

Date: September 13, 2022
To: Board of Directors, Arcata Fire District
From: Measure F Citizen's Advisory Committee

Background:

Measure F was approved by voters in the September 2020 election.

Measure F was a repeat of the failed ballot Measure R from March 2020, which was based on District needs and financial projections from Fiscal Year 2019/20. At that time, tax revenue was expected to generate \$2.2 million, which would be available to the District in Fiscal Year 2021/22, specifically, the end of January 2022.

In an effort to increase voter acceptance for Measure F, the Arcata Fire Protection District recommended provisions establishing and appointing members to a Citizens Advisory Committee to monitor and provide oversight of the voter-approved special tax funds.

The Measure states that "Upon receipt of the special taxes, the District shall cause those funds to be deposited in a special tax account or such other account established by the District which allows the District to properly account for the special taxes in compliance with the provisions of Government Code Section 50075.1. Funds deposited into this account cannot be used for any other purpose than those outlined in Section 2 of Ordinance 20-20."

Section 2 of Ordinance 20-20: *"The proceeds from this special tax shall be used solely for the purpose of providing fire protection, rescue, and emergency medical services within the District. In particular, the special tax will be used to maintain and improve the current level of community-based fire protection services provided by the District. This includes annual budget support to maintain current firefighter positions, and provide for adequate firefighting equipment, apparatus, and necessary capital improvements, consistent with the needs of the residents of the District and the Fire Protection District Law of 1987."*

Committee Purpose:

The purpose of the Committee shall be to inform the public at least annually in a written report concerning the expenditure of the funds received, or expected to be received, by the District.

In carrying out this purpose the Committee shall:

- Become familiar with current and projected District revenues and expenditures.
- Acknowledge that the Committee shall not have the authority to override, or veto, any District determination to expend or commit funds in a particular manner.
- Ensure that an annual independent financial audit or performance audit is performed that is satisfactory to the Committee.

- Make a determination that 2020 Special Tax (Measure F) are expended only for the purpose established by Ordinance 20-20.
- Advise the public as to whether the District is in compliance with the requirements of Ordinance 20-20.
- Provide an annual report of findings of the Committee of expenditures from the 2020 Special Tax (Measure F) are compliant with Ordinance 20-20.
- Participate in a public forum reviewing expenditures of funds derived from the 2020 Special Tax (Measure F).
- Work collaboratively with the District staff and Board and members of the public to address potential public concerns about the expenditure of funds derived from the 2020 Special Tax (Measure F).

Goals from Measure F:

Specific goals for the funds produced by 2020 Special Tax (Measure F) were publicized:

- Restore eight (8) vacant positions that had been frozen due to budget cuts.
 - Re-open the third fire station to ensure safe and rapid emergency, fire and medical responses.
 - Ensure adequate dollars are applied to the Vehicle Replacement Fund to address aging firefighting equipment as need.
 - Replenish the emergency reserve funds spent over the past three budget cycles to maintain three staffed and operational stations 24/7/365.
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Year 1 (Fiscal Year 21/22) for the 2020 Special Tax

Priorities & Goals Year 1 (July 2021 - June 2022)

1. Hire and train five firefighters. Conduct promotions to fill two open chief officer positions
2. Re-open closed fire station after new firefighters are trained.
3. Set aside \$200,000 for the equipment and vehicle replacement fund.

The FY 21/22 Realities

The District received \$2,318,000 in January 2022 from the Special Tax funds.

Goals 1 and 2: Difficulties in staff recruitment resulted in delays in hiring and staffing the third fire station for re-opening.

Goal 3: The District was successful in setting aside \$200,000 for the equipment and vehicle replacement fund.

Between January 2021 and April 2021, four employees left the District for other agencies. Firefighter/Engineer interviews were held in January 2021 and five recruits were hired and began training in May 2021. During this time period, the suppression staff moved their shifts to a 72-96 work schedule, forcing equitable overtime across the labor group and maintaining the minimum staffing levels for two stations. By November 2021, two more suppression staff departed.

Two more recruits starting February 2022 with one more starting in April 2022. By the end of the Fiscal Year, the District was at a net loss of 1 full time suppression position. Any further hiring of Captains and Engineers had been placed on hold until the labor contracts were in place.

Another staffing change occurred in November 2021 when the Board and Chief agreed to eliminate the three shift Battalion Chief positions and combine duties into two Assistant Chief positions. Assistant Chief interviews were conducted in May 2022 with no viable candidates found.

In April 2022, labor contracts were finalized, shift employees returned to the 48/96 work schedule and the replacement engine was ordered.

Fiscal Year 21/22 Budget

At the June 14, 2022, Regular Board Meeting, the Board adopted the Preliminary Budget for Fiscal Year 2022/23 based on roll-over amounts from the 2021/22 Fiscal Year. To date, staff is still waiting for the current (fiscal year end) account registers from the Humboldt County Auditor-Controller's Office (requested July 27th), which would provide the ability to close out the previous fiscal year books as well as much stronger projections for the next fiscal year.

The following chart is the draft close out of the Fiscal Year 21/22 budget.

	General Operating Fund	2006 Benefit Assessment (1)	2020 Special Tax (2)	Prevention Program (3)	Grants	Striketeam Reimburse	TOTAL
Revenue Sources							
County Tax Revenue	\$2,317,421	-	-	-	-	-	\$2,317,421
District Assessment & Tax	-	\$1,463,000	\$2,318,000	-	-	-	\$3,781,000
Use of Money	\$313	-	-	-	-	-	\$313
Intergovernmental	\$53,605	-	-	-	\$0	\$51,908	\$105,512
Charges for Service	\$11,794	-	-	\$52,232	-	-	\$64,025
Other Revenue	\$19,816	-	-	-	-	-	\$19,816
Total Revenue	\$2,402,947	\$1,463,000	\$2,318,000	\$52,232	\$0	\$51,908	\$6,288,087
Expenditures and Appropriations							
Personnel	\$1,203,000	\$882,006	\$882,006	\$45,576	-	\$10,329	\$3,022,916
Services & Supplies	\$253,594	\$207,294	\$211,255	\$26,749	-	\$0	\$698,893
Debt Service	\$13,026	\$13,026	\$13,026	-	-	-	\$39,078
Capital Expense	\$0	-	\$70,279	-	-	-	\$70,279
Operating Fund Transfers Out	\$378,839	\$0	\$378,839	-	-	-	\$757,678
Total Expenditures	\$1,848,459	\$1,102,326	\$1,555,405	\$72,325	\$0	\$10,329	\$4,588,843
Fund Balance	\$554,489	\$360,674	\$762,595	(\$20,093)	\$0	\$41,579	
			Revenue to or (from) County Treasury Account				\$1,699,244

DISCUSSION:

On August 10, 2022, the three current members of the Citizen's Advisory Committee met with Chief McDonald who provided the review of the funding measures, along with the published year 1 goals. The committee was also presented with a briefing as to the reality of the first year of Measure F (2020 Special Tax) funding and allocation. The committee and staff also discussed the status of the projected \$762,595 in unspent Measure F (2020 Special Tax) revenue. The published Year 2 goals from the funding measure were also discussed, along with the current reality of hiring employees, ongoing healthcare costs, and the affect that the CalPERS investments are having on the retirement costs.

FINDINGS:

We find that the District has expended funds from the 2020 Special Tax for the purpose established by, and is in compliance with, Ordinance 20-20.

We find the District estimates of \$2,318,000 in revenue from the 2020 Special Tax are accurate but are still waiting on the fiscal year close out report from the County Auditor's office. We concur that \$1,555,405 was expended on 1/3 of the personnel and operations.

We endorse the recommendation of staff to hold the balance of the unspent 2020 Special Tax revenue in reserve for future use towards the mandatory fiscal obligation of the CalPERS unfunded accrued liability payment.

We concur that Goals 1 and 2, that were established by Measure F, were not met but are in process. We agree with staff's statements that the difficulties in recruiting new employees and the continued departure of employees delayed these goals.

We concur that District was successful in setting aside \$200,000 for the equipment and vehicle replacement fund.

At the time this committee developed this report, the FY 21/22 audit was not yet completed. As staff reported, the audit will be completed in October and presented to the District sometime after.