



# Albemarle County

## Legislation Text

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**File #:** 17-416, **Version:** 1

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**AGENDA DATE:** 7/12/2017

**TITLE:**

Fire Rescue Services Fund - Future Planning

**SUBJECT/PROPOSAL/REQUEST:** Request the Board consider discontinuing the Fire Rescue Services Fund as a separate fund and move the Fire Rescue Services budget back into the General Fund beginning in FY 19

**ITEM TYPE:** Regular Action Item

**STAFF CONTACT(S):** Letteri, Walker, Kamptner, Eggleston, and Allshouse, L.

**PRESENTER (S):** Lori Allshouse

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Douglas C. Walker

**BACKGROUND:** On March 28, 2017, during a Budget Work Session, staff presented information to the Board about the Fire Rescue Services Fund that was established in FY 16. The information included how the Fire Rescue Services Fund is developed each year and sources of dedicated revenue. At the March work session, the Board requested a follow up session to determine if the Fire Rescue Services budget should continue to be segregated into a separate fund beginning in FY 19.

**FY 18 Budget:** The approved budget for the FY 18 Fire Rescue Services Fund is \$15.4 million. Eighty-two percent of the fund consists of local funding that is equivalent to 7.2 cents on the Real Estate tax rate. Thirteen percent of the revenues are anticipated to be provided in EMS Cost Recovery monies, 3% in State funding, 1% from permits, fees and other sources, and approximately 1% is use of fund balance. Ninety percent of the expenditures is to support the Fire Rescue Department and the County's volunteers, 8% is to support a system-wide fleet management program, and 2% supports other costs. The Fund also includes a 0.4% reserve.

**Dedicated Revenues:** When the Fire Rescue Services Fund was initiated in FY 16, it included a dedicated 1 cent real estate tax increase to support increases in Fire Rescue Services operating and related capital costs. Subsequent to FY 16, this dedicated funding has continued to be included in Fire Rescue Services' base allocation, in adherence with the practice associated with dedicated real estate tax rate increases in past years for Capital and Debt and the School Division. Additionally, since FY 16, the Funding Allocation Formula has provided additional funding for Fire Rescue Services and related capital expenses through an adjustment to the Formula equivalent to the dollar increase that would be associated with the growth in annual re-assessments on 7.6 cents on the real estate tax rate. For further details on this Fire Rescue Services-related adjustment to the formula, see page 179 of the Recommended FY 18 Budget Document.

The Board's direction regarding this fund will inform the County's upcoming Two Year Fiscal Plan.

**STRATEGIC PLAN:** Mission: To enhance the well-being and quality of life for all citizens through the provision of the highest level of public service consistent with the prudent use of public funds.

**DISCUSSION:**

At the work session on July 12, the Board will consider changes moving forward as staff develops the next Two Year Fiscal Plan. The Board will consider whether this separate Fund improves transparency or inadvertently reduces clarity, and will further explore the concepts of consistency and administrative efficiency associated with the current practice.

**BUDGET IMPACT:** Discontinuing the Fire Rescue Services Fund could improve administrative effectiveness and clarity. Funding would no longer be dependent primarily upon changes in real estate tax revenues.

**RECOMMENDATION:**

Staff recommends that the Board approve the following:

- As the County develops the FY 19 - FY 20 Two Year Fiscal Plan, the County discontinue the Fire Rescue Services Fund and move the Fire Rescue Services budgets back into the General Fund.
  - Funding associated with the penny on the tax rate initially dedicated to Fire Rescue Services operations would remain as part of the General Government base, consistent with dedicated School Division and Capital funding practices.
  - Funding associated with the 7.6 cents growth on the Real Estate Taxes; however, would not be provided to the Fire Rescue Services Fund as part of the Annual Funding Allocation Formula.