

SOUTH SANTA CLARA COUNTY FIRE DISTRICT



2021

FIVE-YEAR FINANCIAL PLAN

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Message from the Board of Commissioners

We are pleased to report that all recommendations from the 2019 Management Audit of the South Santa Clara County Fire District ("District") that were within the control of the District have been satisfied.

- ◆ Recommendation 2.1 – The South Santa Clara County Fire District's Board of Commissioners should develop a five-year financial plan that evaluates the District's options to increase revenues and contain expenditures.

We now turn to the Board of Supervisors to address Recommendation 2.2 from the Management Audit and note that the report also suggested a modest allocation of public safety sales tax monies to fund fire protection.

- ◆ Recommendation 2.2 – The Santa Clara County Board of Supervisors should consider options for increasing revenues, including a ballot measure to increase parcel or other special taxes to pay for fire protection services.

As your appointed Board of Commissioners for the District we are writing to advise you that the current level of funding for the District is unsustainable. The South Santa Clara County Fire District will face service level reductions by the 2023/2024 fiscal year if revenues are not increased.

A voter-approved tax on parcels within the District's jurisdictional boundaries would be unlikely to serve as an adequate sole source for the funding increases necessary to ensure future fire services in the South Santa Clara County Fire District.

Page 24 of the County of Santa Clara FY 21-22 Recommended Budget reports that, "...[Public Safety Sales Tax] revenue ...provides funding for all Public Safety departments." The South Santa Clara County Fire District has not been a recipient of these funds.

The Management Audit completed by the Santa Clara County Board of Supervisors on December 4, 2019, shows that the District's property tax allocations per person are up to 10 times lower than other Fire District in the County. Property tax allocations account for 89% of the District's revenue.



While the District remains fully operational from an emergency response perspective, the District's infrastructure, apparatus, and equipment are deteriorating due to lack of funds and many scheduled repairs and replacements have been deferred. The District cannot afford to set aside funds from its operating budget for capital reserves.

As increases in labor, equipment, and supply costs increase the fund balance will be depleted within two years with the deferments already in place.

Sincerely,

Jim Acker

Jim Acker
Chairperson



A Message from Chief Hess

The South Santa Clara County Fire Protection District was established June 1, 1980, when the Gilroy Rural Fire District consolidated with the Morgan Hill Rural Fire District. The new Fire District entered into a Cooperative Fire Protection Agreement with the California Department of Forestry and Fire Protection (CAL FIRE) for comprehensive emergency services and our interagency cooperative relationship has continued for the last 41 years.

As Fire Chief, I am incredibly proud of the men and women who have dedicated their careers to this Fire District. I am humbled by the realization that their resiliency, sense of ownership, collective creativity, and dedication, has continuously ensured the District's ability to serve the citizens of South Santa Clara County. I support the Board of Commissioners assessment, considerations, and recommendations detailed in the 2020 Five-Year Plan. I look forward to the opportunity to assist the Board of Commissioners in addressing the District's structural deficits.

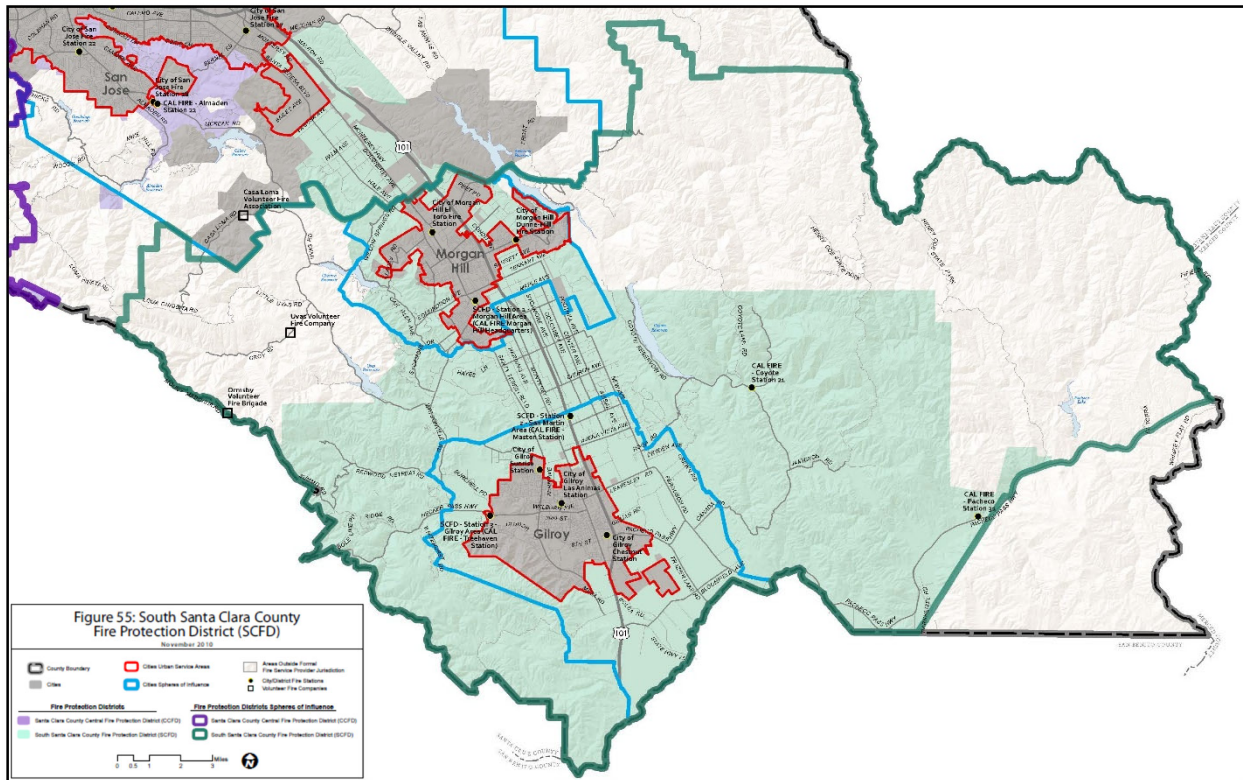
Sincerely,



Jake Hess
Fire Chief
South Santa Clara County Fire District



South Santa Clara County Fire District Overview



The Fire District was established June 1, 1980, when the Gilroy Rural Fire District consolidated with the Morgan Hill Rural Fire District. The legal name of the consolidated Fire District is the “South County Fire Protection District of Santa Clara County” to be known as “South Santa Clara County Fire District”. The Board of Directors for the Fire District is the Board of Supervisors of Santa Clara County. The consolidated Fire District contracted¹ with the California Department of Forestry and Fire Protection (CAL FIRE) to provide comprehensive emergency services and this contractual arrangement continues over forty years later.

The South Santa Clara County Fire District protects 289² square miles, the unincorporated areas of Gilroy, San Martin, Morgan Hill South County, and area of unincorporated Santa Cruz County including Loma Prieta, Hicks Road and Uvas Road. This area includes a permanent population of 53,784 as well as a transient population of over 100,000 people a day commuting through the District by freeway, highway or rail.

¹ Public Resource Code section 4142- The Director may enter contracts with Counties, Districts, and Cities to furnish fire protection to structures and rural areas that would otherwise require the establishment of some type of fire department by local government. These are titled cooperative fire protection services Agreement for Local Agencies (Schedule A).

² Total population and square mileage represent only areas covered by municipal fire departments or fire districts, provided by the Board of Supervisors Management Audit Report dated December 19, 2019.



Board of Directors

The Santa Clara County Board of Supervisors (BOS) serve as the Board of Directors (BOD) of the South Santa Clara County Fire District. The BOD appointed a seven-member Board of Commissioners to act as the Board's agents in managing the affairs of the Fire District. The BOD reserved to itself power with respect to (1) land use, acquisition or disposal, (2) contracts with other public agencies, and (3) employment of counsel.

Area Representatives

District 1 – *Mike Wasserman*

Representing City of San Jose (portions), Town of Los Gatos, City of Monte Sereno, City of Morgan Hill, City of Gilroy and Unincorporated areas of Santa Clara County.
Elected 2010, Reelected 2014 and 2018

District 2 – *Cindy Chavez*

Representing Central, East and South San Jose
Elected 2013, Reelected 2016 and 2020

District 3 – *Otto Lee*

Representing North Sunnyvale, Milpitas, and the Alviso, Berryessa, East Foothills, Evergreen and Rosemary Gardens neighborhoods of San Jose.
Elected 2020

District 4 – *Susan Ellenberg*

Representing the Unincorporated communities of Burbank and Cambrian, City of Campbell, City of Santa Clara and West San Jose.
Elected 2019

District 5 – *Joe Simitian*

Representing Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Saratoga, Stanford, and portions of Sunnyvale and San Jose.
Elected 2012, Reelected 2016 and 2020



Board of Commissioners

The South Santa Clara County Fire District Board of Commissioners are appointed by the Santa Clara County Board of Supervisors' District 1 Representative. The Board of Commissioners provides community input, oversight, budget management and is the advisory board to the Directors.

South Santa Clara County Fire District Board of Commissioners' Strategy:

- ◆ We will responsibly manage the affairs of the District in accordance with all Federal, State and Local laws, codes, and ordinances.
- ◆ We will ethically represent the residents of the Fire District always with Respect, Leadership and Integrity.
- ◆ We will be fiscally responsible and provide the Fire District residents with highly trained and properly equipped personnel who meet or exceed industry standard.

Area Representatives

District 1 – *Jim Acker*

Representing San Martin area, appointed 09-12-2017

District 2 – *John Monaco*

Representing Morgan Hill area, appointed 08-31-1993

District 3 – *Kerry Carlson*

Representing Coyote area appointed 12-17-2019

District 4 – *Joan M. Lewis*

Representing Gilroy area, appointed 01-06-1987

District 5 – *Ramon Lopez*

Representing Redwood Retreat area appointed 05-20-2020

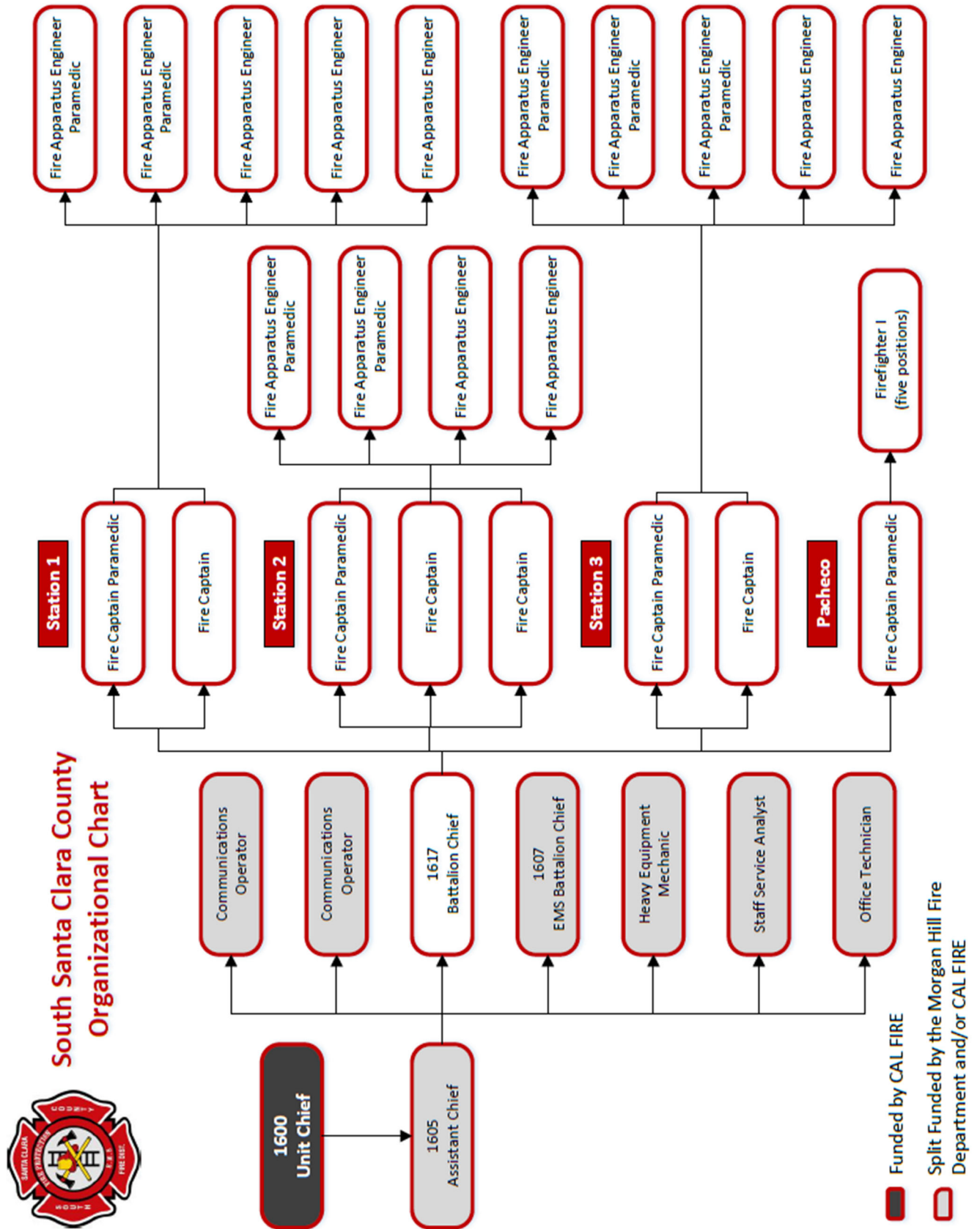
Rotating – *Pete Keesling*

Representing Pacheco Pass area, appointed 12-08-2020

Rotating – *Tache Ludewig*

Representing East Foothills area, appointed 08-21-12





Preface

The purpose of this Five-Year Financial Plan is to provide a comprehensive overview of the issues and challenges the South Santa Clara County Fire District (hereinafter “District”) faces.

Many of the negative financial impacts the District is currently facing are due to long standing circumstances, such as the percentage of property tax revenue the District receives in comparison to other Santa Clara County Fire Districts, increases to personnel cost due to the implementation of the State’s Minimum Wage Mandate, increases to employee benefit costs, and increases in the cost of supplies and equipment.

A survey of adopted budgets for other cities and fire services agencies in Santa Clara County show the District has a lower budget per square mile and per population than other agencies in the County. The District’s budget in FY 2019 of \$120 per capita is also lower than any countywide average of \$307 per capita.³

This Financial Plan identifies the issues, challenges, and resulting impacts facing the District for the delivery of fire service within the District’s service area.

The Board of Commissioners (BOC) will provide recommendations and identify next steps to the Board of Directors.

³ Provided by Board of Supervisors Management Audit Report dated December 19, 2019.



Fire District Budget Comparison

	South Santa Clara County Fire District	Saratoga Fire District	Santa Clara County Central Fire District	Los Altos Hills Fire District
Total Budget⁴	\$ 6,428,429	\$ 7,827,925	\$ 115,252,747	\$ 11,142,998
Population⁵	53,784	31,813	180,836	10,722
Budget Per Capita⁶	\$ 120	\$ 246	\$ 637	\$ 1,039
Number of Stations	4	1	13	1
Staffed Engines/Trucks	4	2	16	1

⁴ Data obtained from Figure 2.5 in the 2019 Management Audit of the County of Santa Clara South Santa Clara County Fire District

⁵ Population estimates based on 2016 American Community Survey's fire-year estimates.

⁶ Data obtained from Figure 2.5 in the 2019 Management Audit of the County of Santa Clara South Santa Clara County Fire District



Key Considerations

- ◆ **Property tax revenues are insufficient to support current levels of service.** In 1978, property tax reform amendments to the State Constitution established the allocation of ad valorem property taxes⁷ for local governments, including fire service agencies. The allocation of property taxes was based on each local government agency's share of property taxes in effect in 1976/1977. The allocation of ad valorem property taxes for fire districts was derived, and permanently set, based on each fire districts' allocation of ad valorem property taxes in 1976/1977. The District's property tax allocations are lower per person than any other fire district in Santa Clara County. In Fiscal Year 2018 the District's property tax allocation was \$89 per resident compared to \$226 per resident in Saratoga Fire District, \$437 per resident in Central Fire Protection District, and \$1,000 per resident in Los Altos Hills Fire District. This is because 40 percent of the District's land is agricultural which is taxed at a lower rate; the District's tax allocation may be further constrained in future years due to the Farmland Security Zone Program.
- ◆ **Fire service costs have outpaced revenues.** Labor and benefits costs have also increased. Through 2016 labor and benefit costs increased an average of 4% per year. CAL FIRE labor Memorandum of Understanding (MOU) effective January 1, 2017 through July 1, 2021 increased wages 18% to 22% to be phased in over a four-year period causing further distress to the Districts revenue. Fortunately, a side letter effective June 1, 2020 through June 30, 2021 reducing wages by 7.5% has provided a brief reprieve to the District.
- ◆ **Capital equipment, apparatus, and vehicles have been utilized well beyond their useful life.** Equipment costs have increased substantially as technological advances in emergency service equipment, apparatus, vehicles, and other safety gear have significantly increased the costs of firefighting tools. The District has been unable to set aside funds from their annual operating budget for capital equipment replacement. Therefore, adequate capital reserves are not available for timely equipment, apparatus, and vehicle replacement necessitating the need to utilize equipment beyond its useful life. This, in turn, disproportionally increases the amount of operating funds required to maintain older, less reliable equipment.

⁷ Under Proposition 13, every taxable parcel in California is subject to a base tax calculated at 1% of assessed value.



- ♦ **Fire Personnel and the community are put at greater risk if services are reduced due to insufficient revenues.** If the District cannot find a way to increase revenues to align with expenditures, there is no other alternative but to reduce service levels. Service level reduction measures include implementing staffing levels of two personnel per apparatus/engine, reducing services from Advance Life Support to Basic Life Support, closing stations completely and/or browning out stations (leaving stations unmanned on certain days of the week or during certain shifts – no 24/7 coverage) or no longer contracting for Amador coverage at Pacheco Station.
- ♦ **The District has remained operational by deficit spending.** The District has been drawing on the fund balance to balance their annual operating budget. They are also utilizing capital equipment, apparatus and vehicles beyond their useful life and delaying facility maintenance and improvements. As a result, this increases the number of operating funds required to maintain older equipment and facilities.
- ♦ **The District will deplete its fund balance by the end of Fiscal Year 2024 unless they eliminate all capital spending by Fiscal Year 2023.** Not purchasing apparatus, equipment and completing facility repairs puts staff and citizens at increased risk.



District Funds

The District has two revenue based funds:

Fund 1575 – Mitigation Fund – Restricted and Fund 1574 – General – Unrestricted.

Mitigation Fund – 1575 Restricted

On September 28, 2004, the Board of Supervisors of Santa Clara County adopted Ordinance No. NS-1104 establishing authority for imposing on and charging for development in the County of Santa Clara. These impact fees purpose is to pay for such developments equitable share of the cost of public improvements needed to mitigate the impacts of the new development.

Section C19-2 of the Santa Clara County Ordinance Code authorizes imposition of development fees necessary to fund fire protection facilities and equipment.

The District has committed all future revenue from Mitigation Fees and Interest to the addition of approximately 1,300 square feet of space at Masten Station.

Title of Public Improvement	Description	Total Costs of Project	Status
Masten Fire Station 2	Additions (1,300 Sq. Ft.)	\$340,000.00	Construction will begin when project is fully funded
Treehaven Fire Station 3	Relocate (5,000 Sq. Ft.)	\$2,500,000.00	Construction will begin when project is fully funded

Mitigation Fund – 1575– Five Year Projection

	Financial Statement Data				Budgeted	Projected				
Revenues	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Mitigation Fees	61,186	97,301	54,171	150,114	75,000	90,000	91,800	93,636	95,509	97,419
Investment Income	2,322	3,771	5,163	9,722	2,500	7,000	7,140	7,283	7,428	7,577
Miscellaneous Income	-	-	718	-	-	-	-	-	-	-
Total Revenue	63,508	101,072	60,052	159,836	77,500	97,000	96,940	100,919	102,937	104,996
Expenditures	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Capital Outlay	45,883	64,841	90,465	213,349	-	-	-	-	-	-
Total Expenditures	45,883	64,841	90,465	213,349	-	-	-	-	-	-
Net Change in Fund Balance	17,625	36,231	(30,413)	(53,513)	77,500	97,000	98,940	100,919	102,937	104,996
Fund Balance Start of Year	248,383	266,008	302,239	271,826	218,313	295,813	392,813	491,753	592,672	695,609
Fund Balance End of Year	266,008	302,239	271,826	218,313	295,813	392,813	491,753	592,672	695,609	800,605



General Fund – 1574 Unrestricted

The General Fund is the primary operating fund of the District. It is used to account for all revenues and expenditures necessary for its primary activity of public safety protection.

Revenue for the General Fund comes from property taxes, charges for services (First Responder Contract), intergovernmental grants, investment income, and miscellaneous income.

Fund 1574 Revenue Sources

Property Tax Allocation

The District's revenue in Fiscal Year 19/20 ending June 30, 2020 was \$6,121,065, of which \$5,464,417 (89%) were generated from property tax.

Santa Clara County Property Tax Forecast

Fiscal Year	Annual Growth Rate ⁸
2020-21	1.99%
2021-22	-0.8%
2022-23	0.3%
2023-24	2.8%
2024-25	3.1%

First Responder Contract Allocation

The District provides non-transport advanced life support which consists of the safe and skilled administration of drugs and IV therapy, conducting and interpreting EKG's, electrical interventions including defibrillation, advanced endotracheal intubations, and other advanced airway techniques. The District works closely with the local ambulance provider, Santa Clara County Emergency Medical Services Agency (EMSA) and the adjoining fire departments in utilizing this much-needed resource.

The District receives funds from the county ambulance provider to provide this service. These funds may end on June 30, 2024; therefore, they are not included in the budget projections after Fiscal Year 2024.

Intergovernmental Grants

The District actively pursues all grants available through local, state, and federal agencies.

⁸ Provided by Sandra Eovino, Santa Clara County Finance & Economic Analysis Team. Forecast from external consultant (UCLA Anderson).



Investment Income

The District's cash balances are pooled and invested by the Santa Clara County Treasurer with the intent of increasing earnings through investment activities. The pool's investments are reported at fair value based on market prices.

Miscellaneous Income

The District receives miscellaneous revenue from rebates, renting trailer pad space to ambulance providers, and from providing resources on CAL FIRE incidents and local station coverage through the California Fire Assistance Agreement (CFAA) and Assistance By Hire (ABH) with the Santa Clara Unit.

Fund 1574 Expenditures

Personnel and Benefits – Schedule A

The Fire District has zero unfunded pension liability. Instead, CAL FIRE covers all CalPERS costs through a Cooperative Fire Protection Services Agreement (Agreement) with the California Department of Forestry and Fire Protection (CAL FIRE) since it was established on June 1, 1980. In Fiscal Year 2020 the District reimbursed CAL FIRE \$4,758,382 for the Schedule A Contract and \$240,629 for the Amador Contract which accounted for 78% of the Districts total expenditures.

To comply with the state mandate for full cost recovery of goods and services provided for others, under California Public Resources Code Sections 4142 and 4144, CAL FIRE must recover all costs incurred under this agreement with the District. This includes wages, benefits, staffing levels, and equipment adequacy following CAL FIRE's state-wide policies and practices. Specifically, the "Budget Contingency Clause" in the CAL FIRE Agreement with the District requires prompt notification to the State if funds are insufficient to serve the Agreement. The State then has the option to either terminate the Agreement, or offer an amendment reflecting a reduction in service. The District has flexibility related to the number of stations it can afford to staff and/or their hours of operation and has some ability to negotiate administrative and management staffing levels.

CAL FIRE's seventy-two-hour shift schedule allows the District to provide three persons staffing on all engines with less personnel than other local agencies while administrative and support staff are already at minimum levels.



CAL FIRE currently provides the following resources to the District:

1. Personnel to staff three District engines (Engine 67, Engine 68, and Engine 69) at three-person Advanced Life Support (ALS) staffing.

Operational Staff includes⁹:

- ◆ 4 Fire Captains (FC)
- ◆ 7 Fire Apparatus Engineers (FAE)
- ◆ 2 Fire Captain Paramedics (FCP)
- ◆ 7 Fire Apparatus Engineer Paramedics (FAEP)
- ◆ 3 Fire Captain Paramedics (pay difference between FC and FCP to staff Pacheco Station as ALS)
- ◆ 1.84 Battalion Chiefs (BC)

Administrative and Support Staff includes:

- ◆ .5 Assistant Chief (AC)
- ◆ .5 Office Technician (OT)
- ◆ .5 Staff Services Analyst (SSA)
- ◆ 1.75 Communications Operators (Comm Op)
- ◆ .5 Heavy Equipment Mechanic (HEM)

2. Dispatch Services – CAL FIRE provides the District with 9-1-1 emergency dispatch by CAL FIRE's Fire/Emergency Command Center (ECC). CAL FIRE is responsible for fire/emergency dispatching emergency resource units covered under this agreement. The CAL FIRE ECC is staffed with a Battalion Chief, three or more Fire Captains and Communications Operators to provide 24/7 year-round coverage. There is always an officer of Captain rank or higher to serve as the shift supervisor and command officer. CAL FIRE uses an integrated Computer Aided Dispatch (CAD) system using the latest technology, to direct the closest available resources to all emergency incidents. The District pays Santa Clara County Communications for Emergency Medical Dispatch (EMD) services as CAL FIRE's Emergency Command Center is a secondary Public Safety Answering Point (PSAP).
3. CAL FIRE provides office space for operational and administrative staff, crew quarters, two apparatus bays for Engine 67 and Water Tender 67, automotive shop and office space for a mechanic, and the emergency command center at no cost. The District pays all costs for services, supplies, and equipment used for their operations but does not pay rent, utilities, or maintenance for the use of the facilities at CAL FIRE's Santa Clara Unit Headquarters.

⁹ As part of a Cost Share Agreement with the City of Morgan Hill, Morgan Hill covers the cost for one Fire Captain Paramedic and two Fire Apparatus Engineers to fully staff Engine 67.



Personnel and Benefits – Amador

The District has contracted personnel services for Amador fire services through a Cooperative Fire Protection Agreement (Agreement) with the California Department of Forestry and Fire Protection (CAL FIRE) since 1980.

Amador Plans, authorized by Public Resources Code 4144, allows local governments to contract with CAL FIRE to provide year-round fire protection services, provided by CAL FIRE stations which would normally be closed during the “non-fire” season.

The CAL FIRE Pacheco Station is within the southeast boundaries of the District. The District’s closest station to serve that area is Masten Station which is approximately 18 miles to Pacheco Station and 31 miles to the District’s southeast boundary at Dinosaur Point. The District is contractually obligated to provide ALS response within 7 minutes, 59 seconds of dispatch. Pacheco station is staffed with ALS personnel year-round. A portion of the year the staff are paid by the District and the remainder of the year by the state. The Company Officer is a Paramedic year-round.

Materials and Supplies

In Fiscal Year 2020 the District spent \$562,827 for materials and supplies accounting for 9% of total expenditures. Materials and supplies include: utilities, insurance, professional services, equipment maintenance and repairs, vehicle maintenance and repairs, and all operational supplies.

Debt Services – Principal & Interest

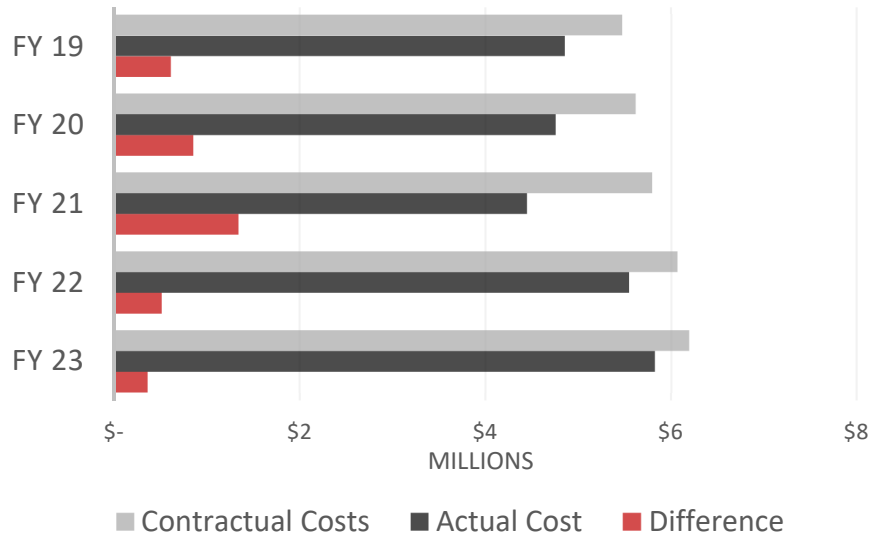
The District has been unable to set aside funds from their annual operating budget for capital equipment replacement therefore it generally pays for replacement of vehicles and other equipment through lease financing.

Capital Outlay

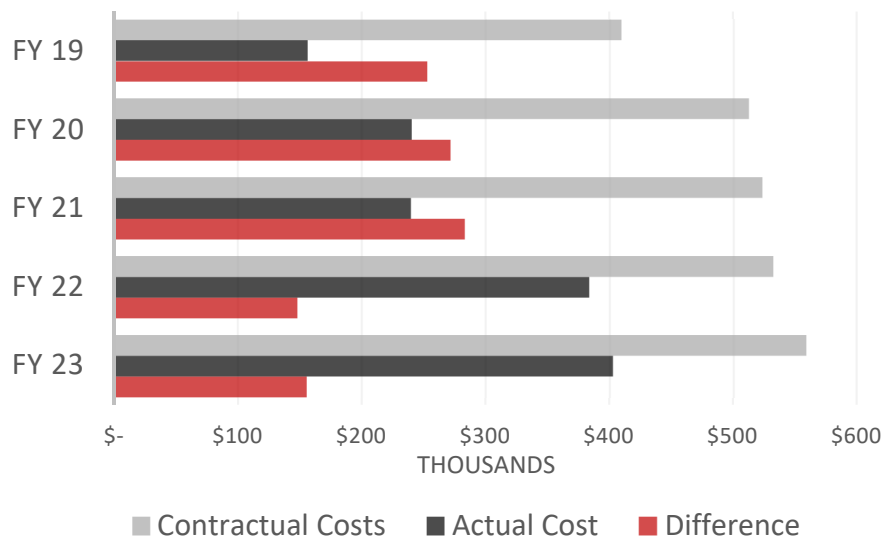
In Fiscal Year 2020 the District spent \$829,058 on capital assets accounting for 13% of total expenditures.



Schedule A Contractual Cost Versus Actual Cost



Amador Contractual Cost Versus Actual Cost



SOUTH SANTA CLARA COUNTY FIRE DISTRICT - 2021 FIVE YEAR PLAN

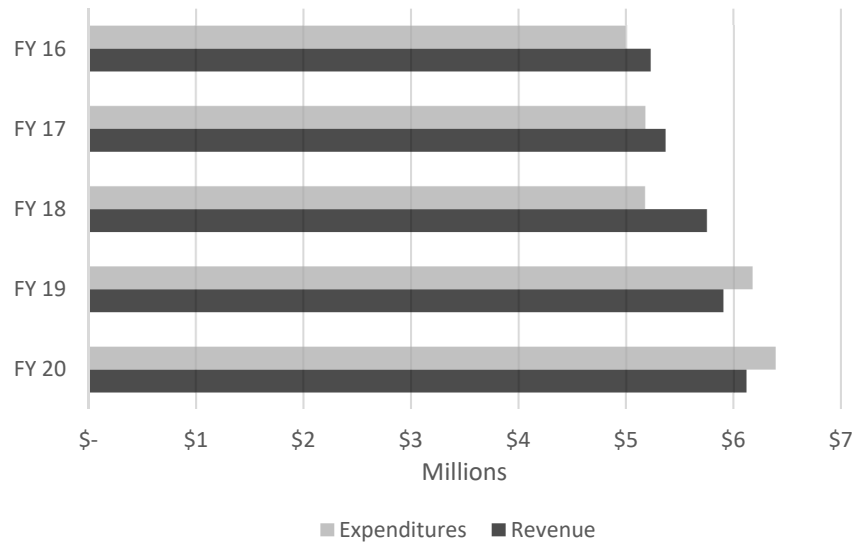
General Fund – 1574– Five Year Projection¹⁰

	Financial Statement				Budgeted	Projected				
Revenues	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Property Taxes	4,783,414	4,949,307	5,268,761	5,464,417	5,573,094	5,651,540	5,668,495	5,827,212	6,007,856	6,200,107
First Responder Fees	215,204	253,801	232,014	162,291	223,645	223,645	228,118	232,680	-	-
Grants	-	-	-	30,948	11,000	171,200	100,000	100,000	100,000	100,000
Investment Income	21,394	35,047	63,568	56,081	50,000	56,000	57,120	58,262	59,428	60,616
Deferred Inflow of Cash	-	-	-	144,156	-	-	-	-	-	-
Miscellaneous Income	348,028	514,089	341,843	263,172	701,500	215,000	219,300	223,686	228,160	232,723
Total Revenue	5,368,040	5,752,244	5,906,186	6,121,065	6,559,239	6,317,385	6,273,033	6,441,841	6,395,443	6,593,447
Expenditures	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Personnel Services – Schedule A	4,223,711	4,444,923	4,856,362	4,758,382	4,439,695	5,118,527	5,374,453	5,643,176	5,925,335	6,221,602
Personnel Services – Amador	183,477	105,967	156,637	240,629	250,000	383,748	402,935	423,082	444,236	466,448
Materials/Supplies	609,630	525,182	804,587	562,827	905,636	1,112,364	1,134,611	1,157,304	1,180,450	1,204,059
Loan Payment	-	-	-	-	-	63,922	63,922	63,922	63,922	63,922
Debt Services – Principal	147,903	74,803	320,840	-	47,950	-	-	-	-	-
Debt Services – Interest	17,008	12,080	23,986	-	4,870	5,901	5,216	4,532	3,849	3,164
Capital Outlay	-	15,095	15,095	829,058	15,000	447,800	25,000	25,000	25,000	25,000
Total Expenditures	5,181,729	5,178,050	6,177,507	6,390,896	5,663,151	7,132,262	7,006,138	7,317,016	7,642,792	7,984,194
Net Change in Fund Balance	186,311	574,194	(271,321)	(269,831)	896,088	(814,877)	(733,106)	(875,175)	(1,247,348)	(1,390,748)
Fund Balance Start of Year	1,654,808	1,841,119	2,415,313	2,143,992	1,874,161	3,393,483	2,578,606	1,845,500	970,326	(277,022)
Loan	-	-	-	-	623,234	-	-	-	-	-
Fund Balance End of Year	1,841,119	2,415,313	2,143,992	1,874,161	3,393,483	2,578,606	1,845,500	970,326	(277,022)	(1,667,770)

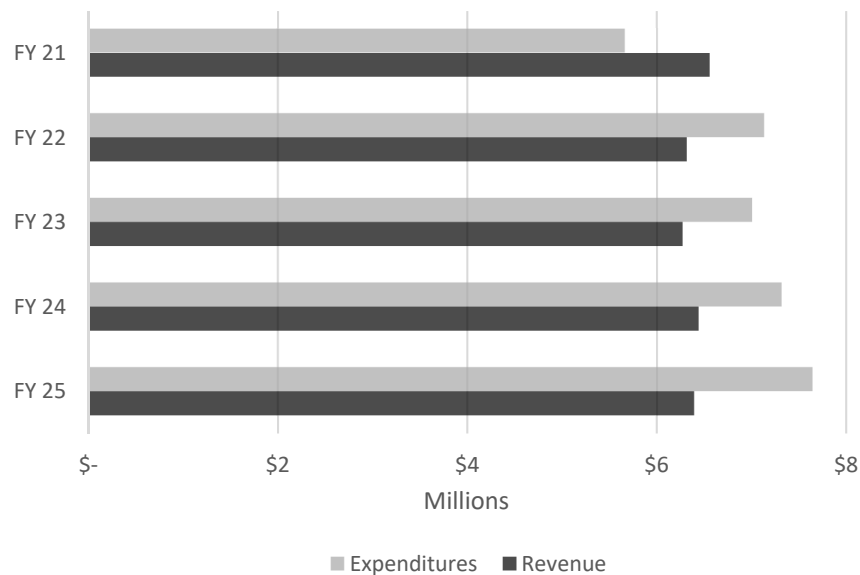
¹⁰ This projected budget does not include costs for facility maintenance or replacement needs past 2022 due to the District's budgeted operating deficit and the imminent depletion of the fund balance.



Actual Expenditures and Revenues FY 2016 - FY 2020



Projected Expenditures and Revenues FY 2021 – FY 2025¹¹



¹¹ This projected budget does not include costs for facility maintenance or replacement needs past 2022 due to the District's budgeted operating deficit and the imminent depletion of the fund balance.



General Fund – 1574– Five Year Projection with Capital Expenditures included

	Financial Statement				Budgeted	Projected				
Revenues	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Property Taxes	4,783,414	4,949,307	5,268,761	5,464,417	5,573,094	5,651,540	5,668,495	5,827,212	6,007,856	6,200,107
First Responder Fees	215,204	253,801	232,014	162,291	223,645	223,645	228,118	232,680	-	-
Grants	-	-	-	30,948	11,000	171,200	100,000	100,000	100,000	100,000
Investment Income	21,394	35,047	63,568	56,081	50,000	56,000	57,120	58,262	59,428	60,616
Deferred Inflow of Cash	-	-	-	144,156	-	-	-	-	-	-
Miscellaneous Income	348,028	514,089	341,843	263,172	701,500	215,000	219,300	223,686	228,160	232,723
Total Revenue	5,368,040	5,752,244	5,906,186	6,121,065	6,559,239	6,317,385	6,273,033	6,441,841	6,395,443	6,593,447
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Personnel Services – Schedule A	4,223,711	4,444,923	4,856,362	4,758,382	4,439,695	5,118,527	5,374,453	5,643,176	5,925,335	6,221,602
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Materials/Supplies	609,630	525,182	804,587	562,827	905,636	1,112,364	1,134,611	1,157,304	1,180,450	1,204,059
Loan Payment	-	-	-	-	47,950	63,922	63,922	63,922	63,922	63,922
Debt Services – Principal	147,903	74,803	320,840	-	-	-	-	-	-	-
Debt Services – Interest	17,008	12,080	23,986	-	4,870	5,901	5,216	4,532	3,849	3,164
Capital Outlay	-	15,095	15,095	829,058	15,000	936,550	1,022,700	515,436	617,599	936,967
Total Expenditures	5,181,729	5,178,050	6,177,507	6,390,896	5,663,151	7,621,023	8,003,838	7,807,452	8,235,391	8,896,161
Net Change in Fund Balance	186,311	574,194	(271,321)	(269,831)	896,088	(1,303,627)	(1,730,806)	(1,365,611)	(1,839,947)	(2,302,715)
Fund Balance Start of Year	1,654,808	1,841,119	2,415,313	2,143,992	1,874,161	3,393,483	2,089,856	359,050	(1,006,560)	(2,846,507)
Loan	-	-	-	-	623,234	-	-	-	-	-
Fund Balance End of Year	1,841,119	2,415,313	2,143,992	1,874,161	3,393,483	2,089,856	359,050	(1,006,560)	(2,846,507)	(5,149,222)

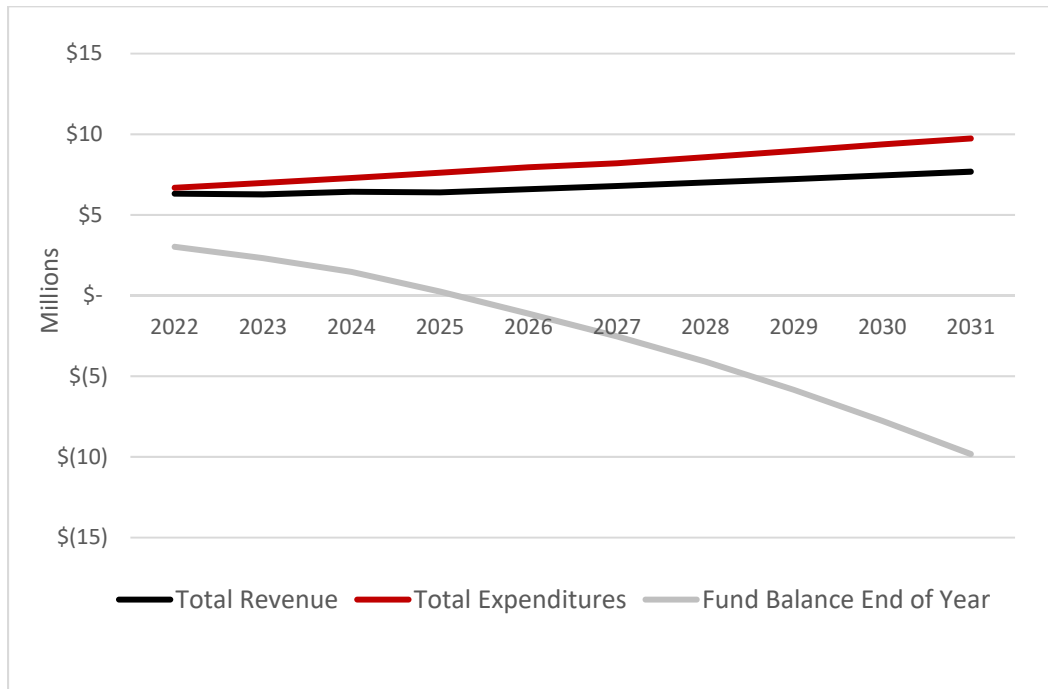


Unfunded Future Operational Costs

	Immediate Need	Annually	10 years	20 years
Apparatus				
D1605	\$90,000	-	\$108,000	\$129,600
E68	\$650,000	-	\$780,000	\$936,000
E69	\$700,00	-	\$840,000	\$1,008,000
WT 67	\$300,000	-	-	\$432,000
WT 68	\$300,000	-	-	\$432,000
U69	\$100,000	-	\$120,000	\$144,000
E368	\$360,000	-	\$432,000	\$518,400
B70	-	-	\$108,000	\$129,600
B1607	-	-	\$108,000	\$129,600
E67	-	-	\$780,000	\$936,000
Apparatus Total	\$2,500,000	\$317,160	\$1,548,000	\$4,795,200
Masten Station				
Asphalt Replacement	\$250,000	-	-	-
A/C & Heater	\$15,000	-	-	-
Flooring	\$35,000	-	-	-
Insulate/Heat Apparatus Bay	\$75,000	-	-	-
Paint – Interior and Exterior	\$15,000	-	-	-
Security Fence	\$40,000	-	-	-
Septic Tank Replacement	\$30,000	-	-	-
Termite and Rot Damage	\$50,000	-	-	-
Windows	\$15,000	-	-	-
1,300 sf additions	\$340,000	-	-	-
Treehaven Station				
A/C & Heat	\$15,000	-	-	-
Asphalt Repairs	\$75,000	-	-	-
Facilities & Grounds Maintenance and Repairs	-	\$25,500	\$138,407	\$153,342
Additional/Future Facilities	-		\$415,222	\$460,027
Station Total	\$955,000	\$51,000	\$553,629	\$613,369
Equipment				
Equipment Total	\$690,000	\$250,000		
Grand Total	\$4,145,000	\$618,160	\$2,101,629	\$5,408,569



General Fund – 1574 10-Year Projections



Fiscal Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Revenue	\$6,317,385	\$6,273,033	\$6,441,841	\$6,395,443	\$6,593,447	\$6,797,717	\$7,008,453	\$7,225,861	\$7,450,154	\$7,681,548
Total Expenditures	\$6,684,462	\$6,981,138	\$7,292,016	\$7,617,792	\$7,959,194	\$8,204,639	\$8,577,324	\$8,968,011	\$9,377,587	\$9,739,893
Fund Balance End of Year	\$3,026,406	\$2,318,300	\$1,468,126	\$245,778	\$1,119,970	\$2,526,892	\$4,095,763	\$5,837,913	\$7,765,346	\$9,823,691

This 10-year projection includes personnel, maintenance, and service/supply costs. Expenditure costs were calculated with a 2% increase yearly and a 5% increase yearly in the cost associated with the CAL FIRE personnel services contracts.

The projection does not include any capital expenditures demonstrating that even if the District withheld buying all unfunded capital equipment, funds would be depleted by FY 2026. This deficient is due to the lack of revenue generated to keep up with the yearly operational expenditures the District incurs.



Facilities

The South Santa Clara County Fire District operates out of four stations: Morgan Hill, Masten, Treehaven, and Pacheco.

Morgan Hill Fire Station

15670 Monterey Street

Morgan Hill, CA 95037

The Morgan Hill Fire Station is owned by CAL FIRE. The District does not pay rent, utilities, or maintenance costs for the use of this station. The District is responsible for the two apparatus doors they utilize, furniture, supplies, physical fitness equipment, mechanic tools, internet and phone services, and any other material/supply needed to support District operation.

- ◆ Minimum staffing level of 3 personnel¹²
- ◆ Engine company responds on a Type 1 Engine (E-67)
- ◆ Full Time Advanced Life Support (Paramedic) Engine
- ◆ 1 Water Tender (WT-67)
- ◆ 3 Utility Vehicles (Admin17, D1605, B1617)
- ◆ 1 Heavy Equipment Mechanic Vehicle (R1637)



¹² As part of a Cost Share Agreement with the City of Morgan Hill, Morgan Hill covers the cost for one Fire Captain Paramedic and two Fire Apparatus Engineers to fully staff Engine 67.



Masten Fire Station

10810 No Name Uno

Gilroy, CA 95020

Masten Fire Station is the only station owned by the District. It was purchased in 1980 for \$169,896. The station is 2,400 square feet and includes crew quarters, offices, and a meeting room. It also includes a separate 4 Bay Apparatus Building. The station is functionally inadequate for the current staffing level. The District has committed Mitigation Funds to add 1,300 sq ft to address some of these issues; however, construction will not begin until adequate funds become available.

The facility has been in operation for over forty years. Maintenance needs include, but are not limited to the following:

- | | |
|---------------------------------|--|
| ❖ Sewer Replacement | ❖ Floor Repair and Replacement |
| ❖ Termite and Dry Rot Repair | ❖ HVAC Unit |
| ❖ Asphalt Repair | ❖ Insulate and Heat Apparatus Building |
| ❖ Window Replacement | ❖ Security Fence |
| ❖ Paint - Interior and Exterior | |

Currently, the county ambulance provider rents a pad for a trailer to house their crew from the District for \$1,275 per month. The ambulance provider maintains the trailer and pays for utilities.

- ◆ Minimum staffing level of 3 personnel
- ◆ Engine company responds on a Type 1 Engine (E-68)
- ◆ Full Time Advanced Life Support (Paramedic) Engine
- ◆ 1 Water Tender (WT-68)
- ◆ 1 Utility Vehicles (U-68)
- ◆ 2 Reserve Engines (E168, E169)
- ◆ 1 Kubota UTV with Trailer



Treehaven Fire Station

3050 Hecker Pass Highway

Gilroy, CA 95020

Treehaven Fire Station is owned by the City of Gilroy. The 2,200 sq ft (36X60) building was originally built by Michael Bonfante. The living quarters is 1,100 sq ft and includes a kitchen, living area, bedroom that sleeps two, a bathroom, and an office/bedroom that sleeps one. There is also an attached 2 Bay Apparatus and Conex Box for storage. While the District was able to reconfigured the existing live/work areas to provide necessary social distancing for on-duty personnel during COVID, this facility is aging and the space is inadequate for a three-person engine company.

The District currently leases the building from the City of Gilroy for \$1,819.67 per month. The District is currently attempting to renew the lease for Treehaven; however, the future of Gilroy Gardens is uncertain. The District is responsible for basic repairs, the HVAC system, the water heater, maintenance and replacement of plumbing fixtures, and floor coverings. The landlord is responsible for preexisting contamination, structural repair, and parking lot repairs.

- ◆ Minimum staffing level of 3 personnel
- ◆ Engine company responds on a Type 1 Engine (E-69)
- ◆ Full Time Advanced Life Support (Paramedic) Engine
- ◆ 1 Advanced Life Support Type 3 Engine (E-368)
- ◆ 1 Utility Vehicles (U-69)
- ◆ 1 Technical Rescue Trailer
- ◆ 1 Squad/Utility (SQ-68)



Pacheco Fire Station

12280 Pacheco Pass Highway

Hollister, CA 95023

The Pacheco Fire Station is owned and operated by CAL FIRE. CAL FIRE staffs Pacheco Staff approximately six months a year during “fire season” and provides Auto Aid/Mutual Aid to the District. The District contracts for Amador Services through a Cooperative Fire Protection Agreement.

Amador Plans, authorized by Public Resources Code 4144, allows local governments to contract with CAL FIRE to provide year-round fire protection services, provided by CAL FIRE stations which would normally be closed during the “non-fire” season.

The District will pay up to \$383,748 for Amador services in FY 2022. This cost includes personnel costs, utilities, and rent for the use of CAL FIRE Engine 1677.

- ◆ Minimum staffing level of 3 personnel
- ◆ Engine company responds on a Type 3 Engine (E-1677)
- ◆ Full Time Advanced Life Support (Paramedic) Engine



Facilities Inventory & Replacement Schedule

Item Description/Quantity	Station	Replacement Date	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
A/C – Heater Unit	Treehaven	2023	-	\$15,000	-	-	-
A/C – Heater Unit	Masten	2024	-	-	\$15,600	-	-
Asphalt Replacement w concrete	Masten	Deferred	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Asphalt Repairs	Treehaven		-	-	-	-	-
Dishwasher	Masten	2024	-	-	\$1,100	-	-
Electric Range	Treehaven	2023	-	\$2,500	-	-	-
Flooring New & Repairs	Masten	Deferred	\$25,000	\$25,000	-	-	-
Bedrooms Flooring	Masten	Deferred	-	-	\$10,000	-	-
Freezer	Masten	2022 & 2034	-	-	\$850	-	-
Freezer	Treehaven	2024 & 2034	\$800	-	-	-	-
Gas Range Top – Double Ovens	Masten	2026	-	-	-	-	\$4,000
Insulate and Heat Apparatus Bay	Masten	Deferred	-	-	-	-	\$75,000
Mattresses – Qty 3 – 5 years	Treehaven	2022	\$4,500	-	-	-	-
Mattresses – Qty 4 – 5 years	Morgan Hill	2024	-	-	\$6,000	-	-
Mattresses – Qty 6 – 5 years	Masten	2023	-	\$9,000	-	-	-
Paint – Interior and Exterior	Masten	Deferred	-	-	\$15,000	-	-
Station Furniture	Treehaven	2023	-	\$3,000	-	-	-
Station Furniture	Masten	2022	\$5,000	-	-	-	-
Station Furniture	Morgan Hill	2023	-	\$6,000	-	-	-
Refrigerator – Qty 2 – 10 years	Treehaven	2022 & 2025	\$1,250	-	-	\$1,275	-
Refrigerator – Qty 3 – 10 years	Masten	1 per year start 2024	-	-	\$1,250	\$1,275	\$1,301
Physical Fitness Equipment	Treehaven	2022	\$7,000	-	-	-	-
Physical Fitness Equipment	Masten	2023	-	\$7,000	-	-	-
Physical Fitness Equipment	Morgan Hill	2024	-	-	\$7,000	-	-
Security Fence Around Station	Masten	Deferred	-	-	-	\$40,000	-
Septic Tank Replacement	Masten	2022	\$30,000	-	-	-	-
Termite and Rot Damage	Masten	Deferred	-	-	-	-	-
Washer and Dryer – 10 years	Treehaven	2022	\$3,000	-	-	-	-
Washer and Dryer – 10 years	Masten	2023	-	\$3,000	-	-	-
Windows	Masten	Deferred	-	-	\$15,000	-	-
Total Facilities Inventory Cost			\$126,550	\$120,500	\$121,800	\$92,550	\$130,301

The District is unable to budget beyond FY 2022 for facility maintenance or replacement needs due to its budgeted operating deficit and the imminent depletion of its fund balance.



Apparatus

Acquisition Plan

The District established guidelines for vehicle replacement based on SSCCFD Policy 3602 – Depreciation, NFPA Standards, and the Fleet Equipment Manager’s recommendation.

All District equipment will be evaluated based on the following criteria:

- ◆ Condition
- ◆ Mission
- ◆ Upgradability
- ◆ NFPA 1911-96/97/98

Front Line Engines

Twelve (12) years, with replacement plans beginning at ten (10) years.
Reassigned as reserve engine for ten (10) years, per above criteria and retired from service at twenty-two (22) years.

Water Tenders

Twenty (20) to twenty-five (25) years.
Evaluate at eighteen (18) years, per above criteria, for Possible upgrades that may extend life cycle.

Command Vehicles

Recurring evaluation, per above criteria.
Ten (10) years or 120K miles, whichever comes first, at that time remove from inventory or reassign as utility vehicle.

Utility Vehicles

Recurring evaluation, per above criteria.
Fifteen (15) years or 150K miles, whichever comes First.

Trailers

As needed, per above criteria.



Apparatus Inventory and Replacement Schedule

Vehicle Number	Model Year	Make	Model/ ICS Type	Role	Planned Longevity (years)	Est. Replacement	Notes
Admin 17	2010	Ford	Escape	Admin Utility	15	Do Not Replace	Vehicle no longer needed
D1605	2010	Ford	Pick Up	Division Chief	10 Frontline 5 Utility	Overdue	Possible City of Morgan Hill purchase
B70	2013	Ford	Pick Up	Battalion Chief	10 Frontline 5 Utility	Utility in 2021 Retire in 2028	Reassigned as U68 once B1617 is in service
B1617	2020	Ford	Pick Up	Battalion Chief	10 Frontline 5 Utility	Utility in 2030 Retire in 2035	In Service 2021
B1607	2020	Ford	Pick Up	Battalion Chief	10 Frontline 5 Utility	Utility in 2030 Retire in 2035	In Service 2021
UTV 768	2019	Kubota	RTV Vehicle /Trailer	-	-	As needed	-
E67	2020	Rosenbauer	Type 1	Primary Engine (pending)	22	Reserve in 2032 Retire in 2042	In final detail phase
E68	2010	Pierce	Type 1	Primary Engine	22	Reserve in 2022 Retire in 2032	Replacement needs ordering in 2020 – delivery in 2022
E69	2015	Pierce	Type 3	Primary Engine	22	Reserve in 2027 Retire in 2037	Replacement order in 2025
E368	2015	HME	Type 1	Reserve Engine	22	Reserve in 2027 Retire in 2037	Replacement order in 2025
E168	2008	Pierce	Type 1	Reserve Engine	22	Retire in 2030	Previously Engine 67 moved into reserve in 2021
E169	2003	Pierce	Type 1	Reserve Engine	22	Retire in 2025	Replace with E68
Repair 1637	2009	Dodge	Pick Up	Mechanic	10	2019	Overdue
SQD 68	2004	Chevy	Pick Up	Utility Vehicle	15	Do Not Replace	Vehicle no longer needed
Utility 68	2003	Ford	Pick Up	Utility Vehicle	15	Replace with B70 in 2021	Will need replacing by 2028
Utility 69	2008	Ford	Stake Bed	Utility Vehicle	15	2023	Reevaluate in 2023
Water tender 67	2000	Pierce	Type 1	Response	20-25	2020	Overdue



SOUTH SANTA CLARA COUNTY FIRE DISTRICT - 2021 FIVE YEAR PLAN

Vehicle Number	Model Year	Make	Model/ ICS Type	Role	Planned Longevity (years)	Est. Replacement	Notes
Water tender 68	2002	Pierce	Type 1	Response	20-25	Evaluate in 2022	Replacement Evaluation Needed
--	1998	Pierce	Type 1	Surplus Engine	22	Retire in 2021	Previously Reserve Engine 168 replaced in 2021

Suitable, modern and well-functioning apparatus are essential to response effectiveness, life support, and the safety of emergency personnel. The vehicle replacement schedule represents the District's current apparatus inventory and its planned replacement schedule. Expired and aging apparatus not only jeopardizes the health and safety of personnel but also the people and property of the community they serve.

The District is unable to budget for apparatus replacement due to its budgeted operating deficit and the imminent depletion of its fund balance. The list below details the apparatus replacement needs that have been extended and/or need replacement within the next five years.

Replacement Extended:

- ◆ **E68** - Replacement date 2020.
Estimated cost is \$650K and can take up to two years to build.
- ◆ **WT 67** – Replacement date 2020.
Estimated cost for a 3,000 gallon Basic Tender is \$300K.
- ◆ **Repair 1637** – Replacement date 2019.
Estimated cost \$120K.
- ◆ **D1605** – Replacement date 2020.
Estimated cost \$90K to be split 50/50 with the City of Morgan Hill.

Replacement in FY 2022

- ◆ **WT 68** - Replacement date 2022.
Estimated cost for a 3,000 gallon Basic Tender is \$300K.

Replacement in FY 2023

- ◆ **U69** – Evaluate

Replacement in FY 2025

- ◆ **E368** – Estimated cost \$360K
- ◆ **E69** – Estimated cost \$700K



Equipment

Acquisition Plan

Suitable, modern, and well-functioning equipment are essential to response effectiveness, life support, and the safety of emergency personnel. The following table represents the District's current assets inventory and its planned replacement schedule. The maintenance schedule represents the annual costs incurred by the District to maintain inventoried equipment. Expired and aging equipment not only jeopardizes the health and safety of personnel but also the people and property of the community they serve.

The District is unable to budget for all scheduled equipment replacements due to its budgeted operating deficit and the imminent depletion of its fund balance. Beginning in fiscal year 2023 the District will budget \$25,000 for the emergency replacement of equipment. The District will continue to budget for annual maintenance as funds allow.

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Equipment Inventory and Replacement Schedule

Item Description/Quantity	Qty	Station	Replacement Date	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
AED's	8	All	2022	\$2,500	\$2,550	\$2,601	\$2,653	\$2,706
Air Compressors		Masten	(1) 2025 (1) 2026	-	-	-	\$3,000	\$3,060
Air Compressors – Portable		Treehaven	2025	-	-	-	\$1,500	-
Cell Phones	23	All	varied	-	-	-	-	-
Chainsaws with raptor chain/bar set	8	All	1 per year	\$1,500	\$1,530	\$1,561	\$1,592	\$1,624
Extrication Tools	8 sets	All	2 per year	\$40,000	\$40,800	\$41,616	\$42,448	-
Extrication Tools – Paratech Airbag Kit	8	All	(4) 2022 (6) 2036	\$12,000	-	-	-	-
Generator		Masten	2025	-	-	-	\$7,000	-
Generator – Portable		Treehaven	2023	-	\$5,000	-	-	-
iPads – 2-year lifespan	14	All	5 per year	\$6,500	\$6,630	\$6,763	\$6,898	\$7,036
Lifepacks	6	All	2022	\$167,900	-	-	-	-
Lifepacks Maintance/Service Contract – 4 years	4	All	2022 2026	\$44,800	-	-	-	\$48,384
Lucas 2 – 5-7-year lifespan	3	All	(2) 2022 (1) 2023	\$40,000	\$20,400	-	-	-
Pagers	12	All	2 per year	\$500	\$510	\$520	\$531	\$541
Pelican Lights	18	All	3 per year	\$3,500	\$3,570	\$3,641	\$3,714	\$3,789
PPV Fans	6	All	1 per year	\$3,500	\$3,570	\$3,641	\$3,714	\$3,789
Radios APX8500 Mutual Aid	13	All	2022	\$79,300	-	-	-	-
Radios M150 State	13	All	2023	-	\$45,000	-	-	-
Rope Rescue	7 sets	All	2022 & 2030	\$35,000	-	-	\$5,000	-
Rope Rescue Stokes Baskets	7	All	2022 & 2030	\$10,500	-	-	-	-
Sawsalls	7	All	(7) 2022 (2) every 3 years	\$3,500	-	-	-	\$1,100
SCBA Cylinders – NFPA 15 year lifespan	65	All	2025	-	-	-	\$53,040	-
SCBA Masks (not including HUD and voice box) – NFPA 10 year lifespan	50	All	2022	\$14,500	-	-	-	-
SCBA RIC Packs – NFPA 10 year lifespan	5	All	2022	\$26,000	-	-	-	-
SCBA Units – NFPA 10 year lifespan	37	All	2022	\$166,500	-	-	-	-
Thermal Imaging Cameras	5	All	1 per year	\$12,000	\$12,240	\$12,485	\$12,734	\$12,989
Turnouts		All	7 per year	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649
Total Equipment Inventory Cost				\$690,000	\$162,200	\$93,636	\$165,049	\$106,666



Equipment and Facilities Annual Maintenance Schedule

Item Description/Quantity	Station	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
A/C – Heater Unit	All	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082
AED's	All	\$1,200	\$1,224	\$1,248	\$1,273	\$1,299
Brass Nozzles	All	\$4,000	\$4,080	\$4,162	\$4,245	\$4,330
Company 70 Equipment	All	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
Convault Maintenance	Masten	\$500	\$510	\$520	\$531	\$541
Dosimeters	All	\$3,500	\$2,500	\$2,550	\$2,601	\$2,653
Engine 368 Supplies	All	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
Extinguishers	All	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
Extrication Tools	All	\$8,500	\$8,670	\$8,843	\$9,020	\$9,201
Gas Monitors	All	\$3,500	\$2,500	\$2,550	\$2,601	\$2,653
GPS	All	\$600	\$612	\$624	\$637	\$649
Hose (\$13,000 for 5 years then every 3 years)	All	\$13,000	\$13,620	\$13,525	\$13,796	\$14,072
Ladders	All	\$13,000	\$13,620	\$13,525	\$13,796	\$14,072
Lucas 2 Devices	All	\$4,500	\$4,590	\$4,682	\$4,775	\$4,871
Maps Updates	All	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082
Public Education Materials	All	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
Radios	All	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
Station Rollup Doors	All	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
SCBA Refill Raven CFS Eagle Air Breathing System	Masten	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
SCBA Testing	All	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
Small Motors	All	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
Tractron Tags	All	\$500	\$510	\$520	\$531	\$541
USAR Trailer 769	All	\$600	\$612	\$624	\$637	\$649
UTV	All	\$500	\$510	\$520	\$531	\$541
Water Tank (6,000 gal)	Masten	\$500	\$510	\$520	\$531	\$541
Total Annual Maintenance Cost		\$113,400	\$113,528	\$115,799	\$118,115	\$120,477



Methods of Raising Alternative Revenues

Chapter 8 of the Fire District Law is entitled "Alternative Revenues" and authorizes the District to raise revenue when the District's Board (the Board of Supervisors, serving in its capacity as Board of Directors) determines that available revenue is not sufficient to meet the costs of providing fire services.

In summary, there are five options for raising alternative revenues through taxes and assessments and one option for fees. Three of these options involve the levy of special taxes, and the other two involve the levy of assessments. There are general procedures for each, largely governed by Proposition 218. The Fire District Law also authorizes the collection of fees for services or costs.



Methods of Reducing Expenses

Expenditures are expected to continue to outpace revenue. Without additional revenues, the fund balance will be depleted before the 2025 fiscal year. Service levels will need to be reduced unless additional revenues can be raised. Possible Service level reductions include but are not limited to the following options:

1. **Reduce Services** - By reducing services from Advanced Life Support (ALS) to Basic Life Support (BLS) the District could save a maximum of \$297,455. Additional savings for ALS equipment and supplies would be offset by the loss of the first responder revenue the District currently receives from EMS.

Considerations:

- Potential impact on Auto Aid and Mutual Aid Agreements and the District's ability to meet the terms of those agreements since the level of service would not be reciprocal.
2. **Amador Contract** - The District has contracts for Amador fire services through a Cooperative Fire Protection Agreement (Agreement) with the California Department of Forestry and Fire Protection (CAL FIRE). If the District did not renew this contract the savings realized could be a maximum of \$427,193 (the budgeted costs for FY 2022). Due to California's historic fire seasons the Amador season has been much shorter the past few years. This means that instead of six months of expenditures for the District it has been much less. The five-year average costs for the Amador Contract at Pacheco is \$187,342, meaning the savings could be significantly less than the budget amount.

Considerations:

- Potential impact on Auto Aid and Mutual Aid Agreements and the District's ability to meet the terms of those agreements since the level of service would not be reciprocal.
 - Potential impact on contract with Santa Clara County Emergency Medical Services for ALS service. CALFIRE's Pacheco Fire Station would no longer provide year-round ALS response potentially causing non-compliance in response call times. Non-Compliance could cost the District first responder fees and fines.
3. **Reduce Staffing Levels** - By reducing staffing from 3-0 (three personnel per engine) to 2-0 (two personnel per engine) the District could eliminate four full time positions saving the District a maximum of \$772,470.



Considerations:

- Potential impact on Auto Aid and Mutual Aid Agreements and the District's ability to meet the terms of those agreements since the level of service would not be reciprocal.
- National Fire Protection Association (NFPA) recommends fire agencies staff at 4-0 (4 personnel per responding vehicle); 2-0 staffing is the minimum necessary to operate an engine when responding to an incident.
- Occupational Safety and Health Administration (OSHA) requires a minimum of 4 firefighters on scene to engage an Immediately Dangerous to Life and Health (IDLH) environment, such as a structure fire or a hazardous material incident. In case of such an incident, emergency responders would have to wait for a second engine to arrive on scene with two or more personnel before they are able to engage.

4. Brown Outs

- 5. Station Closure** - Closing a station would provide the most cost savings to the District. It would eliminate six personnel, saving \$1,217,912. There would also be additional savings on apparatus, equipment, supplies, rent, and operating costs.

Considerations:

- Potential impact on Auto Aid and Mutual Aid Agreements and the District's ability to meet the terms of those agreements since the level of service would not be reciprocal.
- Potential impact on contract with Santa Clara County Emergency Medical Services for ALS service. Eliminating one station could potentially increase ALS response times causing non-compliance in response call times. Non-Compliance could cost the District first responder fees and fines.
- Potential increased response times due to further response distances.



Board of Commissioners Conclusions

- **Property tax revenues are insufficient to support current levels of service.**
 - a. Property tax rates set at 1977 levels by Prop 13/State Constitution.
 - b. Resulted in permanent allocations of property for rural fire service providers.
 - c. Property tax allocations in the District are lower than other fire districts in Santa Clara County. For comparison, the District receives \$89 per person; other County fire districts range from \$226 - \$1,000 per person.
 - d. Forty percent of the District's land is agricultural which is taxed at a lower rate.
- **Increasing costs to labor, equipment, apparatus, and training requirements have created an operating deficit.**
- **Equipment, apparatus, and infrastructure are deteriorating due to lack of funds dedicated for replacement.**
- **District cannot set aside funds from its operating budget for capital reserves.**
- **Even with capital equipment and infrastructure deferments and a one year pay reduction in fiscal year ending June 30, 2021, the fund balance will be depleted in approximately two years.**

To ensure the continuity of operations at present levels for the foreseeable future, the District will need a minimum \$4.5 million annual increase in revenues to:

- a. offset structural deficits
- b. catch up on deferred maintenance, apparatus and equipment replacements
- c. provide for necessary land acquisition and building construction
- d. to fund future replacement and maintenance costs.

This amount does not factor in economic shocks and assumes a mild rate of inflation.

The District only owns one of the fire stations it occupies; the future of our agreement for space at the Treehaven Station is uncertain, and CAL FIRE cannot be expected to build apparatus bays and barracks to support our operations at the Morgan Hill station during their planned modernizations. The District must acquire land and build new facilities; revenue from development impact fees has proven woefully inadequate for this purpose.



Board of Commissioners Recommendations

The South Santa Clara County Fire District Board of Commission, an advisory board to the South Santa Clara County Fire District Board of Directors, recommends that the Board of Directors consider the allocation of a modest amount of public safety sales tax monies to fire protection.

With an estimated 8,925 parcels, a successful voter-approved parcel tax on parcels within the jurisdictional boundaries of the District would fall far short of the funding required to sustain fire emergency response, protection, prevention, and suppression services including equipment, personnel, and infrastructure, in the South Santa Clara County Fire District.





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