

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **3.D.**

FROM: Jerry Gruber General Manager
David Hirsch, Deputy District Counsel

Meeting Date: December 19, 2017 Subject: DISCUSSION AND CONSIDERATION
OF FUNDING ISSUES AND
PRIORITIES, INCLUDING OPTIONS
FOR SPECIAL TAX ELECTIONS

RECOMMENDATION:

Staff recommends that the CCSD Board of Directors discuss and provide direction regarding funding issues and priorities, including the possibility of a special tax to fund the retention of Firefighters hired under the SAFER Grant or to provide funding for maintenance of the Fiscaliini Ranch.

FISCAL IMPACT:

In May 2017, the Finance Director prepared an analysis of the costs related to SAFER Firefighters for the Ad Hoc Budget Committee (see attached analysis). While there were a number of variables, the analysis concluded that with current salary and benefits, the additional annual cost for three Firefighters is in the \$300,000 range. It also noted that by allocating money from the General Fund that comes from the Solid Waste Collection Franchise Fee, that over the next five years while the CCSD is paying \$135,000 per year toward the purchase of the new fire truck, there would still be a deficit. In addition, the BRPCC will be recommending a special tax as a component of funding the Buildout Reduction Program. With regards to the Facilities and Resources Department the fiscal year budget for 2017/2018 represents \$638,126 in projected revenues and \$638,217 in projected expenditures. Although significant improvements continue to be made on the Fiscaliini Ranch under the leadership of Carlos Mendoza and his two full-time staff members a great deal of work still needs to be done in addition to ongoing maintenance. With the addition of the East Ranch Phase One Park Project additional costs related to labor and ongoing maintenance should be a point of consideration from a fiscal standpoint. In order to appropriately address the Grand Jury report regarding the health of the forest there will need to be considerable efforts made to mitigate the dead and dying trees and the possible implementation of a Forest Management Plan.

DISCUSSION:

As discussed below, staff has been reviewing options related to the need to provide ongoing funding for the additional Firefighters that were initially hired through the 2015 SAFER ("Staffing for Adequate Fire Emergency Response") Grant. In addition, there are other matters facing the community that involve the potential need for additional funding sources, or that will impact residents of the community who will be asked to pay increased costs for services. A rate study is currently being conducted related to water and wastewater fees and charges. Staff is also aware that the BRPCC will be recommending that the District seek approval of a special tax as part of its proposals to fund the costs of the Buildout Reduction Program. Also, the General Fund, which largely consists of the District's allocation of property taxes, as well as money received from the Solid Waste Franchise Fee, is currently used in part to fund Facilities and Resources and the Fire Department. This includes the maintenance and operations of the Fiscaliini Ranch. There is also a need to find ways to fund a forest management plan. As a practical matter, there are limits on seeking approval from ratepayers and the electorate to pay

additional taxes and fees. Accordingly, it is necessary for the Board to consider priorities and alternatives

By way of background, on September 10, 2015 the Board of Directors adopted Resolution 32-2015, accepting the 2015 SAFER Grant Award. Under the Grant, the CCSD received funding for three firefighters for a two-year period, which allowed for the addition of one Firefighter on daily staffing and provide for a four-person engine company consisting of a Captain, Engineer, SAFER-funded Firefighter and a reserve Firefighter. Chief Hollingsworth will be providing a presentation as part of today's agenda regarding fire engine company staffing.

As was noted at the time the Grant was accepted, unless additional funding is available, at the end of the period of time covered by the Grant, the SAFER-funded firefighter positions would end and the staffing would have to go back to a three person staffed engine. In June, 2017, as part of the approval of the current fiscal year budget, the Board approved the transfer of \$84,000 from General Fund reserves to pay for Firefighter salaries. At that time it was noted that the budget anticipated that the three SAFER Firefighters would be hired as permanent full time Firefighters at a salary that is 83% of the current Fire Engineer Salary. Doing so would add an additional \$70,650 in salary costs for the four months in Fiscal Year 2017-18 after the SAFER Grant funding ends, and about \$306,000 per year after that. To cover the costs, the budget included a discussion of using funds from the General Fund from Solid Waste Franchise Fees, property taxes, and seeking funding from the SLO County Tourism Board to obtain financial support for the ALS services the Fire Department provided to tourists who visit Cambria. It was also noted that there would still be a deficit of about \$165,000 a year over the next four fiscal years while the District paid for the new fire truck.

Staff has reviewed funding alternatives and concluded that one way to generate revenue to fund the additional Firefighters would be to hold an election in accordance with the requirements of Proposition 218 and seek approval for a special tax. While the District currently has a Fire Suppression Benefit Assessment adopted under the provisions of Government Code Sections 50078 et seq., any new or increased assessments under these statutory provisions is problematic because of the requirement that such assessments be based upon "special benefit" and not general benefits that apply to the community as a whole. In the alternative, instead of a special tax for Firefighters, another possibility would be to instead seek approval of a special tax to fund the maintenance and operations of the Fiscalini Ranch, which would free up General Fund money to fund the additional Firefighters.

An election for a special tax is subject to two-thirds approval of the voters. Government Code Section 61121 provides that community services districts may levy special taxes, which are to be applied uniformly to all taxpayers or all real property within the district, except that unimproved property may be taxed at a lower rate than improved property.

With regard to special tax elections, a local government agency such as the CCSD may call an election to seek approval of a special tax on any date allowed in State law. State law designates four dates as "established election dates": (1) the second Tuesday in April in even-numbered years; (2) the first Tuesday after the first Monday in March in odd-numbered years; (3) the first Tuesday after the first Monday in June in each year; and (4) the first Tuesday after the first Monday in November in each year. Statewide elections generally are held in June and November in even-numbered years.

The requirement that elections for voter approval of taxes be held on an established election date does not apply to an all-mail ballot election. Mail ballot elections may be held on one of three dates: (1) the first Tuesday after the first Monday in May in each year; (2) the first Tuesday after the first Monday in March in even-numbered years; and (3) the last Tuesday in August in each year.

Staff is seeking direction from the Board of Directors regarding priorities for funding the above-referenced matters, including the possibility of moving forward with a special tax election. If the Board decides to proceed with a special tax election, either at an upcoming established election date, or in a mailed ballot election, staff will proceed to prepare an analysis of the dollar amounts to seek in such an election and the necessary resolutions to call for the election. It also should be noted that in order to call for such a special tax election Government Code Section 50077 requires holding a public hearing to consider the ordinance or resolution for the special tax. The ordinance or resolution must include the type of tax and rate of tax to be levied, the method of collection, and the date upon which an election is to be held to approve the levy of the tax.

Attachment: CCSD Cost Analysis of 3 Additional Fire Fighters

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS:___RICE___ FARMER___ BAHRINGER ___ WHARTON___VACANT_____