

# Ongoing Funding for Santa Barbara County Fire Protection District Operations

Santa Barbara County Board of Supervisors

March 13, 2012



# Challenges in the Citygate Report

- Cost of current service level increasing faster than revenue (gap is approx. \$4M/yr)
- Continue efforts to reduce costs/increase revenue
- Recommendations for service enhancements
- Capital needs (est. \$89M) have no identified funding

# Funding History

- 2002 thru 2012 budget growth = \$20M (40%)
- 2004 thru 2009 – Board approves increasing Prop 172 (2.25% - 9.75%) (FY11/12 = \$2.6M)
- 2009 – CEO Fiscal Outlook Report projects gap
- 2011 – Los Padres NF properties tax exchange =\$312K
- 2012 – Aviation service provided by Sheriff = \$1.0M

# Needs Summary

- Current Service
  - 2013 – \$ 1.8M more for current service
  - 2014 – \$ 4M ongoing (\$13.9M additional thru FY15/16)
- Capital improvements – \$89M (\$ 6M/yr. debt service)
- Enhanced service:
  - 2012 – 2019: \$ 9.6M ongoing
  - 2020 – 2027: \$ 7.7M ongoing

# Cost Reduction Strategies

- Salary and benefit concessions
- Retirement alternatives
- Service and supply cost management

# Funding Options

- Enacting an oil production tax (Board declined)
- Increasing General Fund allocation
- Shifting the tax rate percentage (GF to FD)
- Increasing the Transient Occupancy Tax (TOT)
- Proposing a parcel tax
- Increasing fees for fire services
- Increasing Prop 172 percentage

# Option – General Fund

- Background
  - 9% of current Fire revenue is from GF
  - More than 80% increase needed
- Revenue Potential
  - \$4M gap requires 66% of projected general fund growth thru FY13-14
- Action required
  - Adopt budget

# Option – Property Tax Transfer

- Background
  - Shifts funds from GF to FD; no increase to taxpayers
  - Overall percentage (11.97%) - Low comparatively (Ventura = 15.07%)
  - Tax rate + GF + Prop 172 = 15.08% (Ventura = 15.36%)
- Revenue Potential
  - \$2.4M per 1% increase (15%=\$7.3M; 16%=\$9.7M; 17%=\$12M)
- Action required
  - Negotiation between SBC and SBCFPD
  - Board approval of Tax Transfer Agreement (with findings)



# Option - Transient Occupancy Tax

- Background
  - Unincorporated area (10%); total = \$ 7M
  - Goleta RNA in FY12-13 reduce TOT (\$1.3M)
  - SBC rate 2% points lower than many jurisdictions
- Revenue Potential
  - \$0.6M per 1% increase
- Action required
  - 2/3 voter approval for Fire designation

# Option – Parcel Tax

- Background
  - Successful parcel taxes in 2011; \$78-85 per parcel
  - Relatively few parcels in SBC
- Revenue Potential
  - \$1.5 – 2.5M
- Action required
  - 2/3 voter approval for Fire designation

# Option – Fire Service Fees

- Background
  - Current fee collection = \$3.1M
  - Fees updated regularly; based on cost recovery
  - Must be tied to specific service – not general use
- Revenue Potential
  - Very little
- Action required
  - Board majority approval of fees; or
  - 2/3 voter approval if considered a tax

# Option – Prop 172

- Background
  - Prop 172 funds Sheriff, Probation, DA & Fire
  - Fire in FY11-12 9.75% = \$2.6M; 25% = \$6.9M
- Revenue Potential
  - 1% = \$275K in FY11-12
- Action required
  - Board resolution

# Proposal – Balanced Solution

- Solve the funding gap for current service
  - \$2.1M ongoing salary and benefit savings of wage increases scheduled between now and the end of FY2012-13
  - \$2.1M ongoing additional general fund
- Funding enhanced services and capital debt service thru a future designated tax

# Recommendations

- Receive the report from the CEO on possible funding sources for ongoing Fire Department Operations, and
- Defer funding decisions and direct ongoing funding of Fire Department Operations to be discussed as part of the FY2012-13 CEO proposed budget

# Questions