

## Plan for Services

A plan for services (required by Government Code § 56653) shall, at a minimum, respond to each of the following questions and be signed by the proponents of change.

1. Description of the level and range of fire protection and emergency response services to be provided to the territory.

Smith River Fire Protection District (SRFPD) is "first due" within its SOI areas and has historically responded to calls for emergency assistance from these areas accordingly. SRFPD receives a small percentage of the property taxes collected from parcels from within the district boundaries, but not from parcels within the SOI. Annexation of certain SOI parcels to the district will allow SRFPD to continue providing structure and wildland fire protection, emergency medical assistance, and rescue services within these areas. These services will be provided using existing fire apparatus and personnel.

2. An indication of when service would be extended to the territory.

SRFPD will provide service from the date of approval of annexation.

3. An identification of any improvements, structures, other infrastructure, or other conditions the Smith River Fire Protection District would need to serve the territory.

The parcels which SRFPD is proposing to annex are either already receiving emergency response services from the district, or desire that service. New response services will not exceed the existing facility capacity and no development is proposed as part of the annexation.

4. The estimated cost of fire protection and emergency response services and description of how services or required improvements will be financed. A revenues sufficiency discussion for the consolidated service is also required.

Currently, SRFPD responds to approximately 340 calls for service each year. The 2021-23 budget is based on property tax revenue sharing with the County of Del Norte, in the amount of \$390,443 (secured, and supplemental property taxes, and benefit assessment).

No increase in call volume is anticipated in the early years after annexation. As build-out in the annexed area proceeds, approximately 15 additional calls per year can be anticipated. The district plans to absorb any additional costs as outlined below (section 6.).

The current-year assessed value of properties in the annexed area is \$26,962,308. The county collects 1% in property taxes, equaling approximately \$269,623 per year. Assuming SRFPD enters into a revenue sharing agreement with the County of Del Norte that is equal to the existing agreement for district lands in this area, then SRFPD would collect \$1,767 per year (.00655408 x 269,623) using the 2022 tax rates as corrected in April 2022. Assuming the annexation process proceeds at pace, then the earliest revenue year for SRFPD would be the 2024-25 fiscal year.

District cost for annexation is estimated to be \$5,000 in 2023:

\$ 2,500	Application fee to DNLAFCo
\$ 2,500	in professional services (surveyor)

5. An indication of whether territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district.

Most of the area proposed for annexation is within the Smith River Community Services District (SRCSD). Some properties on the eastern edge of the annexed area will likely be annexed by SRCSD as they are developed, however some parcels are not within the SRCSD and rely on well water.

6. Outline of the proposed governing body structure and, at a minimum, a projected five-year budget for revenues and expenditures. The budget presented will need to indicate the source and amount of revenues and expenditures based upon services to be provided. Note any "share" of property tax revenues generated within the consolidated district boundaries. Identify any additional revenue source for any projected budget shortfall. No new taxes can be imposed by the District without two-thirds voter approval.

## DISTRICT OVERVIEW

SRFPD provides fire, rescue, and emergency medical response over a 59-square mile area, from the Dr. Fine Bridge to the Oregon state line, including the north bank of the Smith River and Hiouchi. SRFPD is governed by a 5-member board of directors who are elected at-large from within the district boundaries.

Like all fire departments, SRFPD is a "what-if" community service. Although many citizens go their entire lives without ever needing to dial 9-1-1, those who do need a rapid and effective response. Citizens support fire departments financially to ensure that in the "what-if" scenario, they can call upon that resource. Within minutes, literally millions of dollars' worth of apparatus, operated by volunteers from the community, can be brought to bear to mitigate a wide range of emergencies.

SRFPD responds to emergencies with an all-volunteer staff. Volunteers train to the same standard as any paid department, but respond from their homes or workplaces when the call comes in. The department normally has between 15 and 20 active volunteers, who provide the equivalent of between \$2.2M and \$2.9M in value when compared to a paid department. The district provides a small stipend to volunteers as an incentive for participation and to recognize levels of training and certification. The total stipend for the entire staff is fixed at \$24,000/year, regardless of the number of calls attended.

## REVENUE 5-YEAR FORECAST

SRFPD is financed primarily through property taxes by receiving a small fraction of the taxes already being collected by the County of Del Norte. Additionally, SRFPD levies a "benefit assessment" of \$27 per habitable structure. The district also applies for grant funds, collects burn permit fees, submits billings for certain motor-vehicle related services, accrued interest, and contract for services on tribal trust lands.



Seventy-four percent of SRFPD annual revenue is derived from taxation. Of the taxation sources, eighty-nine percent is derived from property tax revenue sharing with the County of Del Norte; the remaining eleven percent is derived from the benefit assessment on habitable structures.

In calculating annual property taxes, California limits the increases in assessed valuation to two percent. Increases above this amount mainly result from re-assessment in arms-length transactions. Real estate transactions are small in number and therefore quite variable from year to year.

**Secured property tax:** The County of Del Norte bills for property taxes each year in the amount of 1% of net assessed value. Of that amount, the County allocates small amounts to each of several special districts through revenue sharing agreements. In the case of SRFPD, the county allocates .00653822 per dollar collected. This is the primary source of revenue that funds fire services in the district.

Over the past 25 years, annual change in secured property tax revenue allocated to SRFPD has varied greatly each year; from negative (-)10.53% (FY 2012-13), to positive (+)16.06% (FY 2020-21). For budgeting purposes, SRFPD conservatively estimates a positive (+)3.59% increase year-over-year.

**Supplemental property tax:** Supplemental taxes are collected resulting from real-estate transactions where assessed valuation has changed as the result of an arms-length transaction. Real estate sales are small in number and vary greatly from year to year. SRFPD budgets for a conservative 1% increase in supplemental property tax collection each year.

**SRFPD benefit assessment:** Included on property tax bills is a \$27.00-per-habitable-structure benefit assessment for structures within SRFPD boundaries. Annual change in collections is the result of new structures being built, or structures that have been removed. Since the annual change to the number of structures in the district is small, SRFPD budgets for a conservative 1% annual increase in this revenue.

	2022-23	2023-24	2024-25	2025-26	2026-27
<b>EXISTING REVENUE FORECAST:</b>					
<b>Secured property tax:</b> SRFPD forecasts an average increase of 3.59%/year.	\$ 344,943	\$ 357,326	\$ 370,154	\$ 383,443	\$ 397,209
<b>Supplemental property tax:</b> Based on partial-year taxes resulting from real estate sales. A 1%/year increase is forecast.	\$ 5,760	\$ 5,818	\$ 5,876	\$ 5,935	\$ 5,994
<b>SRFPD benefit assessment:</b> \$27/habitable structure. A 1%/year increase is forecast.	\$ 43,200	\$ 43,632	\$ 44,068	\$ 44,509	\$ 44,954
<b>Non-tax Sources of Revenue</b> (Fees, grant funds, contract service, insurance billing). A 1%/year increase is forecast.	\$ 139,204	\$ 140,596	\$ 142,002	\$ 143,422	\$ 144,856
<b>Total forecasted tax revenue</b> (without annexation)	<b>\$ 533,107</b>	<b>\$ 547,372</b>	<b>\$ 562,101</b>	<b>\$ 577,309</b>	<b>\$ 593,013</b>
<b>REVENUE FROM ANNEXED PARCELS:</b>					
<b>Revenue impact:</b> not realized until F.Y. 2024-25	\$ -	\$ -	\$ 2,145	\$ 2,344	\$ 2,551
<b>SRFPD benefit assessment:</b> (27 habitable structures, increasing by 2 per year)			\$ 837	\$ 891	\$ 945
<b>Total revenue impact of annexation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,982</b>	<b>\$ 3,235</b>	<b>\$ 3,496</b>
<b>TOTAL REVENUE (INCLUDING ANNEXATION):</b>	<b>\$ 533,107</b>	<b>\$ 547,372</b>	<b>\$ 565,083</b>	<b>\$ 580,544</b>	<b>\$ 596,509</b>

## ALLOCATION/EXPENDITURE 5-YEAR FORECAST

### Reserves:

Approximately thirty-six percent of revenues received by the district each year are applied to one of six reserve funds which pay for the acquisition of capital assets such as fire trucks, fire station, breathing apparatus, large tools, and other safety equipment. Each year, the district reevaluates its reserve needs using a 25-year outlook and allocates revenue to these funds as its highest priority. An apparatus failure, should it occur, would impact on the Apparatus Reserve Fund, which maintains a minimum balance to absorb such a loss.

Remaining revenue is applied to apparatus maintenance, insurance, accounting and tax collection services from the County, wages for certain part-time staff, office supplies, consumable items (fuel, medical supplies, utilities), and volunteer training.

### Fixed Costs:

Most of the expenditures of the district are “fixed-cost”, meaning that they do not vary with the number of calls responded to. Fixed costs tend to increase or decrease in “steps”, meaning that up to a certain number of calls, the fixed costs are the same; only when they exceed a threshold do fixed costs increase, and then generally by a significant amount. Annexation of the Oceanview SOI is not expected to increase the fixed costs to the district by any significant amount.

### Variable/Discretionary Costs:

Variations in annual revenue are primarily absorbed by the operating budget by deferring discretionary items or non-safety maintenance items. Since much of the operating budget is fixed cost, deferring discretionary items may not always balance the budget. In this case, an unmitigated budget shortfall is absorbed by the Operating Reserve Fund (thankfully, this has not been necessary in any year since the fund was established).

EXPENDITURE FORECAST:	2022-23	2023-24	2024-25	2025-26	2026-27
Total Capital Reserve Allocation	\$ 192,813	\$ 188,572	\$ 193,558	\$ 192,622	\$ 190,909
<b>Operating Budget (Forecast at 4.5% inflation rate):</b>					
Total Fixed Cost	\$ 275,365	\$ 287,756	\$ 300,705	\$ 314,237	\$ 328,378
Total Variable/Discretionary Cost	\$ 63,396	\$ 66,248	\$ 69,229	\$ 72,345	\$ 75,600
<b>TOTAL EXPENDITURE FORECAST:</b>	<b>\$ 531,574</b>	<b>\$ 542,577</b>	<b>\$ 563,493</b>	<b>\$ 579,204</b>	<b>\$ 594,887</b>

**Forecast Budget Surplus:**

The above tables of revenue and expenditure result in budget surpluses being forecasted for each of the next five years. Due to the uncertainties of financial forecasting, these surpluses should be viewed as "targets" that are equally uncertain.

Budget Excess/Shortfall	\$	1,533	\$	4,795	\$	1,590	\$	1,340	\$	1,621
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Authorized Representative

GEOFFREY ANTILL  
PROJECT ADMINISTRATOR