



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICE
COUNTY OF PLACER

TO: Honorable Board of Supervisors

FROM: Holly L. Heinzen, Interim County Executive Officer
By: James Importante, Management Analyst II

DATE: April 10, 2012

SUBJECT: Fire Protection Services Update

ACTION REQUESTED

The Board is requested to receive a presentation regarding the Placer County Fire system and economic challenges.

BACKGROUND

Fire protection in unincorporated Placer County is provided by twelve independent fire protection districts and by the County through a contract with CAL FIRE. Services include fire protection, prevention, emergency medical, hazardous materials, and all hazard incident response in addition to dispatch service. The following provides a brief summary of recent actions your Board has considered relative to fire services and next steps.

Throughout the last two years, the Board of Supervisors has been provided a series of briefings on the financial status of the entire Placer County Fire system and particularly two hardest hit areas within the system, Dry Creek and North Auburn Ophir Fire (CSA Zones 165 and 193 respectively). On March 22, 2011, staff briefed your Board on revenue challenges in the two CSA Zones due to decline in property values and the resulting reduction in property tax revenues for fire service. Staff identified that these CSA Zones have structural deficits that, without changes to expenditures or revenues, will deplete reserves within a few years.

On May 3, 2011, staff presented further information on shortfalls in the two CSA Zones and provided information on plans to conduct studies that looked at a ten year projection intending to inform both short term and longer term actions related to both Dry Creek and North Auburn Ophir Fire (NAOF). Early results of the studies were presented to your Board during Final Budget workshops held in August 2011.

The final results of these studies were presented to your Board on December 13, 2011 showing the long-term fiscal shortfalls of Dry Creek and NAOF, for operations at current service levels. Currently, no additional action in Dry Creek was directed through FY 2013-14 because the study confirms that the existing reserve balance designated for

operating contingencies can be used to fund operating shortfalls through FY 2013-14 without increasing the Zone's current loan balance and without affecting reserves designated for capital replacement.

Under current expenditure levels, NAOF would continue to run operating deficits over the next ten years, and existing reserves would be exhausted by the end of FY 2013-14. The study projects that, by the end of FY 2020-21, NAOF will have a cumulative operating shortfall of approximately \$4,600,000. To avoid this situation, NAOF requires an additional \$570,000 in annual revenues which, without the benefit of a tax increase, can only be realized by reducing annual operating expenses by that same amount. At the conclusion of the presentation, staff was directed to take all necessary steps to offer the NAOF community the opportunity to ensure the future of its fire protection by voting to increase their existing Special Assessment for fire protection.

North Auburn Ophir Fire Reserve Balances

	2011-12	2012-13	2013-14	2014-15	2020-21
Beginning Balance	\$1,159,407	\$965,997	\$557,178	\$67,508	(\$4,007,604)
Fixed Asset Purchases / Operating Surplus/(Deficit)	(\$193,410)	(\$408,820)	(\$489,670)	(\$556,848)	(\$586,585)
Ending Balance	\$965,997	\$557,178	\$67,508	(\$489,339)	(\$4,594,190)

Source: North Auburn Ophir Fire, County of Placer Fiscal Impact Analysis, Nov. 16, 2011

Staff returned to your Board on January 24, 2012 with a Resolution and an Ordinance directing that a special tax measure for fire protection, emergency medical and prevention services and equipment replacement within the NAOF area be submitted to the voters at the primary election on June 5, 2012. With your Board's approval, Measure D for NAOF was placed on the June 5 ballot to increase existing direct charges for residential development by \$40 per unit, mobile home parks by \$20 per unit, and commercial-industrial development by \$.046 per square foot, subject to an annual cost of living adjustment not to exceed 3% in any year.

Today, in a separate action, your Board will consider the approval of the CAL FIRE contract for FY 2012-13. The contract reflects the same level of services as in FY 2011-12, with a slight decline in costs from last year due to a reduction in the administrative rate included with the contract. While the current level of service is assumed in the contract at this time, CAL FIRE has been notified that service reductions will be implemented January 1, 2013 if Measure D is not successful. Staff will return after the election as needed to update your Board regarding sustainability of funding and service levels.

FISCAL IMPACT

There is no fiscal impact associated with this presentation. Elections costs will be borne by the North Auburn-Ophir Fire Zone of Benefit.