

San Miguel Fire Protection District Benefit Assessment Fee

Background

With the current economic downturn, the San Miguel Fire Protection District (SMFPD)—San Diego County’s largest fire district—is proposing a yearly \$41.94-per-occupancy Benefit Assessment Fee to fill its budget shortfall.¹ This is a common type of methodology to distribute assessments according to special benefits incurred by a single family home on one parcel.

SMFPD receives its budget primarily from property tax revenue. Since property tax revenue has recently declined, the district estimates that there will be a gap in FY 2009/2010 of \$1.75 million. Their FY 2008/2009 budget was \$22.7 million. The District is anticipating a 6.45% reduction in property tax revenue in FY 2009/2010 from FY 2008/2009 as well as an additional loss of \$1.3 million if the State chooses to borrow from local government coffers.

In FY 2008/2009, the District made \$800,000 in budget reductions by eliminating positions, revising contracts, and placing a moratorium on pay increases.² In addition, the District’s workforce gave back \$200,000 in retirement benefits in FY 2009. According to the District, the goal of this fee is to ensure services are not sacrificed.³

The Benefit Assessment Fee

The SMFPD plans to levy an assessment (a charge on property to pay for special benefits) to increase revenues. The SMFPD is expecting a Total Assessment Budget of \$1,349,929 with 32,187 Single Family Equivalent (SFE) Benefit Units assessed at a rate of \$41.94 per SFE.⁴ In addition, the areas of Bostonia and Crest are excluded from the District boundaries.

Pursuant to Proposition 218, SMFPD released an Engineer’s Report to describe how the assessment will be used.⁵ The report states that “the Assessment District is not coterminous with the boundaries of the District because properties in some areas of the

¹ San Diego County does not have a County-wide fire district. The San Miguel Fire District operates eight fire stations that serve 124,000 residents in Spring Valley, Mt. Helix, and Rancho San Diego. It serves a 47-square mile area in the Eastern portion of the County. The Fire District is governed by a seven-member Board of Directors that are popularly elected for four-year terms.

² The steps that were taken to reduce spending include: eliminating a Training Captain, Part-Time Fire Inspector, and Part-Time Clerical; not hiring an Operations Battalion Chief; reducing services and supplies; and revising contracts to achieve better pricing.

“Serve, Educate, and Respond.” Mailer provided by the San Miguel Fire Protection District on 28 May 2009.

³ Ibid.

⁴ SCI Consulting Group. “San Miguel Consolidated Fire Protection District: Fire Protection and Emergency Response Services Assessment.” Engineer’s Report. May 2009. Page 18.

⁵ The 2008 ruling of the California Supreme Court in *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority* stated that assessments are to be used for special—not general—benefits and that these special benefits must be assessed and defined in a way that is distinct from other parcels. Ibid., Page 2.

District will not receive the enhanced fire protection and prevention services funded by the Assessments.”⁶ To date, the SMFPD has spent over \$100,000 to levy this charge. See Table 1 for a breakdown of these costs.

Table 1: San Miguel Fire Protection District Assessment Cost Breakdown

Assessment Cost Breakdown	
Type	Cost
Initial analysis and planning	\$6,500
Informational Outreach (survey)	\$10,000
Engineer's Report	\$22,500
Assessment Ballot Proceedings	\$69,400
Total cost for assessment outreach	\$108,400

Source: Staff correspondence with Leonard Villarreal, Public Information Officer, San Miguel Fire Protection District. 10 June 2009.

The SMFPD states that even with the reduction in services and staff, expenses will still exceed revenues, which will force the District to eliminate an engine company. See Table 2 for a breakdown of the engine company’s personnel costs.⁷ The District claims that without this engine company, “all properties in the Assessment District would receive a further reduction in their level of service because it would take longer for a second engine company to reach a fire on that property.”⁸

⁶ Ibid., Page 2.

⁷ In addition to personnel costs, the Assessment District will also be used to cover the costs of “obtaining, furnishing, operating, and maintaining fire suppression, protection and emergency services equipment and apparatus for such personnel and related firefighting, operational, and incidental costs.” Page 7.

⁸ Ibid., Page 4.

Table 2: San Miguel Fire Protection District Assessment-funded Engine Company Position Cost Breakdown

Engine Company Position Cost Breakdown				
Cost/position	Captain (3)	Engineer (3)	Firefighter (3)	Total (9)
Base pay	\$90,624	\$75,948	\$75,240	\$241,812
health	\$13,989	\$13,989	\$13,989	\$41,967
dental	\$969	\$969	\$969	\$2,907
retirement	\$46,537	\$39,110	\$39,094	\$124,741
EPMC	\$4,188	\$3,520	\$3,518	\$11,226
Medicare	\$1,679	\$1,409	\$1,420	\$4,508
Overtime	\$17,925	\$15,022	\$14,884	\$47,831
FLSA	\$2,427	\$2,034	\$2,016	\$6,477
Holiday Pay	\$4,108	\$3,443	\$3,411	\$10,962
EMT-DC	\$737	\$737	\$0	\$1,474
Paramedic Incentive	\$0	\$0	\$2,361	\$2,361
Education Incentive	\$1,000	\$1,000	\$1,000	\$3,000
Annual Leave	\$8,462	\$7,092	\$5,786	\$21,340
Sick Leave	\$2,490	\$2,086	\$2,067	\$6,643
Total cost per position	\$195,135	\$166,359	\$165,755	\$527,249
Total cost for all positions	\$585,405	\$499,077	\$497,265	\$1,581,747

Source: SCI Consulting Group. "San Miguel Consolidated Fire Protection District: Fire Protection and Emergency Response Services Assessment." *Engineer's Report*. May 2009. Page 4.

The Board of the SMFPD approved a resolution for this assessment, and notices of assessment and associated ballots were subsequently mailed out. After all ballots are mailed, a 45-day time period is allotted for the return of the ballots. The deadline for all ballots to be returned is July 16, 2009. If approved by a simple majority, the Board will levy this assessment on the property tax roll for FY 2009-2010. This assessment will continue on an annual basis until the SMFPD Board eliminates it.

According to SMFPD, this assessment is defined as special because those within the Assessment District will receive a distinct and direct benefit from "increased safety and protection." Some of the benefits received will be categorized as general, and they have been included in the budget of the engine company, but they will not be taken from the assessment district funds.⁹ The assessment is based on the type of property, the fire risk

⁹ The amount of the Engine Company's budget dedicated to general benefit funds is 3.9% for those living outside the district and 3.1% for the public at large. This amounts to 7% of the Engine Company's Budget. The Assessment Engineer rounded this number up to 10% to remain conservative, and the Engine Company plans to contribute 28% of funds to the budget for FY 2009-2010.

to each property, the size of the property, and the structure replacement and damage value of the property if a fire were to occur.

Policy Implications and Questions:

- This is not a one-time fix to budgetary problems; this is a recurring tax that can only be eliminated by the Board of the SMFPD.
- This is not the only tax/fee/assessment levied by SMFPD. Currently, the District already has parcel taxes and benefit assessments that drew in nearly \$2 million of revenue for FY 2008/2009 (or nearly 9% of its budget). In addition, the District added a business fire protection user fee two years ago, which generated \$160,000 in revenue for FY 2008/2009. This fee was assessed at an hourly rate for each service provided—with each quarter-hour established at \$49. The goal of this fee was to ensure continued “critical service”.¹⁰
- If the District were to eliminate Employer-Paid Member Contributions, it would save \$325,579—or the equivalent of nearly two firefighters in the Engine Company.
- This is not an assessment in the classic sense where it is improving upon a level of service that citizens are accustomed to; this is an assessment that will bring the fire district in alignment (or slightly below) with previous service levels.¹¹
- Assessments cannot be used to fund salary increases, so this is not a full-cost recovery assessment since additional money will be required to fund these positions in the future.
- This is the largest fire district in San Diego County; approval of such an assessment could become a precedent for other districts to initiate similar measures to deal with budget concerns.

¹⁰ San Miguel Consolidated Fire Protection District. “Company Inspection program: Revenue Report Issues.”

¹¹ The Engineer’s Report states that “due to inadequate funding, the baseline level of service that will be provided in the Assessment District is equal to the current diminished level of service that is being provided with the District’s reduced staff, plus the additional staffing cuts that will occur in absence of the Assessments.” Page 7.