**Fire Tax Underspend and excess Dispersal Proposal GMCSD**

**Summery.**

In Gold Mountain Community Service District (GMCSD) we have in place a collected Fire tax, which covers residential, commercial property and lands. The purpose of this is to provide fire services and fire treatment to the Nakoma community formally known as Gold Mountain. GMCSD and Nakoma HOA provide joint support for the Firewise and HFT programs within this community.

The GMCSD collects, manages, and provides dispersal of said tax to various programs in support of Structural fire and EMS, defensible space programs and wildland fire support. The CSD publishes each year the financial statements of all said fire tax revenue which has been generated and the tax dispersal.

This ad-hoc Committee was formed to look at the how best to use the excess/reserve tax which has been generated over several years. The fire tax must be used on fire related equipment/processes etc. This tax is not allowed to be spent on other CSD equipment or processes which are outside the fire tax provision.

**Background**

Although this is not really part of the excess fire tax, we wanted to provide the Board members with the overview of the whole fire tax provision and how it is currently split , why we have excess or under spend over the last number of years.

**The numbers are approximate and for these purposes informational**:

*This paragraph was supplied and copied from an email extract between Rich and this committee March 2022.*

The attached document provides an overview of our Fire Tax procedures and status.  This was an interesting discovery process which brought to light several issues with accounting and procedures.  Some of these procedures are within our control, while some fall clearly on the county and their Property Tax collection mechanism.

At the bottom lines we currently have the following cash assets:

* Fire Reserve Funding      $153,834
* Fire Checking Account    $  93,282

$247,116

In addition, we have the following accounts due:

* Final Plumas County 2022 Fire Tax reimbursement - up to $50,000 (depending on delinquencies)
* 2021 Nakoma Resort HFT payment due:   $19,300
* 2020 Fire Tax Assessments delinquencies - $16,488 + penalties
* 2019 Fire Tax Assessments delinquencies - $16,405 + penalties
* 2018 Fire Tax Assessments delinquencies - $15,615 + penalties

These late, delinquent and yet to be assessed charges total approximately $118,000.

While it appears, we have very limited options to force Nakoma to pay their accumulated tax bills, our history with the resort is that they do eventually pay. I don’t foresee the resort letting any of their key resources go to a tax sale. As a result, we might estimate up to $100,000 in back tax collections over the next three years.

Setting aside $50,000 in reserves, you have roughly $200,000 to work with on the immediate project.  By the end of the year, we should see an inflow of at least $75$ to $100k to build back up the fire accounts.

We have approx. *$247,116* within the excess fund as of Jan 2022.

Over the years from 18-20 this is what its looks like in $

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | Tax revenue Budget | Collected revenue | Spend | Delinquent | Excess to Budget |
| 2018/19 | $ 103,344 | $ 87,729 | $ 63,229 | $ 15,615 | $ 24,500 |
| 2019/20 | $ 104,985 | $ 88,580 | $ 57,380 | $ 16,405 | $ 31,200 |
| 2020/21 | $ 107,723 | $ 91,235 | $ 56,035 | $ 16,488 | $ 35,200 |
| 2021/22 | $ 110,085 | $ 59,469 | \* | \* | \* |
| Total | $ 426,137 | $ 327,013 |  |  |  |

\*As yet these numbers are still in progress, they will be completed YTD 2021/2022

As we can see over these years, we are underspending around 30% of the Tax revenue generated, while this appears to be a good thing, it also shows that our management of this could be more productive.

A more detailed study of the fire Tax dispersal will be needed going forward, to enable us to control and manage funds better.

**Fire Tax dispersal background. (Not the excess fund)**

The make-up of the fire tax stands in thesecategories/subcategory

* Contracted Services
* HFT Treatment/ Fire wise support
* QAV Fire cadre
* General fire/ Ops expense

We don’t need to cover the above bullet points *at this stage. The above c*ategories are outside the scope of this Report, however we wanted to bring in reminders of how the Tax dispersal is spent.

We also wanted to highlight other act*ivities* which are currently underway within the district, these activities have a direct affect going forward on the Tax revenue and any excess generated.

* District Consolidation
* Annexation
* Contracted Services

Except for *c*urrent contracted Service, there is a strong possibility that GMCSD would lose the fire tax revenue *as* currently generated, thus would have to consider building a new tax structure to support ongoing HFT and QAV/fire cadre.

District consolidation and Annexation and in some part contracted service have a direct link, to the ongoing QAV support and possible building/ construction of a new structure, which could form part of the excess Fire Tax dispersal.

In the event of changes to district fire services, construction, and development of the Gemstone site, would help enhance the chances of housing a fire engine which would support structure fire and EMS services, This information would have to be taken into consideration as part of the Fire excess funds.

This should now give us some background and context in how we could disperse the excess fire fund, over the coming months years.

**Findings.**

The fire reserve/excess could be used, (as a one off) for the GM wildland fire support and protection of lands within the CSD gold mountain. This *fund does* not support Structural fire suppression, or EMS services in its direct way as these costs are already funded.

These funds and dispersal could be spent *on ongoing* support of any QAV, Building or structure for a QAV. It should also support on going operational requirements of wildland response to fire or fire suppression lot clearing and fire break clearing activities which support fire suppression.

It should not be used as operational costs/overspend for normal fire activities.

These funds have no affect currently on the consolidation/annexations or contracted services provisions and HFT Treatment.

Areas of Interest for consideration:

* *HFT*
* Fire Upgrades.
* Fire season Activity.
* QAV upgrades
* New Buildings or Structure

**FindingsF1-F5**

F.1 HFT Affect.

HFT treatment has a provision in the current Fire Tax collection, system of around 13% of total income, it also has funding from Nakoma HOA as a joint effort with the CSD, this may or may not cover total expenditure every year, as a direct result consideration of fire fund *excess* may not form part of this dispersal.

F.*2* Fire Upgrades.

Hydrants upgrades, while this is an important factor in ongoing infrastructure development and is needed within the community operational costs and or capex may exclude this from the fire tax dispersal at this time.

F.*3* Fire season Activity.

Discussions around Water storage in active fire season, On the face of it would appear as a prime candidate for some of the fire tax dispersal funds, where we could place “mushroom buttons” temporary tanks of water in strategic areas of land around the GM site, during fire season, which would allow us to draw water and fire services to use during an active fire.

Water would have to be pumped to such tanks, and then drained if not used during winter months, we would also have to look to have easements in place for this activity.

F.*4* QAV

This is the most discussed item for this group, and in some ways not as clear cut as you would expect. Running a QAV takes resource in terms of people, training, risk, and ongoing operational costs and used mostly for wildland *fire support, local suppression/Management of the GM site.*

Our current QAV has become unstainable as a functional QAV, its age and *m*echanical/reliability issues, its operational cost as a QAV will only increase so the need *for* replacement is commanding a priority.

Also considered would be the ongoing operational costs of PPE, updated equipment and running cost of a QAV. Given 99% of all call outs to gold mountain are EMS related we should consider having a basic EMS kit, further investigation should be given.

*F.5 Buildings*/structure

Within the F*.4* findings, consideration of equipment storage for the QAV and assorted equipment storage comes into play. As of now the GMCSD does not own these types of buildings or carry cost*. It* does however share the HOA building which houses the QAV from time to time. Storage is maintained outside the building in an uncovered area *which* does provide a secure location to work from.

The above statement are findings only, and not all activity has be*en* validated or has a validated source, certain amount of knowledge has been shared to this ad hoc committee and our recommendations are based on that input.

**Fire Tax Dispersal Recommendations. R.1-R.*5***

R.1 *HFT*

*We don’t think that HFT forms any part of this fire tax excess/dispersal currently.*

R.*2 Fire Upgrades*

At this stage we do not think that providing Excess funds to build out would be the best use of excess funds as this program as it’s more of a Capital requirement Therefore spending funds in this program will have little or no affect to improving the bigger picture of fire upgrades.

R.*3* **Fire season Activity**.

We don’t think at this time *this* would provide good value and provide any extra benefit,many technical reasons of keeping water in tanks and safety issues arise here.

R.*4* QAV

We would recommend procuring a used truck which has been designed or used as a QAV in the past which will only function as a QAV *with no provision to be use as a snowplow.*

(ii) QAV could be truck plus bed/slider with equipment *at a possible* lower cost profile.

(iii) QAV could be full unit if costs are with *20*% of the lower cost of bed/slider.

(i*v*) Reevaluate the costs to current market conditions for used Trucks/vehicles within in 3 weeks of Board Approval *and report back if outside current spend approval. Closed date Mid-April 2022*

(v) Would recommend procuring PPE*/ Basic EMS kit /*equipment not more than 30k in total.

(vi) Not to exceed in total $90-1*10*k for QAV, PPE and equipment.

Further Conditions on R.4 QAV on going Op’s cost, Training, would have to be added to the normal allocation within the Fire Tax dispersal.

R.*5* ***Buildings*/structure**

We would recommend procuring a summer shelter to house the QAV in the short term *which could include a solid ground base Not in excess of 20k. Before end July 2022*

(ii) Set up an Ad-hoc committee to investigate *the* full requirement for QAV storage and possible other buildings on the Gemstone site. *This should include all costs at current rates.*

*As we engage with 3rd parties this will incur costs will report back to the board for approval Before end Sept 2022*

(iii) Engage with fire service district to determine what requirements would be needed on a formal basis for building to house Engine in support of a fire and EMS in any future consolidation.

**Conclusion:**

The underspend of GM fire tax has opened an opportunity to Manage the fire tax revenue in a much more formal way, on a quarterly base going forward. We need to have better visibility on this tax as part of the management administration functions, given that we have underspend it would not be in our best interest to allow that to continue going forward.

We have identified some shortcoming during this investigation which are not really part of this process, however, to improve the performance of how we manage the fire tax, the GM has agreed a way forward to provide better visibility to the board on how we manage and report going forward.

This Underspend has presented the GMCSD with an opportunity to use these funds to Provide for better wild land management. fire treatment/ protection service on a more proactive basis. Other elements such as QAV does pose us with *challenges* in the future such as housing the QAV for sun and winter damage, Retaining and Training personnel, operational running costs.

If the recommendation of a used QAV is passed, GMCSD should move quickly to close the purchase out if possible before active fire season begins. *One element which has not been address in the short term is Winter storage for the QAV.*

Lastly, Housing of the QAV in the short term is not difficult, within the R.5 if approved summer cover will be provided, however, developing a structure and site to house the QAV needs to be investigated and a team put in place to bring a project plan in place, with future build/consolation (fire district) CSD office space at the same time to gain economy of scale.

We have not at this stage recommended spending further funds, until a more detailed study is done, R.5 (ii) on the best way forward to house the QAV. While we understand the need to close this out, we need to follow a planning and building plan of feasibility, before engaging and committing to a building program to house a QAV on a full-time basis.

*Foot Note:*

*One element which has not been address in the short term is Winter storage for the QAV. I would be happy to provide winter shelter within my Garage if the equipment is insured for that purpose.*

*It’s possible in the short term possible x 2 Winters.*