



ARCATA FIRE DISTRICT

STAFF REPORT Item 8.1

Date: July 14, 2020
To: Board of Directors, Arcata Fire District
From: Justin McDonald, Fire Chief
Subject: Discussion And Possible Action Approving Ordinance No. 20-20 and Adopting Resolution No. 20-225 Submitting To The Voters At The Statewide Election On November 3, 2020, A Proposed Ordinance Adjusting The Rate Of A Fire Protection Special Tax; Requesting The Board Of Supervisors Of Humboldt County To Consolidate Said Election With The Statewide Election; And Directing The District Clerk To Take Any And All Actions Necessary Under Law To Prepare For And Conduct The Election

Background

In 1997, the voters of the District approved a special tax at the rate of \$5.00 per special unit of benefit. Based on the rates and number of taxable parcels within the District, the special tax generates approximately \$320,000 to \$350,000 in revenue per year.

The revenue generated by the 1997 Special Tax is insufficient to meet current demands. The District Board has reviewed the FY20/21 funding and expenses and has identified that it will have to cut up to \$200,000 in FY 20/21 if the District does not secure additional revenue sources. Fiscal cuts will have to be deeper, as the PERS unfunded liability ramps up to \$500,000 over the next few years. This does not include any increases to insurance, fuel costs, utilities and any other unforeseen catastrophic issues or failures. Additionally, position cuts and/or forced demotions raises contractual concerns and may not be absolute. It should also be highlighted that any further cuts to staffing and/or operating expenses will come at a great cost to the operations of the District and to the community.

Accordingly, the Board appointed an ad hoc committee to review and propose an increased special tax. The tax rates are commensurate with the service level that the District must provide in proportion to the property use, size, and demand.

District staff is proposing to increase the special tax rate based on the use of each taxable parcel at the rates below:

	<u>Parcel use Category</u>	<u>Total Annual Charge</u>
A.	Vacant/unimproved:	\$30 per year
B.	Single-Family Residential:	\$118 per year
C.	Rural Residential/Improved:	\$192 per year
D.	Multi-Family Residential (2-4 units):	\$309 per year

E.	Multi-Family Residential (5-9 units):	\$388 per year
F.	Multi-Family Residential (10+ units):	\$465 per year
G.	Commercial:	\$546 per year
H.	Industrial:	\$910 per year
I.	Retail (10,000 + square feet):	\$910 per year
J.	Mobile Homes:	\$90 per year

If approved, the special tax is estimated to generate approximately \$2,200,000 in revenue on an annual basis based on the number and use types of existing parcels. The revenue generated by the special tax would be earmarked for fire protection services and subject to annual reporting obligations.

If approved, the special tax would sunset after fifteen (15) years, i.e., June 30, 2030. To avoid a complete loss of special tax revenue after the expiration date, the District would need to obtain additional voter approval to (i) increase the period of the tax beyond the expiration date or (ii) adopt a new special tax.

Process for adoption:

In order to increase the current special tax rates, the Board must propose the increased rates to the voters for approval. The tax is approved if two-thirds (2/3) of the voters voting on the measure vote in favor of the measure. The ballot question is proposed to be:

To continue to provide fire protection services to the communities served by the District, including McKinleyville, Manila, Bayside, Jacoby Creek, and Arcata, by restoring vacant firefighter positions, re-staffing all fire stations, and funding equipment maintenance and replacements, shall the Arcata Fire Protection District Ordinance No. 20-20 increasing the existing special tax rates until June 30, 2030, and raising an estimated \$2,200,000 annually with independent citizen oversight, be adopted?	YES	
	NO	

The next statewide election is November 3, 2020. High turnout is expected for this election because the presidential election will be held on this date. As a result of the anticipated turnout rate, staff believes this election gives the measure the best chance of success.

In order to place the special tax measure on the November 3, 2020 ballot, the County Office of Elections requires the District to submit a resolution requesting consolidation with the County election on or before August 7, 2020. If consolidation is not requested by that date, the District would be required to either hold a special election (at a considerable cost) or wait until the March, 2021, statewide election.

The ordinance imposing the tax and the resolution submitting the proposed ordinance to the qualified voters of the District are attached hereto as **Attachment 1**, Resolution 20-225 with the proposed Ordinance, attached as Exhibit A.

The Board should first vote to approve the form of the Ordinance, which is attached as Exhibit A to the Resolution. If approved, the Board would then vote to adopt the Resolution.

Recommendation

Staff recommends the Board consider the information provided, take public comment, discuss and in three separate motions and actions the following:

1. Waive reading of the entire ordinance and read by title and number only.
2. Vote.
3. Approve Ordinance No.20-20, An Ordinance of the Arcata Fire Protection District Adjusting the Rate of a Fire Protection Special Tax in Order to Continue to Provide Quality Local Fire Protection, Rescue and Other Essential Services.
4. Vote.
5. Adopt Resolution No.20-225 Submitting To The Voters At The General Election On November 3, 2020, A Proposed Ordinance Adjusting The Rate Of A Fire Protection Special Tax; Requesting The Board Of Supervisors Of Humboldt County To Consolidate Said Election With The Statewide Election; And Directing The District Clerk To Take Any And All Actions Necessary Under Law To Prepare For And Conduct The Election.
6. Vote.

District Funds Requested/Required

- No Impact/Not Applicable
- Funding Source Confirmed:
- Other: The District will incur yet unascertained costs for the County Elections Office to conduct the election.

Alternatives

The Board has the following alternatives:

1. Take no action
2. With direction, refer the topic back to staff for further consideration

Attachments

Attachment 1 – Resolution 20-225 and Exhibit A