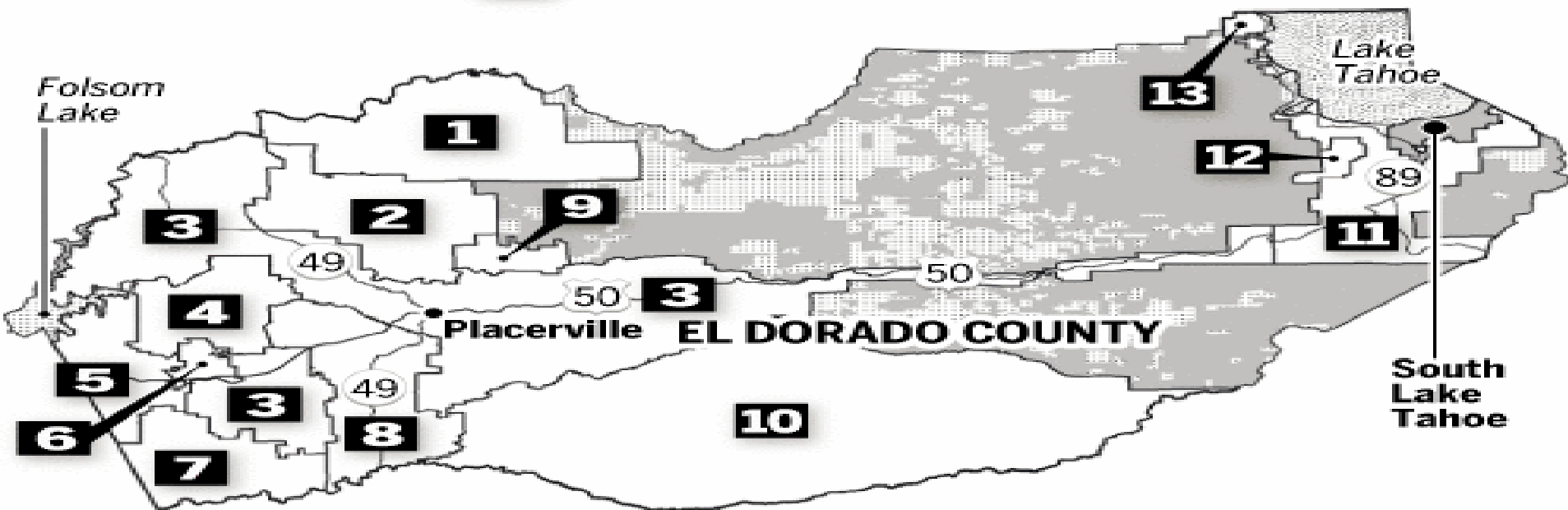
- El Dorado County is currently experiencing competing demands for County resources. Supplemental funding for fire protection and emergency medical service may impact other important services, and the achievement of County objectives.
- The expected budget shortfall for fiscal year 2009/2010 is over 4 million dollars. The supplemental funding of fire districts amounts to a \$1.3 million general fund contribution or 17 full time positions.

FIRE DISTRICTS IN EL DORADO COUNTY


U.S. Forest Service


State Department of Forestry and Fire Protection (CDF); state responsibility areas

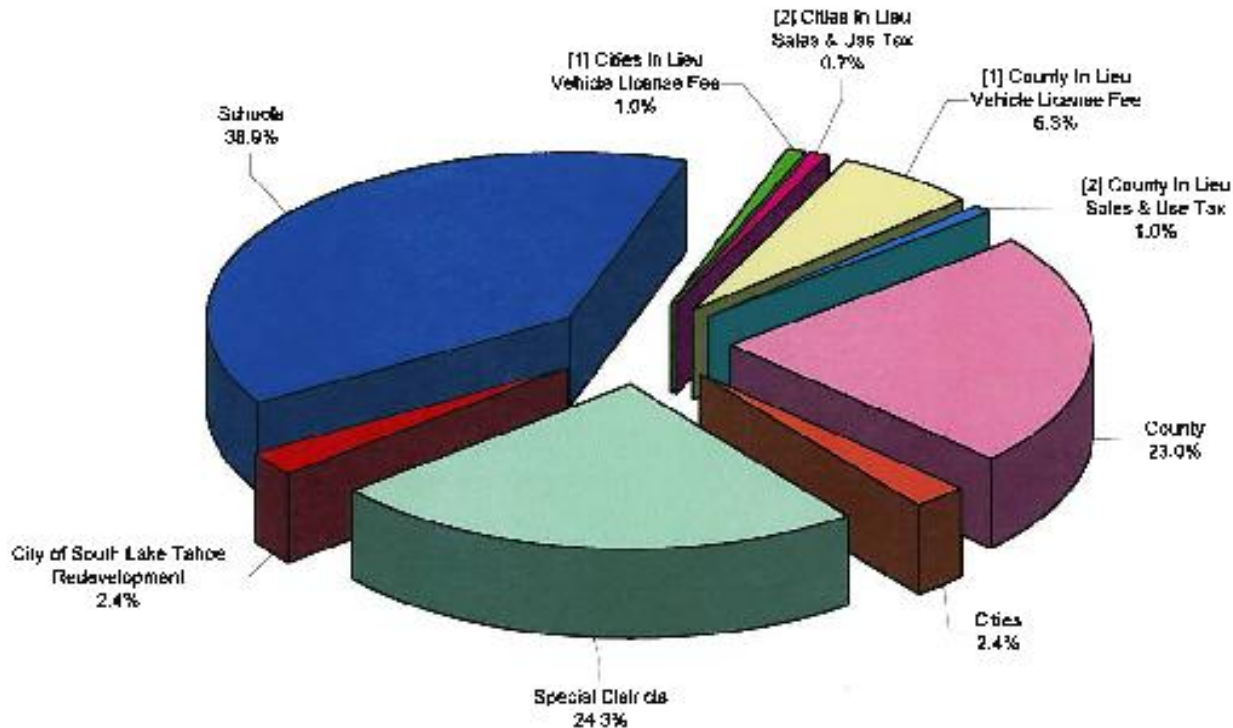
- 1** Georgetown Fire Protection
- 2** Garden Valley Fire Protection
- 3** El Dorado County Fire Protection
- 4** Rescue Fire Protection
- 5** El Dorado Hills Fire Department
- 6** Cameron Park Community Services
- 7** Latrobe Fire Protection
- 8** Diamond Springs/El Dorado Fire Protection
- 9** Mosquito Fire Protection
- 10** Pioneer Fire Protection
- 11** Lake Valley Fire Protection
- 12** Fallen Leaf Lake Community Services
- 13** Meeks Bay Fire Protection



Proposition 13

- Prior to the passage of Proposition 13 local governments were authorized to levy individual tax property tax rates.
- June 1978 Proposition 13 was passed which limited the ad valorem (based on value) property tax rate to 1%.
- State and Local Governments became prohibited from imposing any new ad valorem property taxes

Distribution of Proposition 13's 1% General Property Taxes Summary of FY 2007/08 Total of \$272,249,141



[1] Represents the exchange of Property Tax for County/City's Vehicle License Fees. (Senate Bill 1086, Chapter 211 Statutes of 2004)

[2] Represents the exchange of Property Tax for County/City's Sales and Use Tax. (Assembly Bill 1785, Chapter 162, Statutes of 2003)

Tax Rate Area (TRA)

- A Tax Rate Area (TRA) is a geographical area composed of unique combination of taxing jurisdictions.
- Assembly Bill 8 (AB 8) was adopted to provide procedures for counties to allocate taxes in a TRA.
- The base year for AB 8 was the 1978/1979 fiscal year.

Example of a TRA

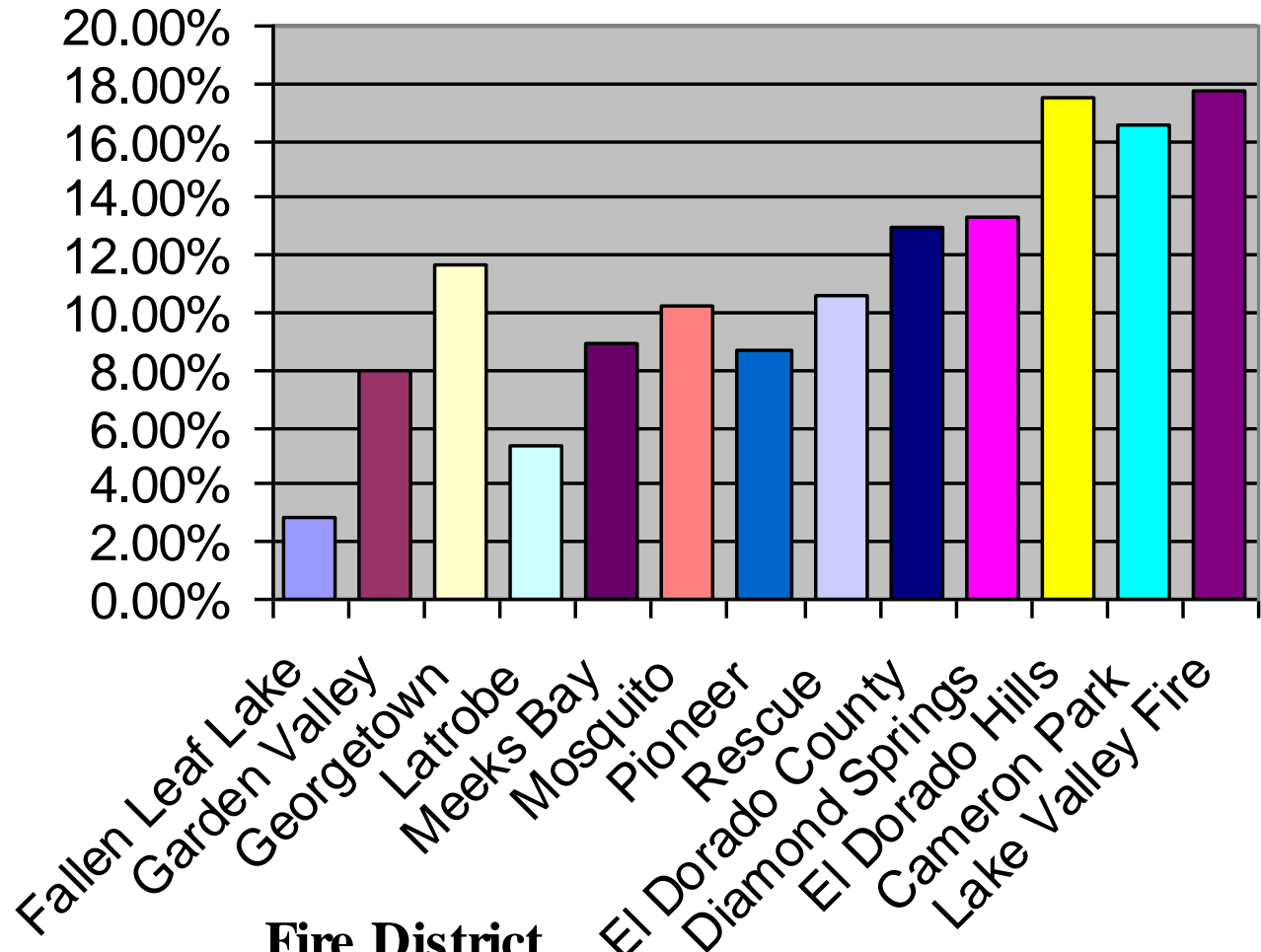
- **TRA 083-053**
- 00001 County General Fund 26.0605%
- 00007 Accum Capital Outlay 0.6006%
- 00011 Road District Tax 2.9058%
- 20005 Black Oak Mine Unif 36.0808%
- 20350 Sierra Comm College 6.5163%
- 20370 Cnty School Services 1.6929%
- 30022 Georgetown Divd Recr 2.8964%
- 30045 Cnty Water Agency 0.9481%
- **30118 Garden Valley Fire** 7.6488%
- 30121 Georgetown Divide PUD 12.6992%
- 30281 CSA #7 1.9506%
- Total 100.0000%

Teeter Program

- Because not everyone pays their property taxes on time the Teeter Program was developed
- The Teeter Program guarantees that entities reliant on property tax, receive their full entitlement.
- The County becomes responsible to collect the delinquencies and penalties

% of Property Tax By Fire District

Fire District Tax Rate



- Fallen Leaf Lake
- Garden Valley
- Georgetown
- Latrobe
- Meeks Bay
- Mosquito
- Pioneer
- Rescue
- El Dorado County
- Diamond Springs
- El Dorado Hills
- Cameron Park
- Lake Valley Fire

Why was 13% used for Supplemental Funding ?

- Is 13% set at the right level?
- Average 11.10%
- Median 10.55%
- Should a different % or a fixed \$ be considered ?

Fallen Leaf Lake	2.84%
Garden Valley	7.95%
Georgetown	11.70%
Latrobe	5.41%
Meeks Bay	8.96%
Mosquito	10.29%
Pioneer	8.65%
Rescue	10.55%
El Dorado County	13.00%
Diamond Springs	13.30%
El Dorado Hills	17.50%
Cameron Park	16.50%
Lake Valley Fire	17.70%
Average	11.10%
Median	10.55%

History of Supplemental Funding Agreement

- May 12, 1998 in an effort to help stabilize the level of fire protection services the Board determined that a constructive minimum tax rate of 13% would be phased in over 3 years. This was paid through direct funding.
- January 30, 2001 the Board directed the Chief Administrative Officer, County Counsel and the Auditor-Controller to negotiate a long-term (five or more years) contract with Fire Districts.
- On August 28, 2001 the Board approved a contract with 8 El Dorado County Fire Districts for enhanced services to residents of the rural regions in the County
- On October 9, 2001 the contract was amended to reflect more accurate TRA tax rates.

Contract Requirements

- The supplemental funds were intended for improving fire protection and emergency medical services
- Use of funds were deemed exclusively for the purpose of providing equipment and manpower for enhanced fire protection and emergency services within the Districts.

Historical Use of Funds

- The use of Supplemental Funding varies by Fire District, some Districts use the funds to purchase or lease equipment, others supplement their workforce with additional seasonal fire fighters and others use the funds for daily operations
- 09-0415 Exhibits E1-E8 (pages 46 – 141) provides detailed information by Fire District

Trust Fund

- In addition to a funding stream the Supplemental Funding Agreement established a Trust Fund
- The purpose of the Trust Fund was to provide a funding source for an additional year of service in the event the County cancelled the Supplemental Funding Agreement
- This would allow time for districts to seek alternative funding, adjust levels of service or make appropriate staffing adjustments

Financial Condition of the Fire Districts

- Some Fire Districts appear to be financially stable, while others would suffer if the supplemental funding program was completely discontinued

Supplemental Funding Contribution as % of Districts' Operating Budget

Fire District	Operating Budget	General Fund Contribution in Dollars \$	Supplemental Funding Contribution as % of Operating Budget
Fallen Leaf Lake	\$235,184	\$60,454	25.71%
Garden Valley	\$2,175,771	\$205,285	9.44%
Georgetown	\$1,047,576	\$36,240	3.46%
Latrobe	\$433,452	\$168,978	38.98%
Meeks Bay	\$1,222,161	\$312,945	25.61%
Mosquito	\$381,500	\$35,047	9.19%
Pioneer	\$1,026,489	\$279,047	27.18%
Rescue	\$1,912,972	\$202,351	10.58%

Fire Districts Fund Balance as of June 30 2008 as a % of 08/09 Operating Budget

Fire District	Operating Budget	Fund Balance June 30, 2008	Ending Fund Balance as a % of Budget
Fallen Leaf Lake	\$235,184	\$145,622	61.92%
Garden Valley	\$2,175,771	\$386,009	17.74%
Georgetown	\$1,047,576	\$21,055	2.01%
Latrobe	\$433,452	\$153,020	35.30%
Meeks Bay	\$1,222,161	\$2,026,695	165.83%
Mosquito	\$381,500	\$133,288	34.94%
Pioneer	\$1,026,489	\$291,789	28.43%
Rescue	\$1,912,972	\$775,756	40.55%

Opportunity for Change

- Cancellation of current Fire District Contract provides an opportunity for change
- Current contract requirement is very broad
 - Enhanced Fire Protection and EMS Service
- Establish Goals with Time Lines
 - Equate funding with time frame

Using the Trust Fund

A Reduction of Funding

- The Current Trust Fund Balance is \$963,516
- This equates to a 25.9% reduction in funding for fiscal year 09/10
- Most districts could absorb a reduction in funding for one year however, they expressed great concern if the program was completely discontinued

Alternative Funding Options

- General Fund Contribution as a lower % of Districts' Current TRAs Tax Base
- Freeze the General Fund Contribution as a % of 06/07 TRA Tax Base (Status Quo is 13% or \$1.3 million)
- Determine a General Fund Fixed Dollar amount
- Establish a Competitive Grant Scenario
- Use the Joint Power Authorities (JPAs) as Funding Pool
- Provide an Incentive to Consolidation

Joint Power Authorities (JPAs) And Emergency Medical Services (EMS)

- The El Dorado County Emergency Services Authority (or "West Slope JPA") formed in 1996 to provide pre-hospital medical service. .
- The Tahoe Basin - a Joint Powers Authority (SLT JPA) formed in 2001 to provide pre-hospital service to the Tahoe South Shore area
- The JPAs contract with the County of El Dorado for pre-hospital advanced life support and coordinate a centralized dispatch services.
- Funding for this program comes from \$ 2,785,351 of ad valorem property tax (WS only), \$2,352,009 of special assessments. Plus the County contributes \$600,000 from the General Fund to staff the EMS Agency in Public Health since FY 07/08

WS Centralized Dispatch

- The WS Dispatch center tracks the location of the engine companies and dispatches based on proximity to the incident
- Centralized Dispatch has helped the fire districts to become functionally consolidated

Forms of Consolidation

- Functional Consolidation of Services
- Contracts
- Joint Ventures
- Mergers
- Partnerships
- Memorandum of Understandings
- Joint Powers Authority (JPA)
- District Consolidation through LAFCO

Future Growth

- General Plan Policy 6.2.3.1 – As a requirement for approving new development the County must find that concurrent with the development there is adequate emergency water flow, fire access, and fire fighting personnel and equipment in accordance with State and Local Fire District Standards

Strategic Planning

- Explore long term solutions for viability
- Examine all forms of potential consolidation Joint Ventures, Mergers, Partnerships, Contracts or Memorandum of Understandings
- Examine expansion under current JPAs
- Establish Goals, Priorities and Time Lines for use of Supplemental Funding

El Dorado County Five-Year Budget Forecast

	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Shortfall	\$0	\$4,031,440	\$4,922,031	\$6,047,511	\$7,409,892

- Includes funding for Aid to Fire
- Does not include \$2.5 million annual Casino revenue
- Assumes retiree health remains at pay-as-you-go levels
- Based on 2% growth in property tax revenues, however now predicting no growth (shortfall \$5M)
- FY 10/11 forward assumes 2.5% growth in salaries and benefits, 3% growth in other costs

Requested Board Action

1. Determine that the County is experiencing competing demands for County resources and supplemental funding for Fire Protection and EMS may impact other services and the achievement of County Objectives.
2. Effective July 1, 2009 cancel current Supplemental Funding Agreement to provide funding for Fire Protection and Emergency Medical Services (EMS)

Requested Board Action

3. Distribute Trust Fund Balance of \$963,516 for FY 09/10 contribution based on
 - A. A 12% of property tax methodology or
 - B. A straight 25.9% decrease of Funding
4. Consider utilizing \$336,831 in General Fund to bring funding to the FY 08/09 level of \$1.3 Million

5. Vision for the Future

- a. Desire to continue funding in future years
- b. Exploration of Alternative Funding Solutions
- c. Exploration of all potential options for consolidation such as mergers, partnerships, joint ventures or affiliations
- d. Explore enhanced services offered through existing or maybe new JPA
- e. Establish Priorities, Goals and Time Lines
- f. Others



Questions and Comments

