

10-30-1985

Fire District Law and Financing - Summary Report

Senate Committee on Local Government

Follow this and additional works at: http://digitalcommons.law.ggu.edu/caldocs_senate

 Part of the [Legislation Commons](#)

Recommended Citation

Senate Committee on Local Government, "Fire District Law and Financing - Summary Report" (1985). *California Senate*. Paper 214.
http://digitalcommons.law.ggu.edu/caldocs_senate/214

This Hearing is brought to you for free and open access by the California Documents at GGU Law Digital Commons. It has been accepted for inclusion in California Senate by an authorized administrator of GGU Law Digital Commons. For more information, please contact jfischer@ggu.edu.

MEMBERS

SENATOR ROSE ANN VUICH
VICE CHAIR
SENATOR RUBEN S. AYALA
SENATOR WILLIAM CAMPBELL
SENATOR WILLIAM A. CRAVEN
SENATOR JOHN GARAMENDI
SENATOR NEWTON R. RUSSELL

California Legislature

Senate Committee

on

Local Government

SENATOR MILTON MARKS

CHAIRMAN

PETER M. DETWILER
CONSULTANT

LESLIE A. MCFADDEN
CONSULTANT

KAYE PACKARD
SECRETARY

ADDRESS ALL COMMUNICATIONS TO
SENATE COMMITTEE ON
LOCAL GOVERNMENT
ROOM 2080
STATE CAPITOL
SACRAMENTO, CA 95814
PHONE: 445-9748

FIRE DISTRICT LAW AND FINANCING

- Summary Report -

Summary of the Testimony Received at the Interim Hearing
of the
Senate Committee on Local Government

October 30, 1985
Board of Supervisors Chambers
Fresno, California

KFC
644.A8
F57

KFC
644. A8
F57

FIRE DISTRICT LAW AND FINANCING

On Wednesday afternoon, October 30, 1985, the Senate Committee on Local Government held a hearing in the Fresno County Board of Supervisors chambers on "Fire District Law And Financing." Committee Chairman Senator Milton Marks was joined by the Committee's Vice-Chair, Senator Rose Ann Vuich.

Nearly a score of witnesses testified to the need for the Legislature to rewrite the Fire Protection District Law of 1961. There was also considerable testimony about the fiscal problems currently facing local fire agencies.

After the hearing, Senator Marks created an 18-member **"Advisory Group On Fire District Law Revision.** Senator Marks invited four statewide associations of fire officials to recommend three members each:

- California State Firemen's Association
- California Fire Chiefs Association
- Federated Fire Fighters
- Fire Districts Association of California

In addition, Senator Marks asked six other statewide groups to suggest one representative each:

- California Association of LAFCOs
- California Association of Realtors
- California Farm Bureau Federation
- California Taxpayers Association
- County Supervisors Association of California
- League of California Cities

Senator Marks indicated that this Advisory Group would meet five or six times, starting in December 1985, to prepare a thorough revision of the 1961 Law. His goal is to work with the Advisory Group to have a draft bill ready for introduction in January 1987.

This staff summary reports who spoke, lists the highlights of the oral testimony, reprints the Committee's background staff report, and includes the written materials presented by the witnesses and others.

WITNESSES

1. Honorable Sharon Levy
Chairman, Fresno County Board of Supervisors
2. David L. Crow
Fresno County Budget Director

LAW LIBRARY
GOLDEN GATE UNIVERSITY

3. Chief Fred W. Batchelor*
Mid-Valley Fire Protection District
4. Chief Kenneth Brown
Rio Linda & Elverta Fire Protection Districts
5. Chief John Englund*
Los Angeles County Fire Department
6. Chief Bud Armstrong
Fresno City Fire Department
7. Chief Bruce Scott
Scotts Valley Fire Protection District
8. Honorable Jerry Smith
Board Chairman, Standish-Litchfield Fire Protection District
9. Honorable Ward Nelson
Director, Mid-Valley Fire Protection District
10. Honorable Al Pollack
Director, Fig Garden Fire Protection District
11. Chief Richard Blacker
Rincon del Diablo Municipal Water District's Fire Department
12. Chief Andrew L. Vanderlaan
Fallbrook Fire Protection District
13. Elizabeth Wilts
Yolo County Administrator's Office
14. Honorable Vernon Dettman
Board Chairman, North-Central Fire Protection District
15. Daniel Smiley
Fresno County Emergency Medical Service Director
16. Bud Thompson
Sunnyside Property Owners' Association
17. Phil Eads
Sunnyside Property Owners' Association
18. Chief Dale T. Geldert
Merced County Fire Department
19. Chief Bart A. Lewis
Apple Valley Fire Protection District

86-7-363
In addition, Bill Finley*, Chief of the Palo Verde Volunteer Fire Department, submitted written comments to the Committee.

[* - written testimony reprinted in this report]

TESTIMONY AND RECOMMENDATIONS

There was no dissent among the 19 witnesses that the Legislature should rewrite the outdated Fire Protection District Law of 1961. In fact, three witnesses added to the specific items which the background staff report had presented to the Committee members.

1961 Law. North-Central FPD director Vern Dettman and Chiefs Scott and Vanderlaan supported the revisions suggested by the background paper. In addition, Chief Scott recommended changing the districts' election schedule to even-numbered years, reducing costs by consolidating elections with other ballot measures. Dettman noted that the districts' budget deadlines are not synchronized with counties' property tax deadlines, causing serious miscalculations of revenues. Fresno area resident Bud Thompson urged the Committee to recognize the role of FPDs in delivering emergency medical services when the Legislature rewrites the 1961 Law.

Districts' changing roles. Several witnesses recognized that the mission of fire protection districts' has changed since the 1961 Law was enacted. As noted below, FPDs have a much greater role than just fighting fires. Fiscal pressures have also prompted renewed interest in consolidating districts. Chief Armstrong and Al Pollack, a Fig Garden FPD Director, both recommended functional consolidations as a way to improve productivity and reduce costs. Chief Vanderlaan recommended that the Legislature create additional incentives to encourage more local consolidations.

Another changing issue is the use of volunteers. Jerry Smith, a director to the Standish-Litchfield FPD reported on his agency's all-volunteer efforts and the problems they face. Chief Finley described the special problems faced by volunteer fire companies which are not organized as FPDs. Chiefs Brown and Englund described for the Committee some of the problems that suburban and metropolitan districts have in using volunteer forces.

Fire districts and EMS. Local fire agencies have become primary providers of emergency medical services (EMS). Chief Batchelor reported that 79% of his District's emergency responses were non-fire calls. Fresno area resident Bud Thompson contended that fire departments respond to one fire call for every 20

paramedic responses. The increased importance of local fire agencies in providing emergency medical services was echoed by another Fresno resident, **Phil Eads**, who testified from personal experience. Fresno County's EMS Director **Dan Smiley** confirmed the important role that fire agencies play in providing swift access to medical care.

Mutual aid problems. Fiscal difficulties impair fire agencies' ability to provide mutual aid. Revenue imbalances among neighboring agencies can keep them from offering reciprocal services. **Chiefs Armstrong, Englund, and Scott** all raised this issue. Fallbrook's **Chief Andy Vanderlaan** said he was considering returning the OES apparatus stationed with his District because it was becoming too expensive to support.

Fiscal problems. Fig Garden FPD Director **Ward Nelson**, said he "not only supported Proposition 13, but evangelized it." But **Nelson** said taxpayers want their property taxes to support property-related services. The basic problem, according to **Chief Brown** is that FPDs' revenues have not kept pace with service needs from new development. Fresno area resident **Bud Thompson**, Mid-Valley FPD Director **Ward Nelson**, and **Chief Englund** noted that city annexations have eroded some districts' property tax bases. Mandating counties to enter into master annexation agreements would help, according to **Chief Vanderlaan**. In addition, **Chief Englund** pointed to redevelopment as a cause of property tax revenue losses. **Chief Brown** identified lower property tax assessments under the Williamson Act as another reason for eroding local revenues.

Chiefs Englund and Vanderlaan pointed to the Legislature's repeal of the "business inventory tax reimbursement subvention" without a stable replacement as a major problem in projecting reliable revenues. But the most extensive list of fiscal woes came from **Chief Blacker** who listed seven problems: little growth in property tax revenues, quarrels over the allocation of the Special District Augmentation Fund, loss of state subventions, inadequate replacement revenues, state and federal mandates, federal fair labor standards, and rising insurance costs.

Insurance difficulties. Like other local governments, FPDs face rising insurance premiums. Districts in Sacramento County have relied on self-insurance, according to **Chief Brown**. Standish-Litchfield FPD Director **Jerry Smith** reported that his agency faces a 50% increase for workers' compensation and liability insurance premiums. The Palo Verde Volunteer Fire Department's estimated bill for workers' compensation coverage is \$5,500 but the group's annual budget is only \$1,500, reported **Chief Finley**. He recommended a statewide benefit package, affordable for individual volunteers. North-Central FPD has similar problems, said its Director **Vern Dettman**.

Special District Augmentation Fund. Allocation of SDAF monies by county supervisors is a volatile issue in Sacramento, San Bernardino, and San Diego counties, according to **Chiefs Brown, Lewis, Blacker, and Vanderlaan**. But good cooperation among FPDs and counties was reported by county officials **Dave Crow** of Fresno and **Elizabeth Wilts** of Yolo. Although he does not want the Legislature to allocate these revenues, **Chief Blacker** asked for legislation which would return SDAF money to special districts on a dollar-for-dollar basis.

Blacker likened the SDAF to a "lemon" automobile and invited the Legislature to take back its defective vehicle, as would a car dealer. Joining in this recommendation were **Chiefs Lewis and Vanderlaan**. Lassen County already follows the dollar-for-dollar approach as a matter of local policy, according to Standish-Litchfield FPD Director **Jerry Smith**. If the Legislature reworks the SDAF, it needs to keep in mind the special needs of county fire agencies that rely on the SDAF, said **Chief Dale Geldert**.

State aid. "Our destiny lies in the hands of the state," claimed **Chief Vanderlaan**. The state has a responsibility to help finance FPDs, said Fresno County staffer **Dave Crow**, because they are statewide providers of emergency medical services. **Jerry Smith**, Director from the Standish-Litchfield FPD, asked the Legislature to direct counties to channel their federal "payments in lieu of taxes" (PILOT) to fire agencies and other districts. **Chief Blacker** recommended that the Legislature shift additional property tax revenues from schools to special districts. "Not more than \$30 million would be needed," he reported.

Fire suppression assessments. FPDs are increasingly using benefit assessments to raise new local revenues. Two Yolo County FPDs have successfully adopted them, reported County staffer **Elizabeth Wilts**, with three more preparing them. **Wilts** recommended that the Legislature give the program more stability by extending the statute's sunset date well before the law expires. Fresno area resident **Bud Thompson** asked the Legislature to provide additional support for paramedic services.

The "SAFE Act." In his opening statement, Senator Marks asked witnesses to recommend whether he should reintroduce his vetoed SB 161. **Chiefs Armstrong, Brown, Englund, Scott, and Vanderlaan** and **Jerry Smith**, the Standish-Litchfield FPD director, strongly urged Senator Marks to renew his efforts in 1986. **Englund and Scott** went further, asking Senator Marks to put even more than the vetoed \$900,000 in a new bill for 1986.

OPENING STATEMENT BY SENATOR MARKS

Good afternoon and welcome to the hearing on "Fire District Law And Financing." Some of you may remember the hearing on fire district financing that our Committee held in Salinas three years ago. We are here this afternoon to look into the legal and fiscal problems facing fire protection districts.

Since our last hearing, experience has shown that the "Fire Protection District Law of 1961" is outdated. We also know that local fire officials want to discuss the problems they face in financing their operations.

As the background staff paper points out, today's hearing should produce three results:

1. A specific list of the problems you are having with the current Law. It's 25 years old and out of date.

2. We will want to form an advisory group to help the Committee rewrite the Law. I want our staff to work with you during 1986 and produce a bill for introduction in early 1987.

3. We want to hear your ideas for 1986 bills that can improve the districts' ability to finance yourselves.

Some of you know that I authored Senate Bill 161 this year. My bill would have appropriated \$900,000 to the State Office of Emergency Services. OES could have loaned this money to local fire agencies to buy new and used fire apparatus. Page 10 of the staff paper describes SB 161. I'm sorry to say that the Governor vetoed my bill. Today I am looking for your advice on whether I should reintroduce another bill in 1986.

MEMBERS

SENATOR ROSE ANN VUICH
VICE CHAIR
SENATOR RUBEN S. AYALA
SENATOR WILLIAM CAMPBELL
SENATOR WILLIAM A. CRAVEN
SENATOR JOHN GARAMENDI
SENATOR NEWTON R. RUSSELL

California Legislature

Senate Committee

on

Local Government

SENATOR MILTON MARKS

CHAIRMAN

PETER M. DETWILER
CONSULTANT

LESLIE A. MCFADDEN
CONSULTANT

KAYE PACKARD
SECRETARY

ADDRESS ALL COMMUNICATIONS TO
SENATE COMMITTEE ON
LOCAL GOVERNMENT
ROOM 2080
STATE CAPITOL
SACRAMENTO, CA 95814
PHONE: 445-9748

FIRE DISTRICT LAW AND FINANCING

A Background Paper For The Interim Hearing

by the

Senate Committee on Local Government

Wednesday, October 30, 1985
Hall of Records
Fresno, California

TABLE OF CONTENTS

	<u>Page</u>
I. <u>INTRODUCTION</u>	1
Fire protection districts, by county.....	1
About this paper.....	2
II. <u>THE 1961 LAW IS OUTDATED</u>	2
The law lacks clear state policy.....	3
Who governs?.....	3
Fiscal procedures are outdated.....	4
Boundary changes.....	4
III. <u>FIRE DISTRICT FINANCING --- OPERATIONS</u>	5
Local property taxes.....	5
Special District Augmentation Fund.....	5
Special taxes.....	6
Fire suppression assessments.....	7
Fees for services.....	7
IV. <u>FIRE DISTRICT FINANCING --- CAPITAL COSTS</u>	8
Mello-Roos Act.....	8
Bonds.....	8
Developers' payments.....	9
Grants and loans.....	9
 <u>SOURCES</u>	 10

FIRE DISTRICT LAW AND FINANCING

California's 442 fire protection districts are the first line of defense against emergencies for many of the state's communities. Although they all operate under the "Fire Protection District Law of 1961," their similarities stop there. They are as varied as the communities they serve. The following table shows the geographic distribution of FPDs.

FIRE PROTECTION DISTRICTS, BY COUNTY

<u>County</u>	<u>No.</u>	<u>County</u>	<u>No.</u>	<u>County</u>	<u>No.</u>
Alameda	5	Madera	1	S.L.O.	3
Alpine	0	Marin	8	San Mateo	6
Amador	3	Mariposa	0	Sta. Barbara	5
Butte	2	Mendocino	11	Sta. Clara	5
Calaveras	10	Merced	0	Sta. Cruz	14
Colusa	7	Modoc	11	Shasta	12
Contra Costa	16	Monterey	9	Sierra	3
Del Norte	5	Napa	1	Siskiyou	12
El Dorado	16	Nevada	11	Solano	8
Fresno	7	Orange	0	Sonoma	16
Glenn	9	Placer	14	Stanislaus	19
Humboldt	14	Plumas	13	Sutter	3
Imperial	3	Riverside	3	Tehama	1
Inyo	4	Sacramento	23	Trinity	3
Kern	9	San Benito	0	Tulare	3
Kings	0	San Bernardino	14	Tuolumne	6
Lake	7	San Diego	22	Ventura	1
Lassen	7	San Joaquin	20	Yolo	20
Los Angeles	4			Yuba	3

Some cover huge areas, like the Mid-Valley FPD (Fresno County) and the Rural FPD (San Diego County.) Others, like the Bolinas FPD (Marin County) and the Lake Arrowhead FPD (San Bernardino County) serve only a single community. Depending on local political history, some fire protection districts are the result of past consolidations of smaller districts. The Contra Costa County FPD and the American River FPD (Sacramento County) are just such products.

Even the government of the districts vary. Most are independently governed by elected boards of directors. The No Man's Land FPD (Yolo County), the Humboldt County FPD No. 1, and the Tuxedo-Country Club FPD (San Joaquin County) are independent districts. Others, like the Knight's Landing FPD (Yolo County), are governed by boards of directors appointed by the county boards of supervisors and city councils they serve. Still others are dependent districts, governed ex officio by county boards of

supervisors. Yucca Valley FPD and Joshua Tree FPD are both governed by the San Bernardino County Board of Supervisors.

Clearly then, any statute which embraces such diversity must be flexible enough to let local officials adapt statewide requirements to their specific conditions. The Legislature last recodified the Fire Protection District Law 25 years ago. Since its enactment there have been major changes to the public labor acts, boundary laws, election requirements, and public finance, especially Proposition 13. Those who work with this 1961 law believe that many of its parts are outdated.

The Senate Committee on Local Government has scheduled an Interim Hearing on October 30 in Fresno to outline an agenda for revising the Fire Protection District Law. The Committee will also consider the current problems of fire districts' finances. Based on the testimony at the hearing, three results should emerge:

- o A specific list of problems with the current Law.
- o Formation of an advisory panel on rewriting the Law.
- o Ideas for 1986 bills to improve the districts' financing.

About this paper. The next section of this paper reviews the Fire Protection District Law of 1961, outlining some of its deficiencies. Witnesses at the October 30 will add to this discussion, so the Committee can prepare a more complete list of the revisions it wants to commission.

The last two parts of the paper concentrate on fire districts' financing: revenues for operations and revenues for capital costs. These sections serve as outlines, informing the local officials of the techniques that are available.

THE 1961 LAW IS OUTDATED

The Legislature has repeatedly revised the state laws on fire districts, modernizing them to fit changing conditions. The 1923 revisions were reworked again in 1939 and 1957. In 1961, the Legislature completely overhauled these statutes, consolidating them into the current Fire Protection Law. Authored by Assemblyman Clark Bradley, AB 1355 repealed the four different types of fire districts and brought them into a single law. Instead of Local Fire Districts, Fire Protection Districts in Unincorporated Areas, Metropolitan Fire Protection Districts, and County Fire Protection Districts, there emerged just one type of agency.

The current Law directs the State Fire Marshal to review the 1961 Law "from time to time" and to recommend changes to the Legislature. According to the Fire Marshal's staff, however, the office has not examined the Law.

The Law lacks clear state policy. Typical of statutes passed in the 1960s, the current Law does not indicate the Legislature's interest in allowing fire districts to operate. They simply exist.

But FPDs are no longer just fire districts. Local officials report that they do comparatively little fire fighting. The bulk of their calls, up to 80% in some agencies, are for emergency medical aid, traffic accidents, rescues, spills, hazardous materials, public service calls, and other emergencies.

POLICY ISSUE: SHOULD THE LEGISLATURE ADOPT A CLEAR STATEMENT OF INTENT TO GUIDE CITIZENS, JUDGES, LEGAL COUNSELS, AND FIRE OFFICIALS IN IMPLEMENTING THIS LAW?

* * *

Who governs? Current law provides four basic methods for selecting a fire protection district's board of directors:

1. The board is the "supervising authority," serving ex officio.
2. The board has five members appointed by the "supervising authority."
3. The board has five or 11 members appointed by the city councils or county supervisors in proportion to their respective population contained in the district.
4. The board has three or five directors, popularly elected.

If the district exclusively serves unincorporated territory, the "supervising authority" is the county board of supervisors. If the territory is exclusively incorporated, the supervising authority is the city council. If the district covers more than one city, the supervising authority is the council of the most populous city.

In addition, the Law permits FPDs to increase the membership of their boards of directors, to elect them by internal divisions, and to appoint them for terms or have them serve at the pleasure of the appointing authority.

POLICY ISSUE: DOES THE CURRENT LAW PROVIDE ENOUGH LOCAL FLEXIBILITY IN THE SELECTION OF DISTRICT DIRECTORS? IS THE LAW BROAD ENOUGH TO ACCOMMODATE CHANGES IN THE COMMUNITY? CAN THE VARIOUS PROVISIONS BE STREAMLINED FOR EASIER ADMINISTRATION?

* * *

Fiscal procedures are obsolete. Much of the Law's provisions for "Finance, Taxation and Bonds" is outdated after the passage of Proposition 13. Sections that explain how FPDs set their property tax rates are now obsolete because individual agencies no longer levy taxes separately. The Law still describes how to issue general obligation bonds, a practice which is now unconstitutional after Proposition 13.

Further, the Law is silent on many fiscal issues which have become more important in recent years. Benefit assessments, special taxes, and fees for services are not mentioned in the current Law.

The procedures for setting FPDs' budgets are similarly outdated. The May 15 deadline for adopting a preliminary budget does not match the counties' new deadlines for estimating property tax revenues. Further, the Law does not mention the need to set a district's "appropriations limit" as required by the 1979 Gann Initiative.

POLICY QUESTION: SHOULD THE LAW BE REVISED TO REFLECT CONSTITUTIONAL CHANGES AND FISCAL REALITIES THAT HAVE OCCURRED SINCE 1961?

* * *

Boundary changes. When the Legislature created the District Reorganization Act in 1965, it repealed the boundary change procedures in most special district laws and unified them under a single statute with supervision by local agency formation commissions (LAFCOs). In 1985, the Legislature completed this unification effort with the enactment of the Cortese-Knox Local Government Reorganization Act (AB 115, Cortese, 1985).

However, FPDs have a unique exception. In 1965, they retained some independent control over their boundary changes. This authority is outside of, but parallel to, the Cortese-Knox Act. For example, current Law still permits a city to withdraw from an FPD without going through the LAFCO process. A disgruntled city council might be able to strip an FPD of the bulk of its revenues without consideration for its effect on other agencies or constituents.

POLICY ISSUE: IS THERE ANY REASON FOR FIRE PROTECTION DISTRICTS TO RETAIN THEIR SEPARATE BOUNDARY CHANGE POWERS? SHOULD THEY BE SUBJECT TO THE SAME PROCEDURES AS ALL OTHER SPECIAL DISTRICTS?

FIRE DISTRICT FINANCING --- OPERATIONS

Fire protection districts have four main basic sources of financing for their operations:

- Property taxes.
- Special District Augmentation Funds.
- Special taxes.
- Fire suppression assessments.

Property taxes. Before Proposition 13, local property tax revenues provided the overwhelming bulk of fire protection districts revenues. The 1978 initiative sliced deeply into these revenues, cutting special districts' dramatically. In the first year after Proposition 13, districts' property taxes were just 56% of what they had been the year before.

The Legislature responded in 1978 by bailing out special districts and other local governments in passing Senate Bill 154. The bill allocated the remaining property tax revenues on a pro rata basis, determined by the average percentage of all property tax revenues a district collected in the three prior fiscal years. For example, if an FPD had generated 7% of the property taxes in the area it serves, it received 7% of the shrunken revenues.

Attempting to smooth out unusual variations, the basis for allocating property taxes was the average of the three fiscal years before Proposition 13. If a district had reduced its property tax rate (and therefore its revenues) in 1977-78, SB 154 adjusted for this anomaly by averaging it with the two prior years. Nevertheless, the accidents of fiscal history were locked into the basic allocation of property tax revenues.

Special District Augmentation Fund. About half of all FPDs' revenues come from property tax revenues channeled through the Special District Augmentation Fund in each county. In a half-dozen counties, how these funds are handled is one of the hottest political topics.

As part of its first response to Proposition 13, the Legislature bailed out special districts with \$125 million in block grants (SB 154). In addition, districts received another \$37 million from Senate Bill 2212 (Gregorio, 1978) for their unmet needs. These bills appropriated this money to each county's board of supervisors, based on that county's special districts' property tax losses. The county supervisors then distributed the state bailout funds to districts.

Although the county supervisors had discretion over the allocation of the funds, the Legislature mandated certain criteria. Among them was the requirement that each fire or police district receive an amount sufficient to maintain the same "level of protection" as in 1977-78. SB 154 also gave priority to districts which had low fiscal reserves.

The Legislature used this one-year bailout as the basis for its long-term solution in Assembly Bill 8 in 1979. AB 8 shifted some of school districts' property tax revenues to local agencies and replaced the schools' losses with increased subsidies from the State General Fund. Money from this "AB 8 shift" goes directly to counties and cities. But for districts, the money goes into a Special District Augmentation Fund in each county.

Each year the county auditor must compute the size of the Fund. Using a ratio based on what a district received in bailout aid in 1977-78 and the growth in its assessed value since then, the auditor reduces the property tax allocation to each district which received bailout funds and places this amount in the Augmentation Fund.

The Senate Local Government Committee's surveyed the counties on how they allocate money from the Special District Augmentation Fund. Earlier this year, the Committee published the results as Stepchild Of Proposition 13. The study found that public safety districts, including FPDs, have consistently received between 65% and 70% of the money. Further, public safety districts receive approximately \$1.04 for every dollar they "contribute" to the Fund. Dependent public safety districts do better, receiving back about \$1.07, compared to independent public safety districts' 93¢.

Of course, these are statewide averages which mask local differences. When Alameda, Los Angeles, Riverside, Orange, Sacramento, and Tulare counties' data are removed, the differences between dependent and independent public safety districts narrow considerably. Nearly half of the counties, mostly small and rural, return to their independent public safety districts at least what they contributed.

Nevertheless, how counties allocate the Special District Augmentation Fund continues to be a bitterly contested issue in many counties. Fire districts have sued their county supervisors in Sacramento and San Diego counties. Others suits are being discussed.

Special taxes. When Proposition 13 capped local property taxes, it also permitted local agencies to levy special taxes with 2/3 voter approval. The Legislature has enacted three statutes that FPDs can use to charge special taxes:

1. The Legislature gave all local agencies, including FPDs, general authority to levy special taxes (Government Code §50075).
2. Any local agency which provides fire services can levy special taxes (Government Code §53978).
3. A local government can use the Mello-Roos Community Facilities Act to levy a special tax that pays for fire protection and suppression services (Government Code §53313 [b]).

A survey by the California Taxpayers Association found that between 1978 and 1982 there were 63 attempts by special districts to pass special taxes. Only 18 attempts (29%) garnered the required 2/3 vote. This rate of success was nearly the same as the rate achieved by cities. But if the vote requirement had been only a majority, then 51 of the district attempts (81%) would have passed.

In short, in an overwhelming number of cases, a majority of voters have supported special districts' attempts to levy special taxes. But because of the constitutional requirement for 2/3 voter approval less than a third of the taxes have been enacted.

Fire suppression assessments. The fourth source of operating revenue available to FPDs is a type of benefit assessment called a "fire suppression assessment." Any local agency which provides fire suppression services can propose them (Government Code §50078). Like any assessment, the charge must be related to the benefit received by the property.

The statutory procedures for setting fire suppression assessments require a FPD's board of directors to calculate the amount of the various assessments. Then the FPD must notify every affected property owner and hold a public hearing to hear any protests. At the hearing, the FPD's board measures the protests. If the protests are more than 5%, then an election with majority voter approval is required.

First permitted as "fire standby fees" in 1978, these charges evolved into benefit assessments through legislation in 1982 and 1983. The first fire agency to use the assessment was the Ukiah Valley FPD (Mendocino County) in 1982. Since then, the practice has spread among FPDs in Alameda, Sacramento, and Yolo counties.

Fees for service. Except for modest fees for ambulance service and some inspections, the districts do not raise much operating revenue from charges and fees for service. Some FPDs report that they provide emergency services to people who do not live in their district and have no way of offsetting these costs. The Bolinas FPD (Marin County), for example, protects its small

community and a 14-mile stretch of Highway 1. Particularly on weekends and holidays, the District responds to traffic accidents and other incidents involving vacationers and tourists. The residents of Bolinas must bear these costs because there is no way to recoup them from nonresidents.

FIRE DISTRICT FINANCING --- CAPITAL COSTS

When FPDs need to pay for capital expenses, they can put aside a little money every year in a reserve account or they can finance the cost with alternative methods:

- Mello-Roos Act
- Bonds
- Developers' payments
- Grants and loans

Mello-Roos Act. Any local government can finance any type of public works project under the Mello-Roos Community Facilities Act (Government Code 53311). An FPD can use the Act to build a new fire station, buy fire apparatus, install additional fire hydrants, or construct water storage tanks. A district can issue long-term bonds to finance its costs. The bonds are repaid with revenues from a voter approved special tax.

This method has become increasingly attractive to local agencies that need new public facilities to support new development. Although the special taxes require 2/3 voter approval, if there are fewer than 12 registered voters in the area the landowners vote. In a newly developing area owned by one or two landowners, the developers can vote in the special taxes which will be paid by the home purchasers who will arrive later. A Mello-Roos bond issue can apply throughout an agency's jurisdiction, or it can be limited to just the specific area which benefits the most.

Bonds. When Proposition 13 capped local property tax rates, it effectively rendered new **general obligation bonds** obsolete. Until 1978, local agencies had asked their voters to approve general obligations bonds with 2/3 votes and then used higher property taxes to pay for them. Counties, cities, and districts used "G.O." bonds to pay for public facilities that benefitted the entire community. FPDs used to be able to use G.O. bonds to build and equip new fire stations.

California's voters will be asked to reauthorize the use of G.O. bonds on the June 1986 ballot. ACA 55 (Cortese, 1984) will permit local agencies to ask their voters to issue new G.O. bonds. As always, the bonds would require 2/3 voter approval.

Earlier this year, the Legislature created two new types of bonds. The **limited obligation bond** had already existed, but AB 1088 (Cortese, 1985) has expanded their use. In addition, the Legislature created **senior obligation bonds** by enacting SB 1322 (Marks, 1985). Because these bills do not take effect until January 1, 1986, local agencies do not have any experience using them.

Developers' payments. Gaining increasing interest among fire officials are exactions that local officials require of builders as a condition of permitting new development. A recent opinion of the Attorney General startled some FPDs by concluding that the districts do not have the inherent power to require payments from developers (Opinion #85-403).

However, the Attorney General noted that while the 1961 Law does not give FPDs independent power to require exactions, it does permit the districts to adopt the **Uniform Fire Code**. If an FPD were to adopt the Uniform Fire Code, it could then go further and requires developers to install water supply facilities for fire flow. In other words, FPDs have this power indirectly.

Another indirect method of requiring exactions from developers is through the well-established procedures of the **Planning and Zoning Law**. All local general plans must spell out the need for public facilities, including water supply facilities, road standards, and fire stations (Government Code §65302). All decisions on new subdivisions must be consistent with these local general plans (Government Code §66474). Accordingly, local land use officials can impose conditions on subdividers that require them to construct the needed public facilities.

Local fire officials who are concerned about providing fire facilities in newly developing areas should be sure that their concerns are built into the city and county general plans that control land use in their FPDs. They can pursue amendments to local general plans to ensure that adequate water storage and flow will be available for fighting fires; that streets and particularly culs-de-sac are wide enough for fire fighting apparatus; that standards are adopted to require the construction of new fire stations when development reaches certain sizes.

Grants and loans. FPDs in rural areas can apply for federal grants to build new facilities through the **Small City Community Development Block Grant** program. In California, the State Department of Housing and Community Development administers the Small CDBG program which had \$27 million available for grants in 1985. The Department reports that expects approximately \$22 million to be available for 1986.

Last month, Governor George Deukmejian vetoed **Senate Bill 161** (Marks) which would have created a new loan program to help small and rural fire agencies buy fire apparatus. The \$900,000 appropriation in SB 161 would have gone to the State Office of Emergency Services (OES) to administer. Called the "State Assistance for Fire Equipment" or SAFE Act, the bill would have permitted OES to make lower interest loans for up to five years to FPDs and other local fire agencies to buy new or used fire apparatus and equipment. In his veto message, the Governor said that the bill's merits "do not outweigh the need for funding top priority programs and continuing a prudent reserve for fiscal uncertainties. Senator Marks has asked local fire officials for their advice on whether he should reintroduce his bill again in 1986.

SOURCES

Materials from the following reports contributed to the preparation of this background paper:

Kaye, Loren. Power To Tax. California Taxpayers Association, 1984.

O'Brien, Thomas A. Stepchild Of Proposition 13: A Survey of the Special District Augmentation Fund. Senate Local Government Committee, 1985.

Senate Local Government Committee. Fire District Financing: A Summary Report. 1982.

Senate Local Government Committee. Fire Suppression Assessments: A Review for Citizens and Local Officials. 1983.

October 30, 1985

Mr. Chairman and Committee Members:

My name is Fred Batchelor--I serve as Chief of 3 Fire Districts within Fresno County, and they are--the Mid Valley, Westside and Fig Garden Fire Protection Districts.

The context of my presentation will deal specifically with the Mid Valley Fire Protection District as it represents quite dramatically the problems fire protection districts are experiencing throughout the State in regard to the shortfall of revenues.

The Mid Valley Fire Protection District covers 3,100 square miles, which includes the foothills of the Sierra Nevada in eastern Fresno County, portions of the Fresno-Clovis metropolitan area, small communities such as, the cities of San Joaquin, Mendota and Parlier and a vast portion of Fresno County which is primarily dedicated to the production of agricultural products. Approximately 140,000 people receive fire protection, rescue and emergency medical services from the Mid Valley Fire Protection District. The District responded to 10,200 emergencies in 1984, of which 21% were fires, 45% medical aid, 31% hazardous materials and other public service assists and 3% were false alarms. In 1985 it is projected that the District will respond to 11,700 emergencies of various kinds.

During the Post-Prop. 13 era, the District has experienced a continual erosion of its financial base, i.e., the District has expended more than it receives in revenue. With no exception since the 1979-80 fiscal year has the Mid Valley Fire District ever enjoyed a break-even of revenue vs. expenditures. In order to manage in this era of diminishing resources, Mid Valley has made reductions, but at the same time made every attempt to maintain its traditional service levels.

This has been done two ways. Consolidation of support functions between the three Fire Districts includes a common alarm center, training bureau, fire prevention bureau, equipment maintenance facility and they are administered by a single administrative organization.

This has proven to be very cost-effective and has provided Mid Valley the ability to maintain services at a time when the revenue base is ever shrinking relative to the costs of maintaining services. Deferral of the purchase of new fire apparatus since 1978 and the repowering of current fire equipment has provided the District annual savings. However, this can not go on indefinitely as the emergency vehicle fleet will not hold up. Lately, however, a point has been reached in which Mid Valley no longer enjoys cost reduction alternatives which do not impact services. In the 1984/85 and current fiscal years, Mid Valley has had to implement dramatic reductions in order to maintain expenditures within the constraints of revenue shortages.

The District's Auditor confirms the fact the District is potentially insolvent and made the following statement within his letter to the Mid Valley Board of Directors on September 27, 1985. He stated as follows:

"The District suffered a large loss during the fiscal year relative to the equity of the District. Losses of this size would in two years completely deplete the equity of the District. We realize management is aware of this problem area, however, we want to emphasize the need for close monitoring of changes in anticipated revenues and expenditures and the need for making necessary cost reductions before the District finds it's self in an insolvent position."

The Mid Valley Board is very cognizant of its situation and has directed Staff to employ those means in which to avoid the depletion of the District's equity. Toward this, the District has removed from service 3 fire engines, 2 paramedic squads and reduced the staffing on 5 engines. This equates to 38 personnel being eliminated from emergency post positions. Further reductions are currently being implemented which will result in an additional 9 positions being cut and will remove from service 3 water tenders. Hopefully, those water tenders will be staffed with volunteer fire fighters but this has yet to be organized and implemented.

Since the inception and implementation of AB 8 I do not believe that all agencies who participate in the fund have been entirely satisfied. The fund never generated revenue to the extent of need. It has been necessary for the respective Boards of Supervisors throughout the State to establish independent sets of priorities regarding the allocation of these funds.

In Fresno County, I applaud our Board of Supervisors for their sense of priority to public safety. They have been very diligent in their attempt to maintain adequate funding for fire protection. However, I think they would agree that there has never been sufficient revenue within the provisions of AB 8 to adequately finance special district local government in Fresno County. Annexations, consumer price index creep, State and Federal mandates, and most recently the Federal Government Fair Labor Standards Act and the loss of revenue sources such as the Business Inventory continually impacts fire districts throughout the State. I do not think that the current trend of Fire Districts having to reduce services can continue. It is not politically or socially acceptable to those we serve. I do not suggest that we implement new taxes nor does our public, but that we rearrange our priorities of how existing tax revenue is distributed. This may be accomplished by expanding the base of AB 8, i.e., tax shift, adopting more stringent priorities within the current limits of AB 8 or find a new source of revenue that Special Districts who provide public safety services may receive. We might consider a share in the vehicle license fee fund, road tax or cigarette tax. Additionally, I agree with this Committee's Consultant that it is timely that the 1961 Fire District Law be amended. In this regard, I believe that the Fire Districts Association of California has some specific proposals.

This concludes my testimony and I wish to extend to you in behalf of those agencies I represent and myself our sincere appreciation for your interest in scheduling this hearing. We pledge our energy and support to you to bring about resolution to the fire district funding dilemma. Thank you.

CALIFORNIA LEGISLATURE

SENATE COMMITTEE

ON

LOCAL GOVERNMENT

SENATOR MILTON MARKS
CHAIRMAN

FIRE PROTECTION DISTRICT LAW OF 1961
AND FINANCING

STATEMENT OF FIRE DISTRICTS ASSOCIATION OF CALIFORNIA

Presented by:

John W. Englund, 2nd Vice-President

The Fire Protection Districts Association of California recognizes that some of the provisions of the Fire Protection District Law of 1961 are obsolete, other provisions are in need of revision, and new provisions need to be added. Therefore, we support your efforts to modernize the 1961 Law; we also support the formation of an advisory panel to rewrite that law and are willing to be an active participant in such a panel. The District Association will be submitting to your Committee in the near future recommended changes to the Fire District Law.

Fire protection of California communities is a growing and changing business with major financial needs. In addition to fire fighting and fire prevention, incidents involve emergency medical aid, traffic accidents, rescues, hazardous materials, public service calls, and other emergencies. Fire protection districts have historically provided a cost effective, efficient approach in meeting these service demands.

When Proposition 13 passed, fire protection district property tax revenues were cut nearly in half. Since that time, various legislation has been enacted to assist these drastically reduced budgets. But financial needs are also changing. We are today challenged with fulfilling expanding service demands with revenues that are inadequate. The recent Fair Labor Standards Act decision forces overtime costs and changes in staffing patterns. In addition to ever-present inflation, revenue losses are created by city redevelopment agencies, and for most districts, annexations reduce funds.

When the Legislature repealed the Business Inventory Subvention (BIE) in 1984-85 for local governments, such losses were replaced with floating lien date revenues and vehicle license fees for local agencies with the exception of Special Districts. Since Special Districts' losses were not fully offset by floating lien date revenues, legislation was enacted which created a \$10 million State appropriation to fully replace the BIE losses. Unfortunately, claims exceeded the \$10 million. Additional legislation was enacted in 1985-86 which created loans for the excess 1984-85 Business Inventory Subvention losses.

It is anticipated that in 1985-86 and years thereafter that floating lien date property tax revenues will continue to be insufficient to cover Business Inventory Subvention losses. Such losses also negatively impact the Special District Augmentation Funds. Therefore, the Legislature needs to provide an adequate replacement for the loss of BIE.

Special District Augmentation Funds are not distributed in the same manner in the various counties. Some fire protection districts fare better than others, yet they all provide the same services. The Legislature, therefore, needs to address the inequities in the Special District Augmentation Fund to ensure that all fire protection districts have adequate revenues to fulfill their service demands.

In addition to existing property tax revenue, Special District Augmentation Funds and other existing local income sources, fire protection districts will require additional revenue in order to adequately fund their services.

Legislation is therefore needed that will relieve the budgetary uncertainties that the fire protection districts face and provide adequate, permanent funding from such stable sources as state appropriations, a reallocation of property tax revenues, Motor Vehicle License Fees, cigarette taxes, alcohol and beverage tax, sales tax, or other stable revenue sources.

The Fire Districts Association looks forward to working with the Senate Local Government Committee to resolve the many complex issues that impact the ability of fire districts to fund and deliver their necessary life and property protection services.

SENATE COMMITTEE ON
LOCAL GOVERNMENT
MEETING OF WEDNESDAY, OCTOBER 30, 1985
FRESNO, CALIFORNIA

TESTIMONY ON FIRE PROTECTION DISTRICT LAW
AND FINANCING

Presented by:

John W. Englund, Fire Chief
Fire Protection Districts
of Los Angeles County

October 30, 1985

Senate Committee on Local Government
State Capitol, Room 2080
Sacramento, California 95814

Dear Committee Members:

SUBJECT: FIRE PROTECTION DISTRICT LAW AND FINANCING

Your interest in and efforts to update and improve fire district law and financing is very much appreciated. We agree that the Fire Protection District Law of 1961 needs to be modernized to facilitate current and anticipated funding needs and to incorporate changes brought about by the passage of Proposition 13 and other legislation. We strongly support the formulation of a task force to rewrite the Fire Protection Law.

Los Angeles County Fire Protection Districts serve 2.5 million people who reside in 45 incorporated cities and the structurally developed unincorporated areas of the county, an urban area of approximately 800 square miles.

The attached charts were recently prepared by a private management audit consulting firm and graphically illustrate the increasing demands for fire protection and emergency medical services by Fire Protection Districts of Los Angeles County.

In order to meet these increasing demands for our services, it is essential to have the necessary funds for the required additional resources. These additional resources would include strategically placed, manned, and equipped fire stations which would ensure proper distribution resulting in reduced response times. We will then be able to meet the challenge of ever increasing service demands.

FIRE PROTECTION DISTRICT FINANCING

I am deeply concerned about current and future revenue sources to continue to effectively protect the health and welfare of those who reside and work in the areas served by the Los Angeles County Fire Protection Districts.

My key concern is that of budgetary constraints and uncertainties associated with limited property tax revenues. There are not enough total dollars to meet our service requirements and growth needs. Additional funds are required to permanently and adequately provide for the shortfall in Business Inventory

Subvention replacement revenues, for additional Special District Augmentation Funds, and for revenue losses created by city redevelopment agencies.

BUSINESS INVENTORY SUBVENTION REPLACEMENT REVENUES

When the Legislature repealed the Business Inventory Subvention (BIE) in 1984-85 for local governments, such losses were replaced with floating lien date revenues and vehicle license fees for local agencies with the exception of Special Districts. Since Special Districts' losses were not fully offset by floating lien date revenues, legislation was enacted which created a \$10 million State appropriation to fully replace the BIE losses. Unfortunately, claims exceeded the \$10 million. Additional legislation was enacted in 1985-86 which created loans for the excess 1984-85 Business Inventory Subvention losses.

In 1985-86, it is estimated that the County Fire Protection Districts of Los Angeles will experience a Business Inventory Subvention loss of \$3.3 million or 50% of the \$6.6 million claim after the offset of anticipated floating lien date property tax revenues.

I therefore respectfully urge consideration of enacting suitable legislation to provide Fire Protection Districts with additional permanent replacement revenue to fully offset the repealed State business inventory subventions.

This permanent funding needs to be identified for 1985-86 and thereafter for Fire Protection Districts from stable sources such as State appropriations, a reallocation of property tax revenues, Motor Vehicle License Fees, cigarette taxes, or other stable revenues.

COMMUNITY REDEVELOPMENT AGENCIES

Another key concern is funding deficiencies caused by city redevelopment agencies. Legislation by Montoya enacted in 1976 addressed the financial impact of Community Redevelopment Agencies on local agencies. It gave us assistance in dealing with newly enacted Community Redevelopment Agencies, but amendments are necessary. Under the existing law, fire protection districts may lose their total tax increment to a Community Redevelopment Agency even though they continue to be responsible for fire protection in the project area. Freezing the districts' revenue reduces our ability to provide existing service while service demands are being created.

The Los Angeles County Fire Protection Districts alone have Pre-Montoya Community Redevelopment Agency losses of over \$7.8 million for 1984-85 (an increase of \$1.5 million from 1983-84). Legislation is therefore urged which would require those CRAs that existed prior to 1977 or their respective cities to reimburse fire protection districts for our losses in property tax revenues in a reasonable manner.

Since the Montoya legislation, the Consolidated Fire Protection District has been successful in recovering our share of the incremental property taxes from those Community Redevelopment Agencies created after 1976. The process, however, is time consuming and subject to litigation. It is therefore requested that legislation be enacted to require all "post Montoya" CRAs--those formed after 1976--to reimburse fire protection districts for their losses.

In addition, legislation is also needed that would require future Community Redevelopment Agencies to automatically pass through all appropriate incremental property tax revenues to fire protection districts to avoid further erosion of the tax base.

SPECIAL DISTRICT AUGMENTATION FUNDS

I understand that there is diversity in the allocation of Special District Augmentation Funds in different counties, and that consideration has been given to establishing a statewide policy of creating a formula using recent years' average allocations to each existing agency. If such a formula is utilized, it would provide for a permanent funding base.

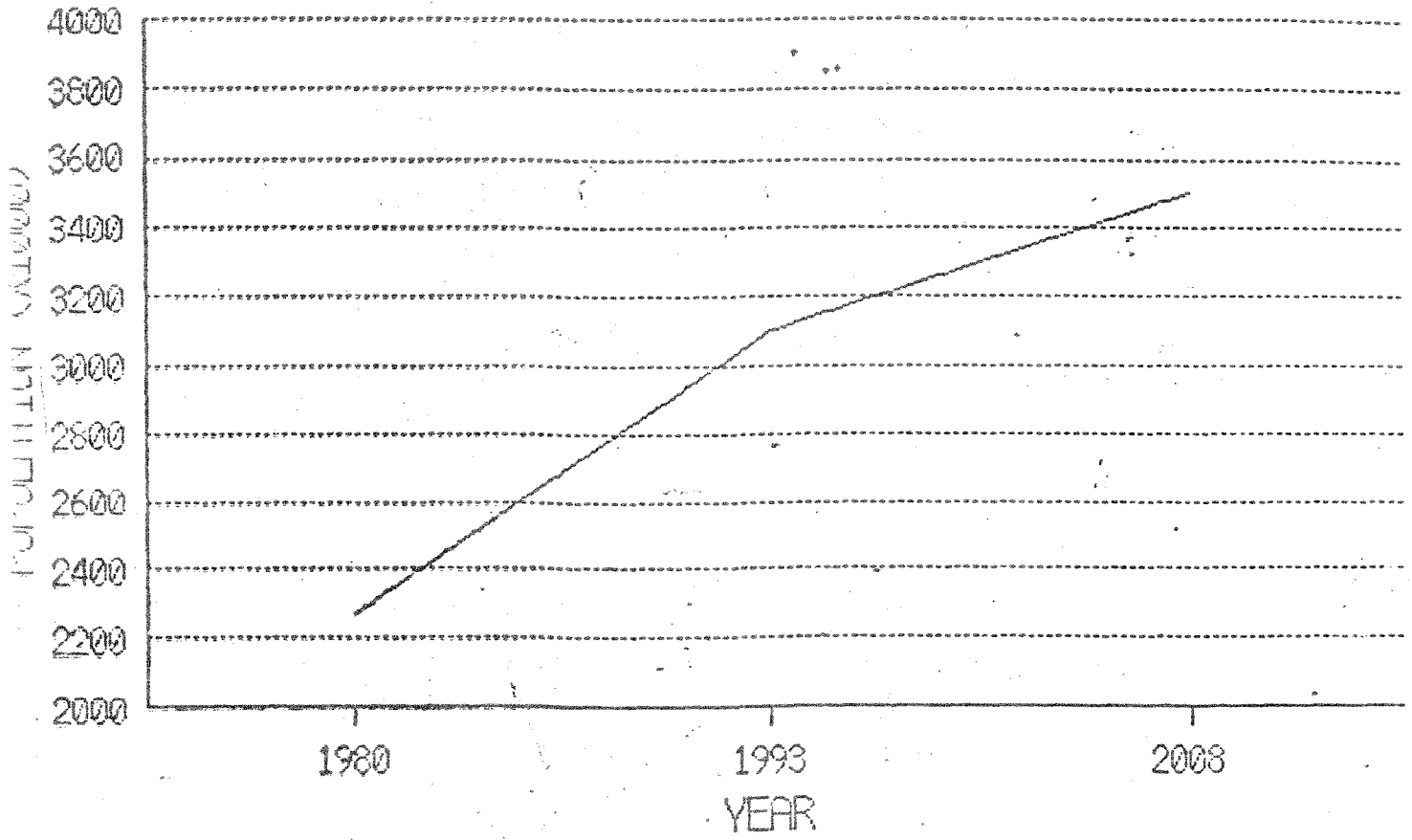
For the Fire Protection Districts of Los Angeles County, such a formula would be similar to recent SDAF allocations. In November, 1983, the Los Angeles County Board of Supervisors adopted a policy for distribution of available Special District Augmentation Funds between the Public Library and Fire Protection Districts as a whole based on their actual prior year's allocation, subject to modification for significant changes in funding or requirements. Upon receipt of final property tax allocation information, the Auditor-Controller adjusted each special district's allocation on a pro rata basis. In October 1984, the Board of Supervisors continued that general allocation formula by distributing the growth in available augmentation funds in proportion to the districts' 1983-84 actual distribution. The Los Angeles County Fire Protection Districts as a whole therefore received 79.15%, 79.17%, and 79.19% of the SDAF in fiscal years 1982-83, 1983-84, and 1984-85 respectively.

However, the problem is that even if the Fire Protection Districts' receive augmentation funds under this formula there is not enough revenue in the fund to meet our service requirements and growth needs. In 1985-86, forecasts of the total amount of Accelerated Lien Date (ALD) revenues to be realized were overly optimistic, and revenue shortfalls in the SDAF resulted. Current indications are that the shortfall between BIE losses and ALD replacement funding appears likely to continue indefinitely and negatively impacts the size of the SDAF. I therefore urge your consideration of a guaranteed annual fiscal relief for fire protection districts for 1986-87 and beyond.

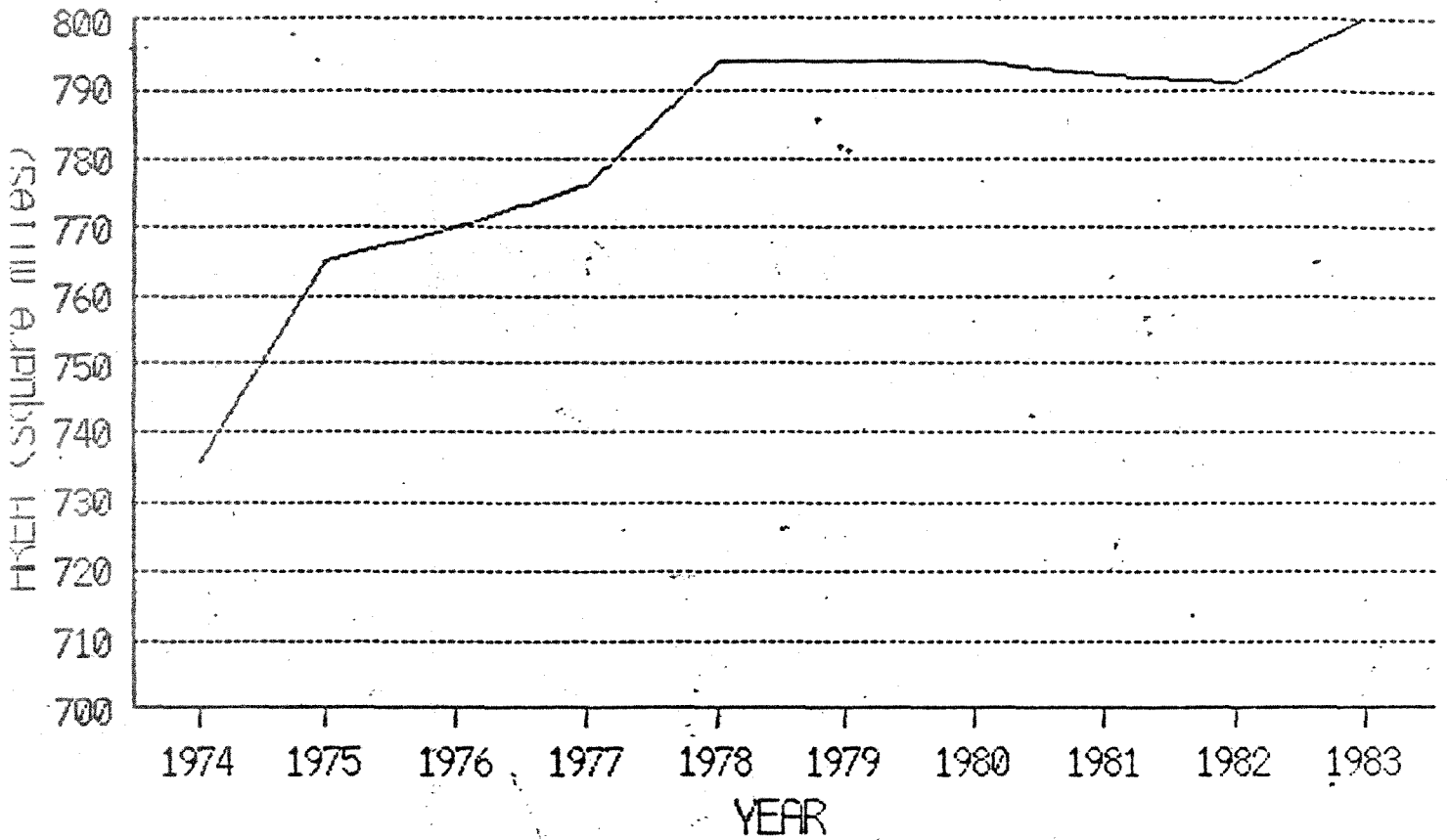
In closing, I would like to again express appreciation for your past successes and continued interest in the area of fire protection districts and our financial needs.

PROJECTED GROWTH OF THE LACFD JURISDICTION 1980-2008

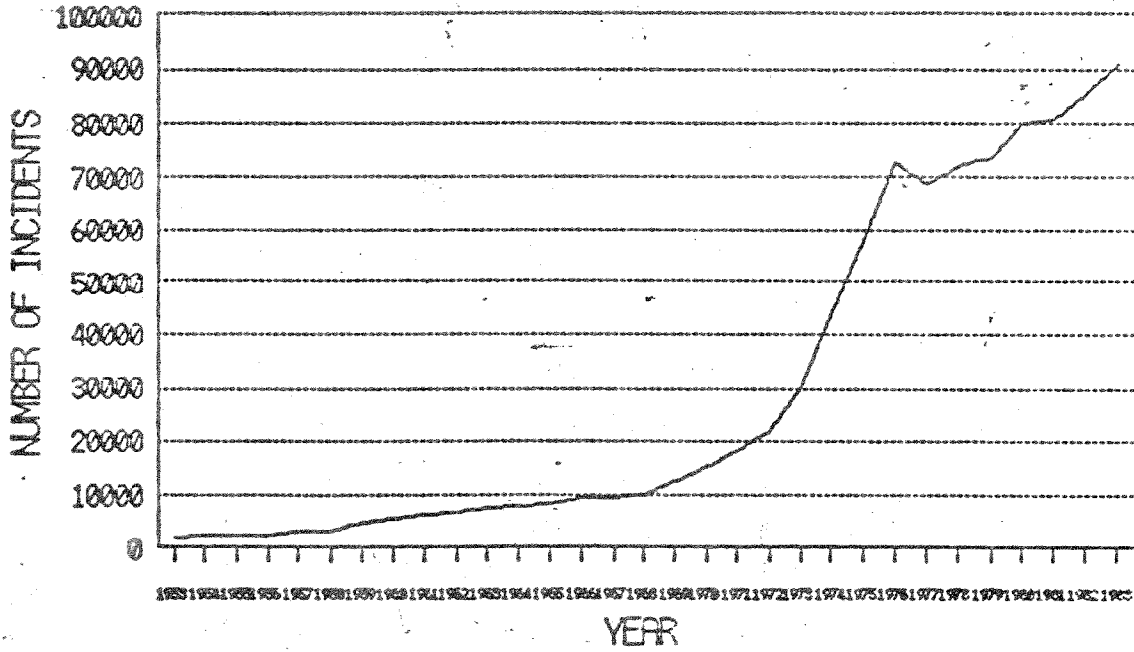
PROJECTED GROWTH LACFD JURISDICTION



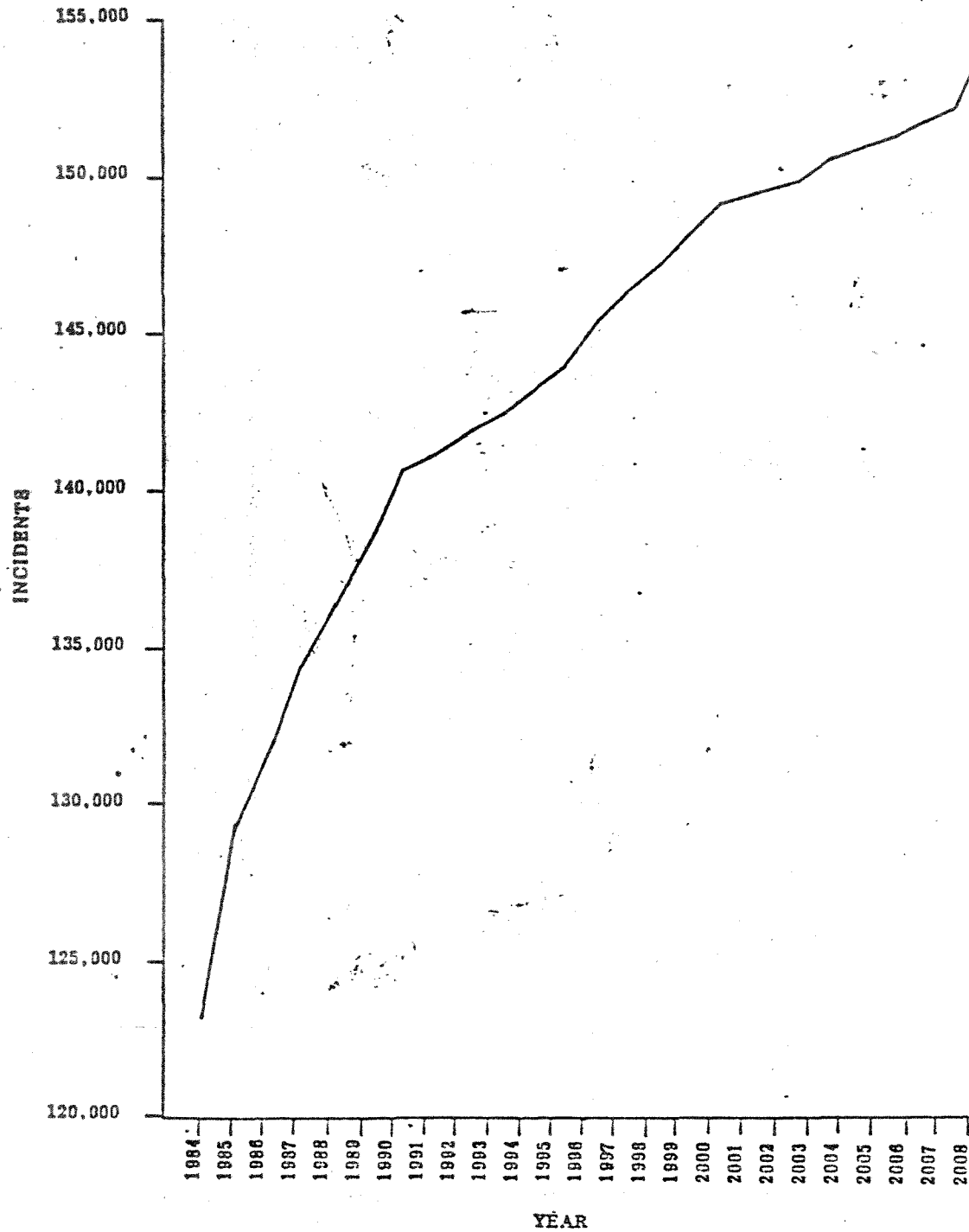
LACFD DISTRICT AREA 1974-1983



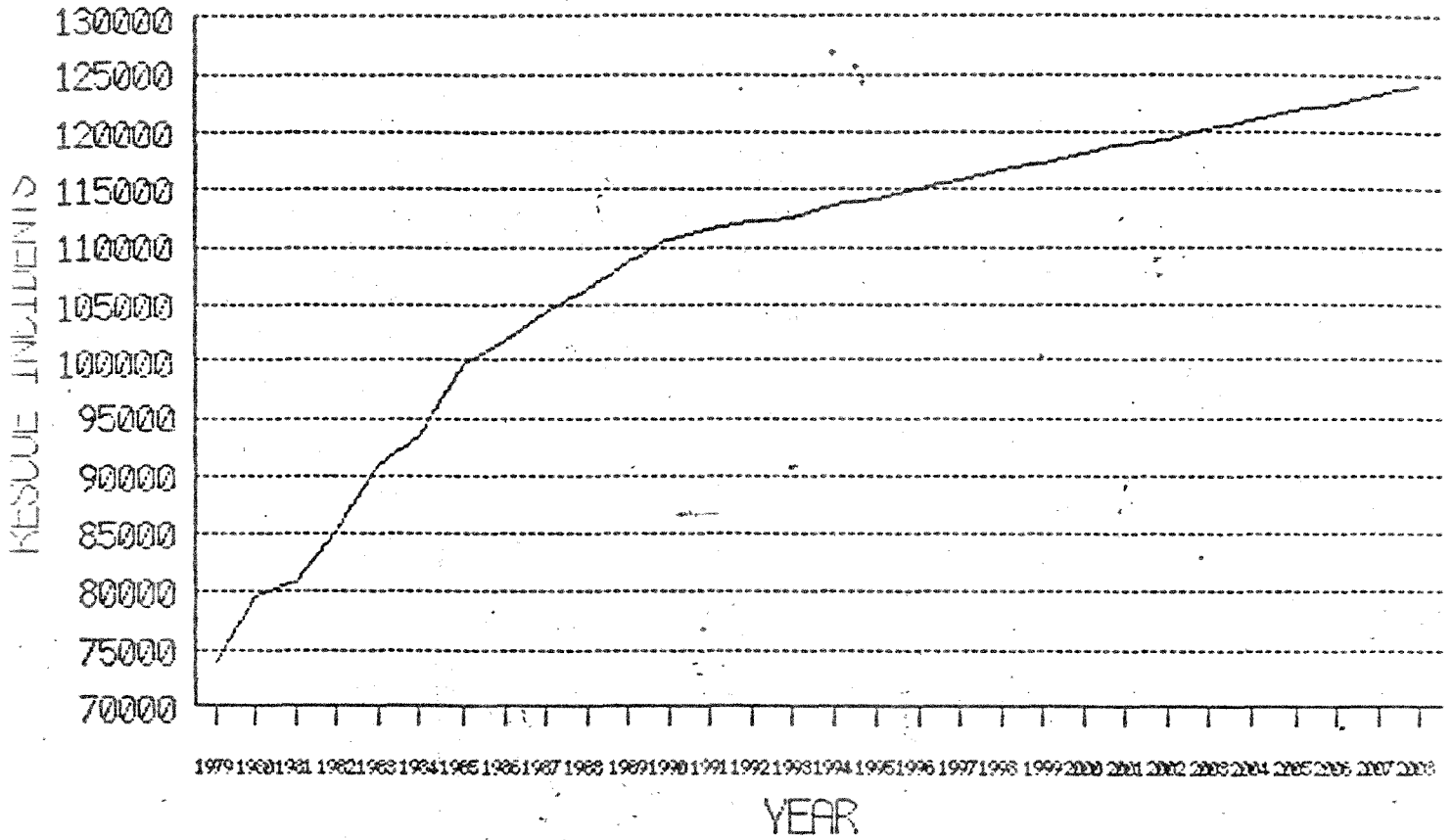
RESCUE INCIDENTS, 1953-83

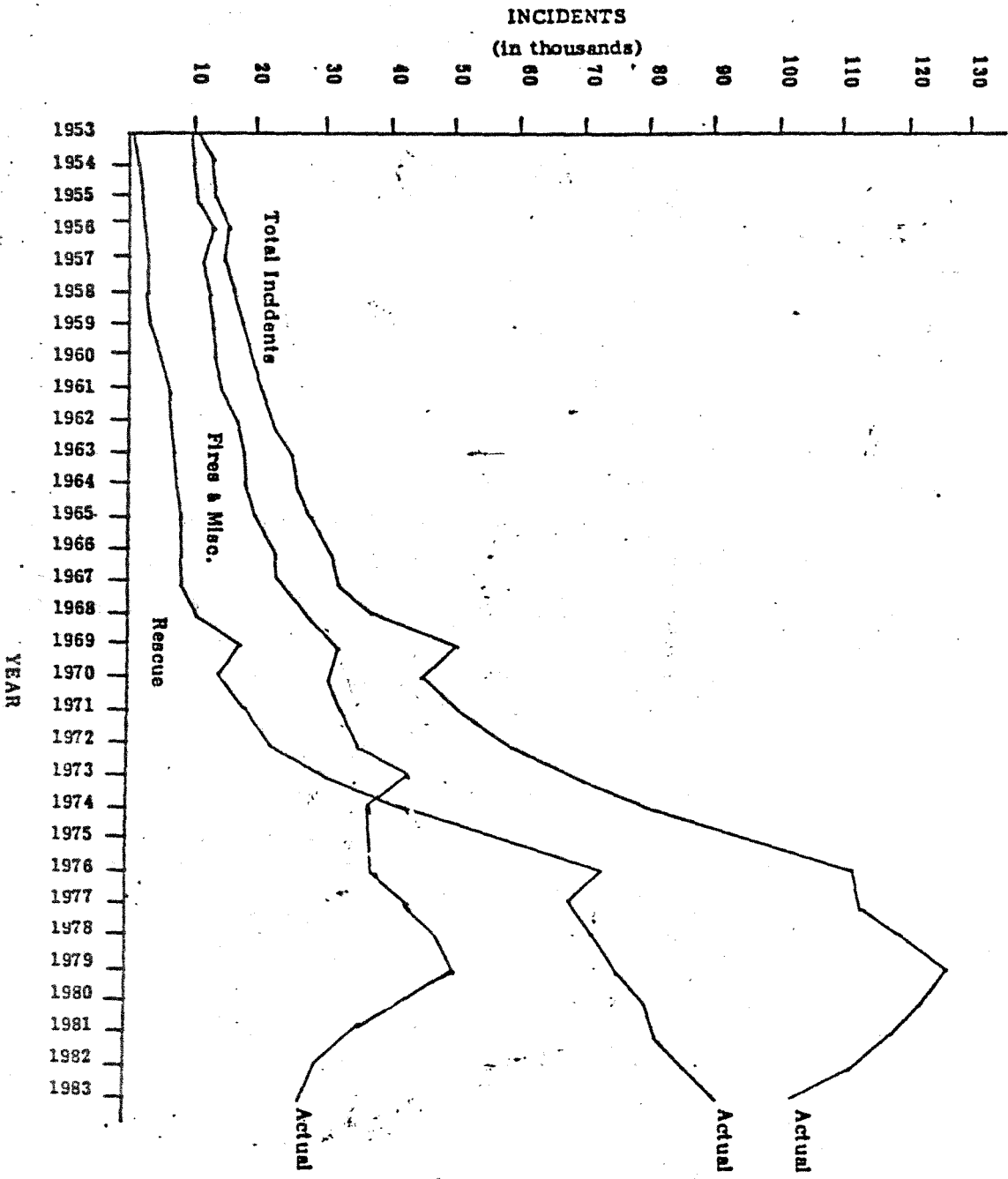


TOTAL PROJECTED LACFD RESPONSES TO THE YEAR 2008



LACFD RESCUES 1979-2008

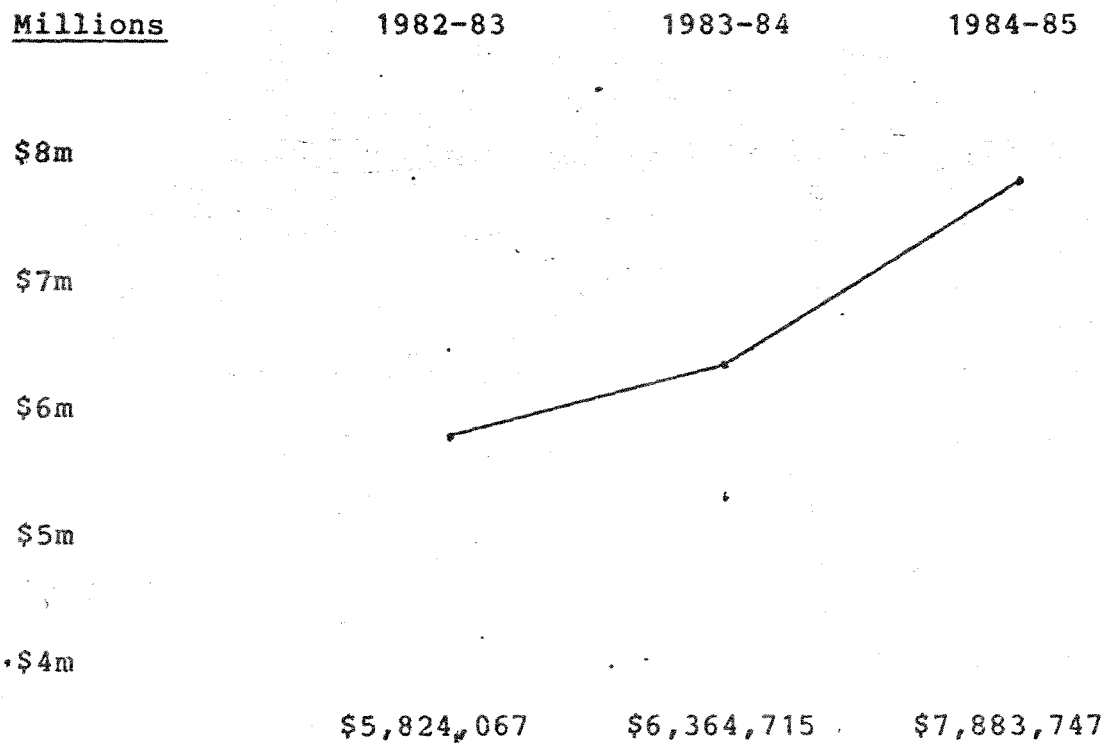




ACTUAL

RESPONSES

CONSOLIDATED FIRE PROTECTION DISTRICT
OF LOS ANGELES COUNTY
COMMUNITY REDEVELOPMENT AGENCY LOSSES
(in millions)



COUNTY OF LOS ANGELES
SPECIAL DISTRICT AUGMENTATION FUND
COMPARISON 1979-80 TO 1984-85

	<u>Fire Protection Districts</u>	<u>Public Library</u>	<u>Garbage</u>	<u>Independently Governed</u>	<u>Total</u>
<u>1979-80 Actual</u>	\$40,148,119	\$10,849,272	\$ 2,025,223	\$ 1,150,638	\$54,173,252
% of Total	74.11	20.03	3.74	2.12	100.00
% Increase	--	--	--	--	--
 <u>1980-81 Actual</u>	 \$48,489,123	 \$13,367,447	 \$ --	 \$ 1,079,004	 \$68,685,635
% of Total	78.70	19.55	--	1.75	100.00
% Increase	20.78	11.07	--	(6.23)	13.76
 <u>1981-82 Actual</u>	 \$54,202,097	 \$13,367,447	 \$ --	 \$ 1,116,091	 \$68,685,635
% of Total	78.92	19.46	--	1.62	100.00
% Increase	11.78	10.93	--	3.44	11.45
 <u>1982-83 Actual</u>	 \$60,604,327	 \$14,738,202	 \$ --	 \$ 1,225,087	 \$76,567,616
% of Total	79.15	19.25	--	1.60	100.00
% Increase	11.81	10.25	--	9.77	11.48
 <u>1983-84 Actual</u>	 \$64,836,313	 \$15,768,256	 \$ --	 \$ 1,294,858	 \$81,899,427
% of Total	79.17	19.25	--	1.58	100.00
% Increase	6.98	6.99	--	5.70	6.95
 <u>1984-85 Allocation*</u>	 \$65,679,213	 \$15,969,531	 \$ --	 \$ 1,292,856	 \$82,941,600
% of Total	79.19	19.25	--	1.56	100.00
% Increase	1.30	1.28	--	(1.55)	1.27

* The budgeted increase was 1.30% due to BIX loss. The actual SDAF received was \$67,211,049, or a 3.66% increase.

PA:rlw
9/18/85



PALO VERDE VOLUNTEER FIRE DEPARTMENT

- 34 -

1 November 1985

The California Legislature
Senate Committee on Local Government
c/o Mr. Peter M. Detwiler
Room 2080
State Capitol
Sacramento, CA 95814

Dear Mr. Detwiler & Members of the Committee:

I am extremely disappointed to have missed the opportunity to testify at the Committee's Interim Hearing on Fire District Law and Financing by such a narrow margin. After driving 500 miles from Humboldt County, we arrived at the County Hall five minutes after the hearing had adjourned. At least we had the pleasure of visiting Fresno and were truly impressed by the efforts of County staff to console and assist us.

Any sympathy is appreciated, and as advised, I am enclosing a copy of my testimony for the record. I am sure that my professional colleagues offered valuable information on the many difficulties of providing adequate fire protection. I am not sure, however, if the Committee is fully aware that the venerable tradition of volunteer firefighting is rapidly dying. It is no threat of apathy, but rather the stranglehold of incredible insurance costs that is literally killing many volunteer companies.

We are not asking for a handout. I know that the 22 members of the Palo Verde crew would be very willing to pay a reasonable rate for minimal medical, compensation and liability coverage that is required and that we deserve. However, a group of 22 does not entice the insurance industry to offer savings. A group of thousands might.

If the Committee could spare some portion of their resources to consider a statewide benefit package, available for and through local governments, their efforts might very well go down in history.

I hope I have made my point. My crew and I are willing to commit much time and effort to assist you. Please consider this request. We are anxious for any response or advice you can offer. We would appreciate a copy of the hearing report and any future information on the revision process or related information.

Thank you for your attention.

Sincerely,

Bill Finley
Bill Finley, Crew Chief

enc.

PVVFD 125 D Road Garberville CA 95440

- 35 -
T E S T I M O N Y

before the
CALIFORNIA LEGISLATURE
Senate Committee on Local Government

INTERIM HEARING on "FIRE DISTRICT LAW AND FINANCING"

October 30, 1985

Chief Bill Finley, Palo Verde Volunteer Fire Department

My name is Bill Finley, and I serve as the appointed Crew Chief of the Palo Verde Volunteer Fire Department. I am asking the Committee's help to save the endangered volunteer firefighter. This invaluable tradition is in serious danger of extinction due in large part to insurance rates that defy the imagination.

Palo Verde is a 5,000 acre subdivision. It is only one of many such developing residential areas in Humboldt County. The land is mostly high grass and timber, and it is usually 110° in the shade. Our local fire protection is a CDF station about an hour's drive away over one lane dirt roads. The Humboldt Board of Supervisors recently voted to cancel their winter Amador Contract with CDF due, no doubt, to a projected \$1.7 million county budget deficit. This decision will leave hundreds of residents entirely dependent on their volunteer companies.

Despite any reports you have heard to the contrary, the majority of us are not wealthy farmers. For many, this undeveloped area offers the only chance to establish homes. Homeowners insurance against fire is sometimes unavailable and almost always prohibitively expensive. We are willing to shoulder the responsibility for much of our own fire safety. Thirty percent of our adult residents are active Fire Crew members. We buy our own tools and safety equipment, attend weekly firefighting and emergency medical classes, and spend an average of 240 labor hours each month on fire prevention services.

We are only one of many small volunteer companies faced with the same dilemma. While we would like to work closely with our professional firefighters, CDF has adopted a policy of not working with uninsured companies. We must carry our own compensation, medical and liability insurance.

To give you some idea of the problem, Palo Verde's estimated bill for State Fund Compensation alone is \$5500. Our annual budget is less than \$1500. Nearby Swain's Flat Volunteer Company was forced to close because they could not raise the liability insurance for their trucks.

We have no easy solution to offer. In several counties, the Boards of Supervisors act as an umbrella to provide insurance for volunteer companies. Humboldt County has historically little interest in such a solution. If the State were to mandate coverage, it would be helpful if they could also find a source of funds in a county with a \$1.7 million deficit.

It is our hope that this committee will consider the reluctance of the insurance industry to cover high risk public servants. We are convinced that the best solution would be a statewide benefit package affordable for individual volunteers. Fire Protection Districts or local councils might administer this package. The industry should find coverage of thousands of firefighters to be cost-effective in some form, and both rural and urban areas should benefit from the reduced rates available from such a large base.

As taxpayers we might expect to be provided with fire protection. Rural volunteer companies have traditionally provided much of their own protection. But unless the insurance menace is addressed, rural volunteer companies will continue to close. Ohai could easily become the rule, rather than the exception...

Thank you.