

Fire Sustainability – Budget Options

Background:

The Board of Supervisors approved a plan at the April 18, 2023 meeting to provide \$1.5 million of annual support to Fire Districts. The Board directed staff to determine funding options to come back to the Board for consideration. These proposals reflect strategies for initial implementation, however the Board retains the ability and can substitute funding sources in each annual budget should there be reason to do so.

Options:

1) **General Fund with one-time transition support from ARP (Staff Recommendation) –**

The general fund is an appropriate funding source for Fire Districts and avoids some of the challenges of using Cannabis or Proposition 172 however ramping up to the full \$1.5 million commitment quickly poses some difficulties. This option requests ARP funding to help to the County adjust to the new costs over a three-year period. The *Revenue Recovery* rules of ARP would need to be used to reimburse other eligible expenditures to free up funds for this purpose. Below are two different scenarios depending on how much ARP funds the Board might be willing to commit.

Scenario 1A - \$3 million of ARP funds with a 3 year phase in.

Fiscal Year	General Fund	ARP Funds	Total Commitment
2023-24	\$0	\$1,500,000	\$1,500,000
2024-25	\$500,000	\$1,000,000	\$1,500,000
2025-26	\$1,000,000	\$500,000	\$1,500,000
2026-27	\$1,500,000	\$0	\$1,500,000

Scenario 1b - \$1.5 million of ARP funds with a 2 year phase in.

Fiscal Year	General Fund	ARP Funds	Total Commitment
2023-24	\$500,000	\$1,000,000	\$1,500,000
2024-25	\$1,000,000	\$500,000	\$1,500,000
2025-26	\$1,500,000	\$0	\$1,500,000

2) **General Fund with some reductions in recommended and some at Adopted -**

The general fund is an appropriate source for funding the Fire Districts. However, given where the County is at in the budget process, the full amount of \$1,500,000 million cannot be quickly identified. Staff believe about \$500,000 can be identified for the recommended budget. Staff would incorporate that amount and leave the remaining \$1 million of reductions to incorporate in the adopted budget and solicit additional reduction scenarios from departments.

3) **Update Proposition 172 formula and have public safety departments prepare reduction proposals to incorporate at adopted –** Under this scenario, the new commitment to Fire Districts would be funded with \$1.5 million of Proposition 172 and the remaining amounts being split in

the historical formula of 60% to the Sheriff, 20% to Probation and 20% to the District Attorney. Staff would bring back resolutions to define the formula between now and recommended budget to accomplish this. Staff would then add a placeholder reduction to the Sheriff budget of \$900,000, to the District Attorney Budget of \$300,000 and to the Probation budget for \$300,000. These departments would be asked to provide budget reduction scenarios of where they would reduce so this reduction can be applied appropriately with adopted budget.

- 4) **Cannabis Funds with General Fund support when insufficient** – Funding rural initiatives is an eligible use of the funds and Fire Sustainability qualifies under that portion of the Cannabis Tax Plan. Under this Scenario, any cannabis tax receipts and fund balance would be applied toward Fire Districts in recommended budget. Any difference would then be identified and DFS/CAO would work with departments to do reduction scenarios to make up the difference with the Adopted Budget. This year, \$400,000 of Cannabis funds are projected making a potential gap of up to \$1.1 million for the General Fund to absorb at adopted.
- 5) **Use 1/3rd of Proposition 172 Growth with ARP to transition** – This option would have growth in Proposition 172 be the ultimate funding source however use a mix of ARP and general fund to transition to that new commitment. Assumes 3% growth on Prop 172 amount of \$28 million with growth starting to support fire in 2024-25. In order to limit impacts to other public safety functions, only 1/3rd of the growth would be supporting Fire.

Fiscal Year	General Fund	Prop. 172	ARP Funds	Total Commitment
2023-24	\$0	\$0	\$1,500,000	\$1,500,000
2024-25	\$220,000	\$280,000	\$1,000,000	\$1,500,000
2025-26	\$440,000	\$560,000	\$500,000	\$1,500,000
2026-27	\$660,000	\$840,000	\$0	\$1,500,000
2027-28	\$380,000	\$1,120,000	\$0	\$1,500,000
2028-29	\$100,000	\$1,400,000	\$0	\$1,500,000
2029-30	\$0	\$1,500,000	\$0	\$1,500,000