

## **FIRE TAX QUESTIONS and ANSWERS**

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### ***Why a tax now? Hasn't the Fire Department done OK without one?***

Right now, we barely scrape together enough money each year for the Volunteer Fire Department to meet the costs for good but barebones fire protection. But costs are going up each year, and the state's required standards for training and equipment are adding sizeable new cost elements. On top of that, as a community we're depending increasingly on the Fire Department to take on important new roles (and costs) for emergency preparedness and fire brush removal.

As members of the Volunteer Firemen's Association Board, we've come to realize there is a mounting accumulation of needs. With the Fire Department, we've done an assessment of foreseeable costs for equipment and training. Projecting forward a few years, we can see there is no way our current fundraising methods are going to be able to provide the Fire Department with the money that's going to be needed.

The way the Fire Department has always been funded is heroic but fragile. Currently, all of the money comes from the BBQ and from grant writing, both done by volunteer efforts. If we have a year when the BBQ is rained out or grant-writing falters, we're going to have a problem. If those things coincide with the time when either of our 20+year old fire trucks finally conk out, we'll have a major emergency on our hands.

The special tax will provide a minimal, stable floor of funding to supplement what we raise from the BBQ and from chasing down grants. We need that stable base of funding to allow our Fire Department to have an orderly budget process for updating, replacing and improving their equipment, as well as conducting training and providing services.

***How much does the Volunteer Fire Department currently spend on operations, and the acquisition of equipment and supplies?***

The Fire Department's current operations cost just about \$70,000 a year. Of that, the amount spent on purchasing fire department equipment and supplies, the maintenance and operation of fire trucks and other equipment, and training averages about \$60,000. The other \$10,000 pays for insurance, administrative fees and miscellaneous costs.

***How much should the Fire Department's budget be?***

An annual budget of about \$104,000 is needed for the increasing costs related to firefighting, to budget for timely replacement and updating of capital equipment, and for the Fire Department's expanded responsibilities for emergency preparation and fuel abatement. Our current level of operation (about \$70,000) has allowed the Department to keep its head above water, but our multi-year needs assessment has shown us that it is about 1/3 short of what is really needed to be on a sound footing

***Where does the Fire Department's money come from?***

Currently, our income is from three sources:

- Annual BBQ and clothing sales: approximately \$20,000
- Interest and miscellaneous contributions: around \$4,000
- Grants for specific types of equipment and training: over the past five years, grants have averaged \$46,500

This totals about \$70,000, assuming we are able to maintain the three income sources listed above at their current levels. We need another \$30,000 a year to meet the Fire Department's full budget needs. The proposed special tax will provide the needed \$30,000.

***Doesn't the BBQ pay for the Fire Department?***

The BBQ and clothing sales account for less than 1/3 of the Department's current operations, and less than 1/5 of the budget level at which we really should be operating to meet our multi-year needs assessment.

Specifically, the annual BBQ generally nets between \$14,000-\$15,000 in profit. Sales of Muir Beach clothing at the BBQ and throughout the year net another \$4,000-\$7,000. So, together, they account for about \$20,000. That has been and will continue to be an important part of the Department's funding, but by itself is far from sufficient.

***Does the Fire Department have any reserve funds for emergency expenses?***

Yes – over the years, an interest-bearing reserve account has been built up to help protect against emergency needs. The reserve is at \$90,000, or a little less than one year's full-needs operating budget. It provides a prudent buffer against the possibility of a poor fundraising year or the cost of replacing a major piece of fire fighting equipment, and will continue to do so when the special tax is in place.

***Why \$200 per parcel?***

***How much money will the tax raise for the Fire Department?***

The amount of the proposed special tax is based on the difference between the Fire Department's annualized spending needs and the current income levels.

At \$200 per parcel, the total amount collected annually will be approximately \$30,000 (roughly 150 parcels X \$200). That amount, \$30,000, will fill most of the shortfall between our current income (approximately \$70,000) and our full-needs expenditure level (\$104,000).

In other words, the tax will supply a predictable \$30,000 base to add to the otherwise variable and less-than reliable components of the budget (BBQ and clothing sales, usually about \$20,000; and grant-writing, usually about \$46,500).

***How do we compare with other West Marin communities? How do they fund their Fire Departments?***

We stand nearly alone among nearby communities in not having *any* tax base to support our Fire Department.

Stinson Beach: Property tax.

The fire department's \$400,000 general operating budget (not including grants) is funded entirely by a line item allocation of the property taxes collected from the community. In addition to this tax income, grants are solicited for special equipment. Their fundraising events (Firemen's Ball and Pancake Breakfast) raise a supplemental \$15,000 for use on ancillary, non-essential "extras".

Bolinas: Property tax, plus special parcel taxes and rental income.

The \$380,000 operating budget (not including grants) is funded primarily by a line item allocation of the property taxes (\$211,000) plus an additional special fire assessment parcel tax that ranges from \$20-\$98 per parcel. The remainder of the operating budget comes from rental income (cell phone towers). Separately, another special parcel tax (\$35-\$98/parcel) pays for their firehouse construction bond. In addition to the tax-supported operating budget, they solicit grant income for special equipment, and maintain separate investment and equipment replacement accounts.

Inverness: Property tax and special parcel tax.

The \$320,000 operating budget (not including grants) comes entirely from property tax allocation (\$250,000) plus a special fire assessment parcel tax (6 cents/sq. ft plus \$5/parcel; i.e., 1,000 sq.ft. house = \$65; 2,000 sq.ft. = \$125). In addition to the operating budget, they solicit grant income for special equipment.

Muir Beach: Zero tax support

Our Fire Department's income (not including grants) totals \$24,000, and it comes entirely from community fundraising (BBQ and clothing sales) and a small amount of interest income. Our grant income averages \$46,500 per year, bringing the budget to around \$70,000. An additional \$30,000 is needed to bring the annual budget up to the needed level, and this will be provided by the proposed special tax.

### ***Who will collect the tax?***

The tax will be collected by the County as part of the real estate tax collection, and returned to the Muir Beach Community Services District. This is the same process that is used for collection of the special Water District tax.

### ***Who will control the money?***

The Volunteer Firemen's Association, working with the Fire Department, will submit an annual operating budget to the CSD Board for approval, showing income anticipated revenue from the new tax, the BBQ and other sources, and specifying planned expenditures. After approval of the budget by the CSD, the Firemen's Association will administer the annual operating account.

### ***What will happen after 4 years? Will the tax expire, or continue?***

The proposed special tax will expire at the end of 4 years. At that time it will be up to the community to decide whether to continue it or modify it (either action would require a community vote again) or to let it expire. The record of the 4-year period will provide information that will help us judge how best to proceed from there.

***If the State mandates the Fire Department to meet professional career standards in equipment and training, doesn't the State have to pay us back?***

The short answer: No.

The state constitution does have a provision that allows local governments to apply for reimbursement for some types of mandated expenditures. However, for any particular mandate to be classified as reimbursable, a local government has to petition and receive a favorable ruling from the California State Mandates Commission. This is a quasi-judicial process which we are advised can take years and be very costly. Statute of limitations provisions further restrict the procedure. The Commission's staff has told us that no rulings have been made for mandates under the law that affects volunteer fire departments (SB1207, enacted in 2001). In any case, even if the mandates were covered, we would need to have sufficient income to make the initial expenditures in order to obtain reimbursement.

All this notwithstanding, anybody in the community who has the time and resources to commit *pro bono* legal research and advocacy work to this issue – please do! Maybe something could come of it in the future.

***Can anyone be exempted from the special tax?***

Any owner age sixty-five (65) years and over of a parcel used solely for owner-occupied single family residential purposes and whose household income is Eighty Percent (80%) and below median household income for Marin County residents (based on U.S. Census Bureau Data), may obtain an exemption from the special tax upon submission of an application and a declaration under penalty of perjury by such owner to the Muir Beach Community Services District that they qualify for the exemption.