Rancho Santa Fe Fire Protection District

Adopted Budget
Fiscal Year 2026-2027

To Protect Life, Property, and Environment
Prevention, Preparedness, Education and Emergency Response

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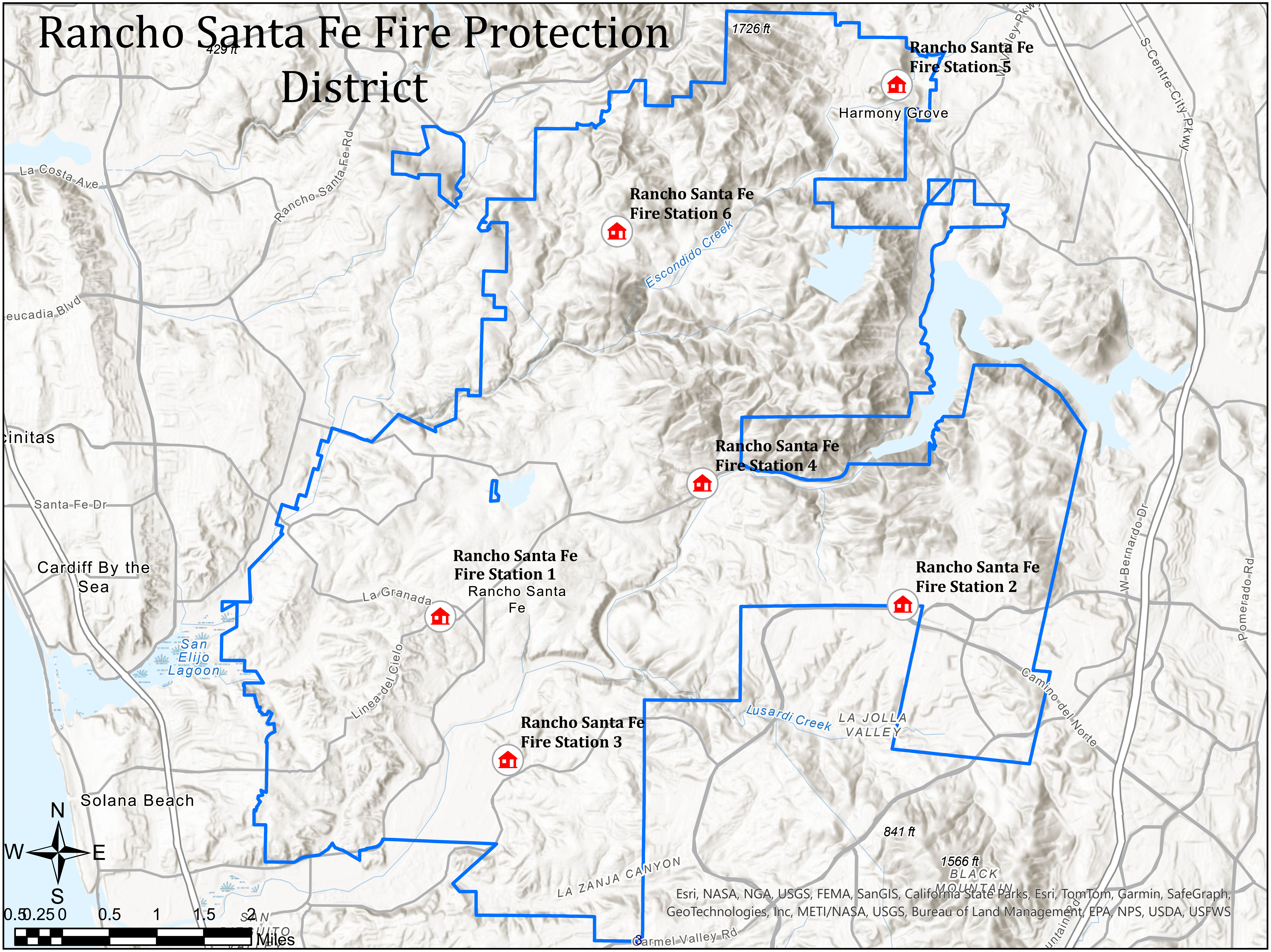
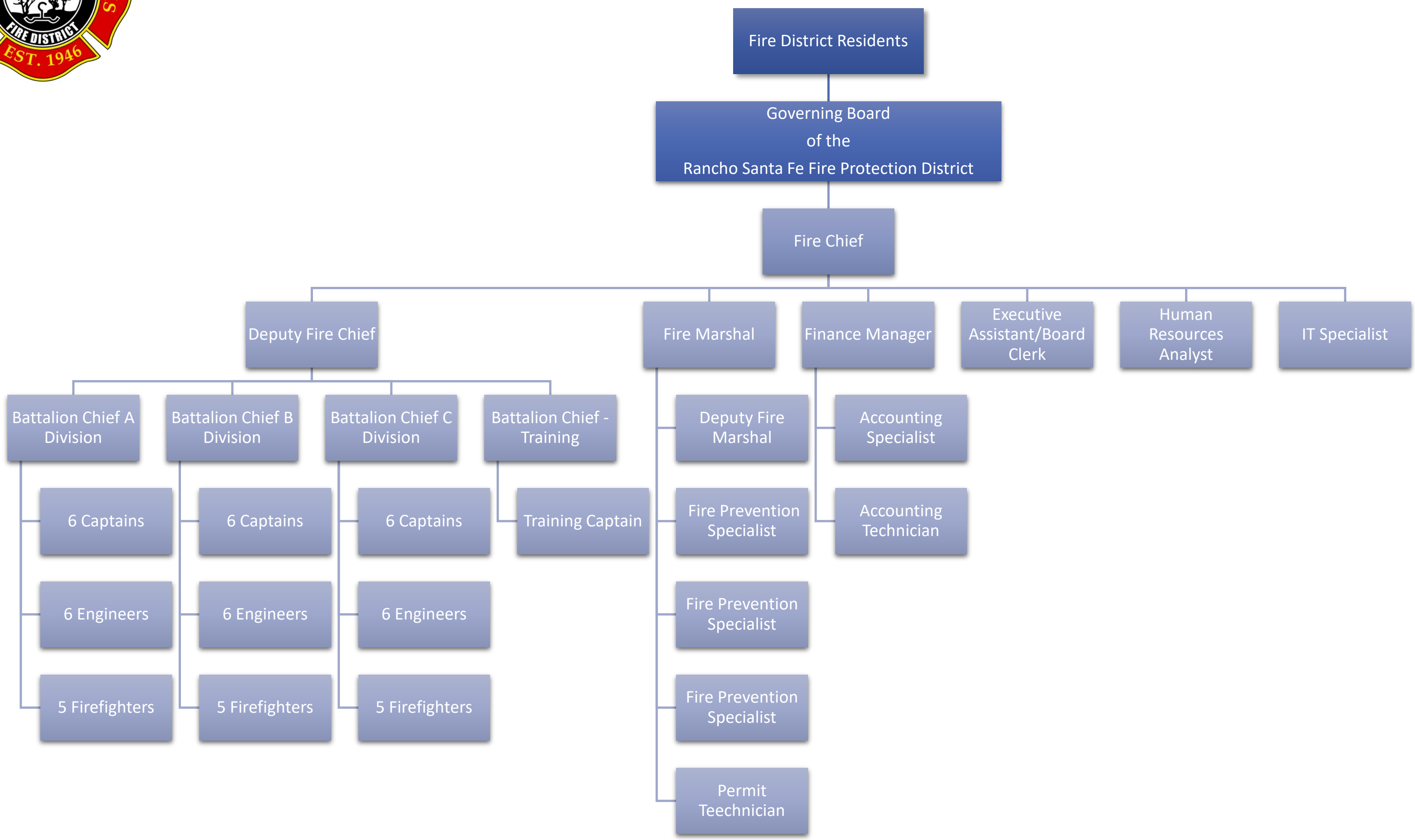
Rancho Santa Fe Fire Protection District



Rancho Santa Fe Fire Protection District



About Our District

For nearly 80 years, the Rancho Santa Fe Fire Protection District has grown alongside the communities it serves.

The District was established on October 14, 1946, when the San Diego County Board of Supervisors appointed its first fire commissioners. At that time, one Fire Chief and 15 volunteer personnel provided fire protection to approximately 3,800 residents. Early operations were conducted from a small shed owned by the Irrigation District until the original Village Fire Station was constructed in 1951.

Today, the District provides all-hazards emergency services across approximately 50 square miles, serving more than 60,000 residents in Rancho Santa Fe, 4S Ranch, Fairbanks Ranch, Cielo, The Crosby, Elfin Forest, and Harmony Grove. Operations are supported by six full-time fire stations and the District's administrative offices.

The District is governed by a five-member elected Board of Directors, which establishes policy, provides strategic direction, and oversees the responsible stewardship of public resources.

Although the District has evolved considerably since 1946, its purpose remains unchanged: to protect lives, property, and the communities we call home. Through thoughtful planning, professional service, regional collaboration, and continued community support, the District remains committed to meeting today's needs while preparing for the challenges of tomorrow.

To the Board of Directors,

For more than 75 years, the Rancho Santa Fe Fire Protection District's primary mission has been to protect the lives, property, and natural resources of the communities we serve, including Rancho Santa Fe, Fairbanks Ranch, 4S Ranch, Harmony Grove, and surrounding areas. That mission is carried out through emergency response, fire prevention, community risk reduction, emergency medical services, training, public education, and responsible stewardship of District resources.

With our mission in mind, and our strategic priorities as a guide, District staff worked collaboratively to develop the FY27 Adopted Budget. The budget supports reliable service delivery, continued investment in personnel, maintenance of critical equipment and facilities, and the financial framework needed to guide operational decisions throughout the fiscal year.

During the review process, several key areas were discussed in detail, including property tax revenue projections, labor and benefit costs, CalPERS unfunded liability considerations, capital equipment replacement, station and facility needs, technology improvements, and reserve funding. These discussions helped shape a budget that balances current operational demands with the District's responsibility to plan for future needs.

The FY27 Adopted Budget prioritizes strong emergency response and prevention services, continued investment in personnel, training, and equipment, responsible capital and facility planning, prudent management of pension and benefit obligations, and reserve funding to support long-term financial stability and emergency preparedness.

This budget is presented to provide the Board of Directors, District staff, and the public with a clear understanding of the financial resources needed to support District operations, capital priorities, and long-term fiscal stability. It reflects a continued commitment to responsible budgeting, transparency, and the high level of service our communities expect and deserve.

Respectfully submitted,

Burgen Havens

Burgen A. Havens
Finance Manager
Rancho Santa Fe Fire Protection District

Mission Statement

To serve the public through the protection of life, environment and property from fire and other emergencies through prevention, preparedness, education, and response.

Vision Statement

Our vision is to provide exceptional service and continuous improvement in our organization through innovation, forward-looking leadership and genuine concern for the welfare of others.

We are dedicated to our mission, unwavering in our core values and continually strive to be a model of excellence.
We are role models in the community and leaders in our profession.
We maintain community partnerships, hire and train exceptional people, and provide professional, well- organized, cost-effective services.
We are advocates for our member's health, safety, and welfare.
We foster a culture of trust, involvement, and personal accountability.

Core Values

We, the members of the Rancho Santa Fe Fire District, declare the following values to be the fundamental principles that define our organization's culture:

Sense of Duty
We are driven by a deep sense of duty and commitment to serve. We hold ourselves accountable and conduct ourselves in a way that preserves the community's trust and respect.

Pride
We take pride in being part of an organization that embraces innovation, promotes diversity, and recognizes achievement. We take ownership of our responsibilities, equipment, and facilities.

Teamwork

We value collaboration built on trust, respect, and camaraderie. Every individual's contribution matters as we work together to achieve shared goals.

Appreciation

We believe our people are the foundation of our organization. Regardless of rank or tenure, we empower, acknowledge, and value the character, talents, and ideas of every member.

Leadership

We lead by example, act with courage, and persevere with integrity. We demonstrate competence, professionalism, and ethical leadership at all times.

Family

We honor the importance of family—both personally and professionally. The relationships we build within our organization strengthen us and provide support throughout our careers.

Board of Directors and District Management

Board of Directors

Board President	James Ashcraft
Vice President	John C. Tanner
Director	Nancy C. Hillgren
Director	Tucker Stine
Director	Kevin Barnard

Management Staff

Fire Chief	Dave McQuead
Deputy Fire Chief	James Mickelson
Battalion Chief	Luke Bennett
Battalion Chief	Brian Salameh
Battalion Chief	Paul Roman
Battalion Chief	Trever Krueger
Fire Marshal	Marlene Donner
Finance Manager	Burgen Havens

Rancho Santa Fe Fire Protection District
Authorized Positions
FY2026-27 Personnel Listing (FTE)

Full Time Equivalent (FTE) List	FY26 Authorized Positions	Changes	FY27 Authorized Positions
Leadership			
Fire Chief	1.00	0.00	1.00
Deputy Fire Chief	1.00	0.00	1.00
Fire Marshal	1.00	0.00	1.00
Battalion Chief	3.00	0.00	3.00
Battalion Chief - Training	1.00	0.00	1.00
Finance Manager	1.00	0.00	1.00
Executive Assistant/Board Clerk	1.00	0.00	1.00
	9.00	0.00	**9.00**
Safety/Administration			
Deputy Fire Marshal	1.00	0.00	1.00
Fire Prevention Specialist	3.00	0.00	3.00
Permit Technician	1.00	0.00	1.00
Human Resources Analyst	1.00	0.00	1.00
Accounting Specialist	1.00	0.00	1.00
Accounting Technician	1.00	0.00	1.00
IT	1.00	0.00	1.00
	9.00	0.00	**9.00**
Safety			
Captain*	18.00	0.00	18.00
Engineer	18.00	0.00	18.00
Firefighter/PM	15.00	0.00	15.00
Captain - Training	1.00	0.00	1.00
	52.00	0.00	**52.00**
Total FTE's	**70.00**	**0.00**	**70.00**

Board of Directors			
Directors	5.00	0.00	5.00
	5.00	0.00	**5.00**

Total FTE's & Directors	**75.00**

*4850

BUDGET SUMMARY

The FY27 budget is presented in two parts: the Operating Budget, which funds day-to-day emergency response and District administration, and the Capital Improvement Plan, which funds apparatus, facilities, and equipment. The total FY27 budget is $27.7 million, of which $25.4 million represents net General Fund commitment after restricted Mitigation Fund resources and secured grant funding are applied.

	Budget FY26	Budget FY27	Change	% Change
Operating Expenses	$22,805,441	$23,486,274	$680,833	3.0%
Capital Expenditures	$239,000	$4,219,000	$3,980,000	1,665.3%
Total Budget	**$23,044,441**	**$27,705,274**	**$4,660,833**	**20.2%**
Less: Capital Funding Sources	$-	($2,338,636)	($2,338,636)	—
Net Budget — General Fund	**$23,044,441**	**$25,366,638**	**$2,322,197**	**10.1%**

Capital Funding Sources consist of a $1,846,000 transfer from the restricted Fire Mitigation Fund and $492,636 in federal grant and external contributions. The $2,500,000 Emergency Communications Center (ECC) allocation is a planning placeholder pending the District's DCIP federal grant determination and is not included in the figures above.

OPERATING BUDGET

The FY27 Operating Budget of $23,486,274 represents an increase of $680,833, or 3.0%, over the FY26 Final Budget. Against projected General Fund revenue of $23,723,013, the District projects a net operating surplus of $236,739 before capital — the District's first projected operating surplus in four fiscal years, following deficits of $1,183,156 in FY26, $1,360,481 in FY25, and $678,281 in FY24.

The organizational split of FY27 Operating Expenses is shown below:

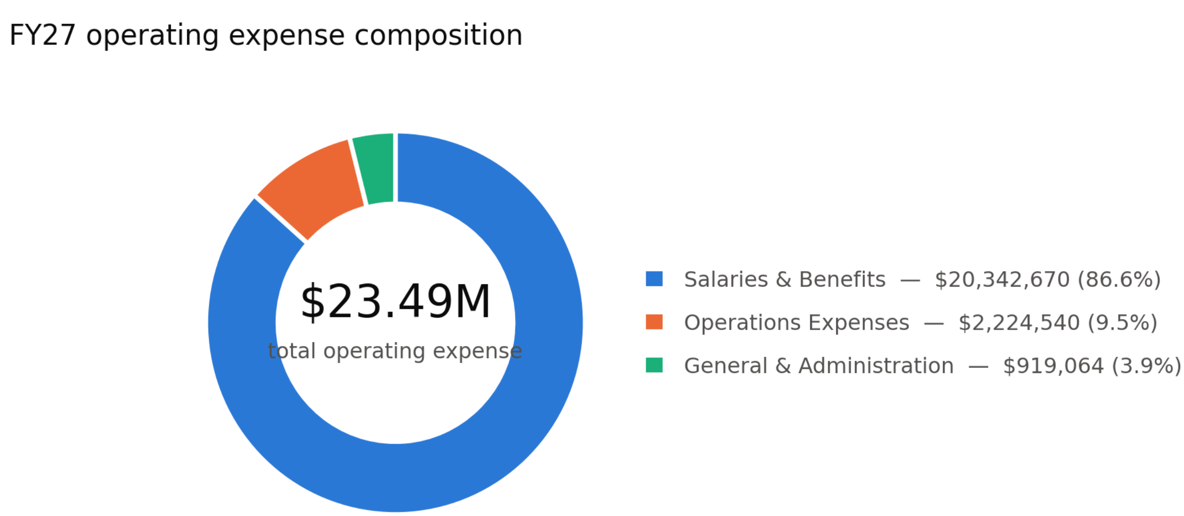


Figure 1 FY27 Operating Budget Profile

- **Salaries and Benefits** account for 86.6% of the operating budget at $20,342,670, an increase of 5.2% over FY26. The District is budgeted at current authorized staffing levels with no new positions Adopted. The increase reflects MOU-governed cost of living adjustments, step progressions, and CalPERS employer rate changes, including a $1,464,514 normal unfunded accrued liability (UAL) payment and a $500,000 Additional Discretionary Payment (ADP) to accelerate UAL paydown.

- **Operations Expenses** account for 9.5% of the operating budget at $2,224,540, a decrease of 5.9% from FY26. The decrease reflects anticipated liability insurance savings from a carrier transition, offset by the addition of a $300,000 EMS line item associated with the District's CSA-17 contract and county-mandated cardiac monitor lease.
- **General and Administration Expenses** account for 3.9% of the operating budget at $919,064, a decrease of 16.2% from FY26, driven primarily by a correction to County administrative cost estimates and reduced projected legal expenditures.

CAPITAL EXPENDITURE BUDGET

FY27 Capital Improvement Plan expenditures total $4,219,000, the District's largest capital investment year in recent history. The increase over FY26 reflects the replacement of two front-line Type 1 fire engines and a District-wide Self-Contained Breathing Apparatus (SCBA) replacement, both of which have been planned and reserved for across multiple budget cycles.

Capital expenditures are substantially offset by restricted and external funding sources, reducing the net General Fund commitment to $1,880,364, or approximately 45% of total capital cost:

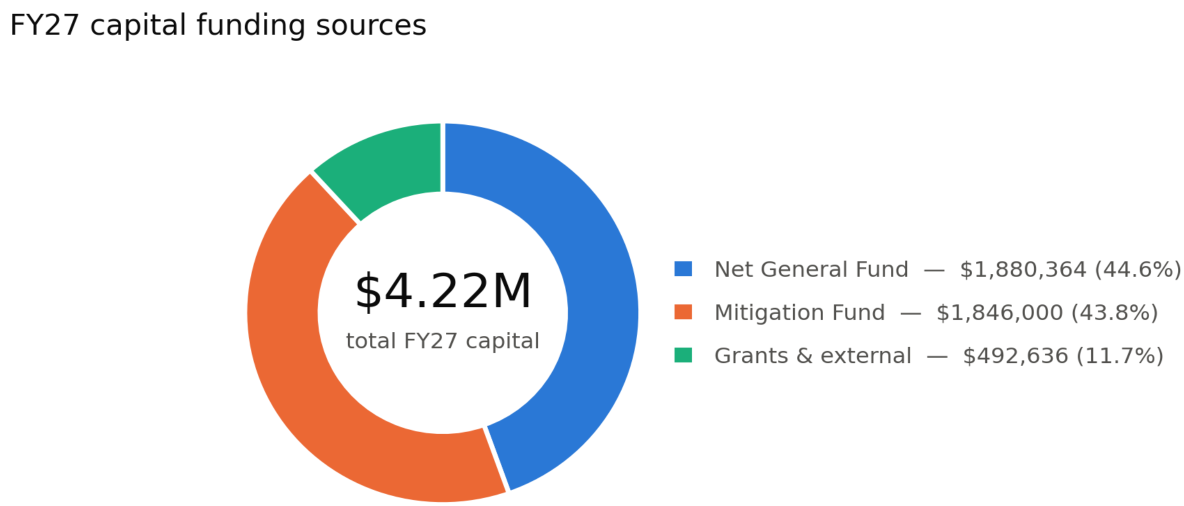


Figure 2 FY27 Capital Funding Sources

- **Apparatus and Vehicles ($3,334,000)** include two Type 1 fire engine replacements at $1,400,000 each, associated engine equipment, and four vehicle replacements consistent with the District's fleet rotation schedule. The Fire Mitigation Fund covers $1,846,000 of this total.
- **Equipment and Technology ($610,000)** include the 50-unit SCBA replacement at $550,000, substantially funded by an awarded Federal Assistance to Firefighters Grant (AFG) of $352,636, plus server and network infrastructure replacement.
- **Facilities ($275,000)** fund completion of the District-wide station alerting modernization program and the Station 2 training tower. Consistent with District capitalization policy, individual repair and improvement projects under $50,000 are budgeted as operating expenses rather than capital.

OVERALL SOURCE OF FUNDS

The FY27 total budget of $27,705,274 is funded from the following sources:

Source	FY27 Amount	Notes
General Fund Revenue	$23,723,013	Property tax, special tax, fees, and other receipts
Fire Mitigation Fund Transfer	$1,846,000	Restricted — apparatus and vehicle purchases
Grants and External Contributions	$492,636	Federal AFG grant and anticipated local contributions
Use of Accumulated Fund Balance	$1,643,625	Draw on unassigned fund balance for capital
Total Sources	**$27,705,274**	

The District projects an operating surplus of $236,739 before capital. After capital expenditures net of restricted and grant funding, the FY27 budget reflects a planned draw on accumulated fund balance of $1,643,625. This is a deliberate and non-recurring use of reserves to fund the apparatus and SCBA replacements described above and does not reflect a structural operating deficit. As of June 30, 2026, the District holds approximately $19,996,262 in unassigned fund balance after all reserve designations, and the planned draw represents approximately 8% of that balance.

SHORT-TERM AND LONG-TERM ISSUES IMPACTING THE BUDGET

Emergency Communications Center (ECC)

The ECC project is the District's most significant long-term capital initiative. An updated construction estimate places the total project cost at approximately $15,000,000. The District has submitted an application for a $10,582,240 Defense Community Infrastructure Program (DCIP) federal grant, with notification expected around August 2026. A $2,500,000 planning placeholder is identified for FY27 but is not appropriated in this budget; staff will return to the Board with a financing recommendation, and a budget amendment if required, once the grant outcome is known. Under either scenario, the District is responsible for a local cost share of $4,535,249.

Operating Reserve

The District's Operating Reserve is currently funded at $3,891,121 against a policy target of $4,167,546 under Resolution No. 2024-15, a shortfall of $276,425, or approximately 1.3% of core tax revenue. Four of the District's five Board-established reserves are fully funded, and in aggregate the District holds $892,375 above combined reserve targets. The current balance represents approximately 2.6 months of operating cost, above the Government Finance Officers Association recommended two-month minimum. Rebuild options are presented in the Reserve Fund Analysis section.

EMS Service Mandate

FY27 is the first full budget year reflecting the District's CSA-17 EMS contract obligation, budgeted at $300,000 and comprising contract operating costs and a county-mandated cardiac monitor lease. The associated contract revenue of approximately $196,000 is a flat annual payment and is reflected in General Fund revenue.

Mutual Aid Reimbursement Revenue

FY27 includes $800,000 in budgeted FEMA/OES mutual aid reimbursement revenue, a departure from prior practice in which this revenue was not budgeted due to its dependence on fire season severity and deployment activity. The amount is based on the District's five-year average of actual reimbursements received ($794,920, FY22–FY26). Actual receipts will vary with deployment activity, and staff will monitor this revenue throughout the fiscal year.

CalPERS Pension Obligations

Pension costs remain among the District's most significant long-term financial considerations. FY27 includes a normal UAL payment of $1,464,514 and budgets $500,000 for an Additional Discretionary Payment toward the unfunded liability. Staff is evaluating a tactical pause on the ADP pending further review; the budgeted amount will be paid at the Board's direction if the payment proceeds.

CONCLUSION

The FY27 Adopted Budget reflects a District in sound fiscal condition. Projected revenue growth of 9.7% outpaces operating expense growth of 3.0%, producing the District's first projected operating surplus in four fiscal years. The District is simultaneously executing its largest capital investment year in recent history — replacing two front-line engines and the full SCBA fleet — while limiting General Fund exposure to approximately 45% of total capital cost through disciplined use of restricted Mitigation Fund resources and successful grant pursuit. Reserve balances remain strong, and the planned use of fund balance for capital is non-recurring and well within the District's capacity.

The detailed Revenue, Salaries and Benefits, Operations Expenses, General and Administration Expenses, Capital Improvement Plan, and Reserve Fund Analysis sections follow.

GENERAL FUND REVENUE

The FY27 Adopted Budget projects General Fund revenue of $23,723,013 an increase of 9.7% over the FY26 Final Budget of $21,622,285. The District's revenue base is predominantly driven by property tax, which accounts for approximately 78% of total projected. The remaining sources — Special Tax, interest earnings, lease and rental income, Fire Prevention Fees, grant revenue, and other receipts — provide supplemental but meaningful support to District operations.

FY26 year-to-date actuals through June 30, 2026, totaled $23,343,497, slightly above the FY26 final budget, demonstrating the District's strong revenue performance and supporting the FY27 projection assumptions. Notably, interest income continues to outperform budget due to favorable investment yields, while Fire Prevention Fees reflect robust development activity within the District's service area. FY27 also includes $352,636 in Grant Revenue, reflecting the District's awarded Federal Assistance to Firefighters Grant (AFG) for Self-Contained Breathing Apparatus (SCBA) replacement; funds have been awarded but not yet received as of this budget's preparation.

REVENUE ASSUMPTIONS

- **Property Tax:** Projected to increase 5.0% over FY26 in line with San Diego County Assessor assessed valuation growth trend.
- **Special Tax:** Projected to increase 3.9% based on the Board-authorized levy and parcel growth within the District's boundaries.
- **Interest Income:** Budgeted at $464,607, a 1.9% decrease from FY26 Final Budget, reflecting current investment yield assumptions. FY26 YTD performance of $863,981 exceeded budget due to favorable rates during the year; the FY27 projection is conservatively set to account for potential rate normalization.
- **Cell Tower Lease Agreements & Rental Income:** Projected to increase approximately 3.1% consistent with CPI-based lease escalation clauses in existing agreements.
- **Fire Prevention Fees:** Projected at $436,000, a 10.9% increase, supported by FY26 YTD actuals of $449,710 and continued development activity in the RSF community.
- **Grant Revenue:** Budgeted at $352,636, reflecting the District's awarded Federal Assistance to Firefighters Grant (AFG) supporting the SCBA replacement project detailed in the Capital section. This figure represents only the confirmed federal award; a possible RSF Fire Foundation contribution of $100,000 toward the same project remains unconfirmed and is excluded from this budget. The grant has been awarded but funds have not yet been received; revenue will be recognized upon actual receipt or reimbursement per standard federal grant drawdown procedures.
- **Other Revenues:** Projected at $1,592,392, a 106.5% increase over FY26 Final Budget. The increase is primarily attributable to $800,000 in budgeted FEMA/OES mutual aid reimbursement revenue. Consistent with historical practice, this revenue has not typically been budgeted due to its dependency on fire season severity and District deployment activity; for FY27, an estimate has been included based on the District's five-year average of actual FEMA/OES reimbursements received ($794,920, FY22–FY26). All other components of Other Revenues are consistent with the three-year historical average, exclusive of one-time items reflected in FY26 actuals.

REVENUE SUMMARY

Revenue Source	FY24 Final Budget	FY25 Final Budget	FY26 Final Budget	FY26 YTD Actuals 6/30/2026	FY27 Adopted	FY27 vs FY26 %
Property Tax	16,237,974	17,086,424	17,520,011	17,940,872	18,394,255	5.0%
Special Tax	1,701,212	1,780,781	1,855,579	1,920,633	1,927,659	3.9%
Interest Income	221,360	456,965	473,703	863,981	464,607	(1.9%)
Cell Tower Lease Agreements	179,002	184,348	189,854	205,479	195,731	3.1%
Fire Prevention Fees	320,000	350,000	393,000	449,710	436,000	10.9%
Grant Revenue	-	150,000	70,000	132,498	352,636	403.8%
Rental Income	302,181	311,969	348,993	352,261	359,733	3.1%
Other Revenues	730,154	741,100	771,146	1,478,062	1,592,392	106.5%
TOTAL REVENUE	**19,691,883**	**21,061,587**	**21,622,285**	**23,343,497**	**23,723,013**	**9.7%**

REVENUE DESCRIPTION

The following table provides a description of each revenue source, and the projected amount for the fiscal year.

Revenue Source	Description	FY27 Adopted
Property Tax	Ad valorem property tax is the District's primary revenue source, comprising approximately 78% of General Fund revenue based on assessed valuation growth and San Diego County Assessor projections.	$18,394,255
Special Tax	Special Tax revenue includes voter-approved parcel-based charges that support fire protection and emergency services within the District.	$1,927,659
Interest Income	Earnings on District funds invested through the County of San Diego Investment Pool and other authorized instruments.	$464,607
Cell Tower Lease Agreements	Revenue from telecommunications cell tower leases on District-owned property. Annual increase is consistent with CPI-adjusted lease escalations per existing agreements.	$195,731
Fire Prevention Fees	Fees collected for plan review, fire inspections, and prevention services rendered to developers and property owners.	$436,000
Grant Revenue	Reflects the awarded Federal AFG grant supporting the District's SCBA replacement project (see Capital section). Funds have been awarded but not yet received; a possible $100,000 RSF Fire Foundation contribution for the same project is unconfirmed and excluded from this figure.	$352,636
Rental Income	Revenue from facility leases and property rental agreements.	$359,733
Other Revenues	Includes FEMA/OES mutual aid reimbursement revenue (budgeted at $800,000 based on the District's 5-year average of actual reimbursements), miscellaneous fees, and other general fund receipts.	$1,592,392
TOTAL REVENUE	**FY27 General Fund Adopted Revenue**	**$23,723,013**

FIRE MITIGATION FUND REVENUE

In addition to General Fund revenue, the District administers the Fire Mitigation Fund, which receives mitigation fees from new development to support capital facilities and equipment serving growth areas within the District.

Revenue Source	FY25 Final	FY26 Final Budget	FY26 YTD Actuals	FY27 Adopted
Mitigation Fees	$850,000	$500,000	$794,296	$550,000
Interest Income	$22,000	$30,000	$105,119	$70,000
Total Mitigation Fund	**$872,000**	**$530,000**	**$899,415**	**$620,000**

Mitigation fees reflect anticipated development activity; interest income is projected based on current fund balance and prevailing investment yields. These funds are restricted for capital purposes and are not available for general operations.

SALARIES & BENEFITS

Salaries and Benefits represent the District's largest expenditure category, totaling $20,342,670 in the FY27 Adopted Budget — an increase of 5.2% over the FY26 Final Budget of $19,345,620. This reflects the District's ongoing commitment to maintaining a competitive, well-compensated workforce capable of delivering the highest standard of emergency response and fire prevention services to the communities of Rancho Santa Fe, Fairbanks Ranch, 4S Ranch, Harmony Grove, and surrounding areas.

KEY HIGHLIGHTS

- **Total Salaries & Overtime:** FY27 regular salaries are budgeted at $11,000,800 for total Salaries of $11,016,800. Overtime is budgeted at $2,500,000.
- **Annual Leave Paid:** Budgeted at $160,000 in FY27. FY26 actuals of $169,141 — well above the $60,000 FY26 budget — reflect increased leave payouts associated with retirements, as well as the MOU policy requiring automatic payout of accrued leave hours above 600 for any employee. The FY27 budget is set conservatively below actuals.
- **Health Insurance:** Projected at $1,438,076, a 9.1% increase over FY26. This total includes medical/dental premiums ($1,368,476), life insurance ($15,600), and director medical/dental ($54,000). The District provides health coverage through a self-insured arrangement and continues to manage cost growth through plan design and employee wellness initiatives.
- **Workers Compensation:** Held flat at $400,000 consistent with FY26 budget. FY26 actuals of $546,393 were elevated due to a higher-than-normal claims period; FY27 projects a return to normalized levels.

CALPERS PENSION OBLIGATIONS

The District provides a defined benefit pension plan through the California Public Employees' Retirement System (CalPERS). Pension costs remain one of the most significant long-term financial considerations for the District and are managed through a combination of normal cost contributions, unfunded accrued liability (UAL) payments, and an Additional Discretionary Payment (ADP).

- **Classic Safety Plan (2.5% @ 55):** Covers employees hired prior to January 1, 2013, and accounts for the substantial majority of the District's pension liability. CalPERS' most recent Annual Valuation Report (as of June 30, 2023) placed the funded status of the Classic Safety Plan at 80.1%.
- **PEPRA Safety & Non-Safety:** Covers employees hired on or after January 1, 2013, under the Public Employees' Pension Reform Act. FY27 PEPRA Safety contributions are budgeted at $625,000, a 13.6% increase, reflecting continued growth in the PEPRA-tier workforce.
- **UAL – Normal Annual Payment:** The FY27 normal UAL payment is budgeted at $1,464,514, a 10.6% increase over FY26, consistent with CalPERS' actuarially determined schedule.
- **CalPERS ADP:** The District will budget $500,000 for its Additional Discretionary Payment in FY27, consistent with FY26. Staff is evaluating a pause on the ADP this year pending further review; the budgeted amount will be paid at the Board's direction if the payment proceeds.

SALARIES & BENEFITS DETAIL

Account	FY24 Final	FY25 Final	FY26 Final Budget	FY26 YTD Actuals 6/30/2026	FY27 Adopted	FY27 vs FY26 %
SALARIES						
Salaries	$8,675,420	$10,075,613	$10,550,000	$10,458,179	$11,016,800	+4.4%
Overtime	$2,122,654	$2,000,000	$2,400,000	$2,593,332	$2,500,000	+4.2%
Management Incentive Pay	$56,403	$72,393	$89,760	$90,443	$94,000	+4.7%
Annual Leave Paid	$-	$-	$60,000	$169,141	$160,000	+166.7%
PENSION & RETIREMENT CONTRIBUTIONS						
Classic Safety	$3,188,000	$1,393,429	$1,337,000	$1,285,606	$1,310,000	(2.0%)
Classic Non-Safety	$-	$44,365	$49,000	$48,707	$52,000	+6.1%
PEPRA Safety	$-	$479,180	$550,000	$566,239	$625,000	+13.6%
PEPRA Non-Safety	$-	$76,925	$88,000	$87,975	$97,000	+10.2%
UAL – PERS Normal (annual)	$-	$1,117,000	$1,324,000	$1,323,464	$1,464,514	+10.6%
UAL – CalPERS ADP	$697,591	$1,000,000	$500,000	$500,000	$500,000	0.0%
BENEFITS & INSURANCE						
Payroll Tax	$193,555	$239,434	$186,000	$222,345	$196,600	+5.7%
Workers Comp Insurance	$500,000	$500,000	$400,000	$546,393	$400,000	0.0%
Health Insurance	$1,175,917	$1,494,849	$1,317,600	$1,317,443	$1,438,076	+9.1%
HRA (Funded & Active)	$490,000	$484,400	$442,400	$424,789	$425,880	(3.7%)
Retiree Health Expense	$7,000	$15,000	$15,000	$5,916	$16,800	+12.0%
Uniforms	$45,000	$38,000	$36,860	$33,214	$46,000	+24.8%
TOTAL SALARIES & BENEFITS	**$17,151,540**	**$19,030,588**	**$19,345,620**	**$19,673,185**	**$20,342,670**	**+5.2%**

BUDGET ASSUMPTIONS

- **Staffing Level:** FY27 is budgeted at current authorized staffing levels. No new positions are Adopted; however, Investigation Stand By Pay has been formally added as a discrete line item.
- **Salary Increases:** Projected increases reflect MOU-governed cost of living adjustments and step progressions for eligible personnel.
- **CalPERS Employer Rates:** Contribution rates are based on the most recent CalPERS actuarial valuation. The District will continue to evaluate the $500,000 ADP to address the UAL, consistent with its long-term pension funding policy.
- **Health Insurance:** Rates reflect current plan renewal estimates. The District actively monitors plan utilization and will adjust mid-year if significant deviations occur.
- **Workers' Compensation:** Projected at $400,000 based on normalized claim activity. Actual costs may vary depending on incident frequency and claims resolution timing.

OPERATIONS EXPENSES

Operations Expenses for FY27 are Adopted at $2,224,540, a decrease of 5.9% from the FY26 Final Budget of $2,363,017. This decrease reflects anticipated Liability Insurance savings, the reclassification of certain costs, and a EMS budget, offset in part by increased Structures & Grounds and Utilities costs identified through station-level review. FY26 year-to-date actuals of $2,057,546 came in under budget, primarily due to timing of firefighting equipment and apparatus expenditures.

Operations expenses support the District's day-to-day emergency readiness across all six stations, including apparatus maintenance, station upkeep, communications infrastructure, fuel, utilities, and essential firefighting supplies. These costs are directly tied to the District's ability to deliver timely and effective fire suppression, emergency medical services, and fire prevention across Rancho Santa Fe, Fairbanks Ranch, 4S Ranch, Harmony Grove, and surrounding communities.

KEY HIGHLIGHTS & NOTABLE CHANGES

- **EMS –New Line Item ($300,000):** FY27 marks the first full-year budget for EMS costs driven by San Diego County's CSA-17 contract. Budgeted at $300,000, comprised of the District's actual CSA-17 contract operating costs (approximately $100,000) and the county-mandated cardiac monitor lease (approximately $200,000). The CSA-17 contract is a flat annual payment (approximately $196,000 in FY27 revenue — see Revenue section). FY26 YTD actuals of $71,477 reflect only partial-year activity as this obligation came into effect mid-year.
- **Liability Insurance ($145,000, -34.1%):** The District anticipates transitioning to FAIRA (Fire Agencies Insurance Requirements Association) for its liability coverage in FY27, resulting in projected savings of approximately $75,000 compared to the FY26 budget. This is a significant cost reduction that partially offsets the new EMS mandate.
- **Firefighting Equipment ($188,390, -51.6%):** The substantial decrease from FY26 YTD actuals of $213,013 reflect partial-year spending across these accounts.
- **Self-Contained Breathing Apparatus (SCBA) ($27,500, +22.2%):** This Operations line covers routine annual costs — fit testing, parts, and repairs — to keep current equipment serviceable throughout the year. FY26 YTD actuals of $62,502 reflect the replacement of a number of SCBA air bottles maintaining current, NFPA-compliant air bottles is required for firefighter safety and was not optional. The FY27 Adopted amount reflects the ongoing routine annual maintenance level, with the expired-bottle replacement treated as a one-time FY26 correction.
- **Fuel ($120,000, +20.0%):** Reflects current market fuel cost increases as of May 2026. The District operates a large fleet across six stations and the 20% increase aligns with observed year-to-date actuals of $141,247 against a $100,000 FY26 budget.
- **Structures & Grounds ($339,700, -4.1%):** Consistent with the District's capital policy, individual repair and improvement projects under $50,000 are budgeted as operating expenses rather than capital expenditures. As a result, several station-level projects previously contemplated as capital items have been reclassified into this operating line for FY27. This reclassification, together with reviewed and right-sized station-level allocations, results in a smaller net decrease than initially projected.
- **Utilities ($375,000, -8.1%):** Projected decrease reflects FY26 YTD actuals of $388,276 trending closer to the $408,000 budget than initially anticipated. FY27 station-level allocations (RSF1–RSF6 and Admin) are set based on updated per-station usage patterns.
- **Communication ($83,900, -22.9%):** Reflects consolidation and streamlining of 800MHz network fees, radio costs, and cellular expenses. The FY26 budget was higher due to transition costs; FY27 reflects a more stable, normalized cost structure.
- **Dispatch Services ($240,000, flat):** Held flat consistent with the existing JPA agreement. No rate changes are anticipated for FY27.
- **Grant Expenses ($0, -100.0%):** No grant-funded operating expenditures are budgeted in FY27. The District's confirmed Federal Assistance to Firefighter Grant (AFG) ($352,636) for SCBA replacement funds a capital equipment purchase and is budgeted within the Capital section (Equipment & Technology), not Operations Expenses.

- **Emergency Incident Expense ($40,000, flat):** Maintained at FY26 levels to cover mutual aid reimbursement costs and unplanned incident-related expenditures. FY26 actuals of $11,387 reflect a relatively quiet year; this reserve is prudently maintained given the unpredictable nature of major incident activity.

OPERATIONS EXPENSES DETAIL

Line Item	FY24 Final	FY25 Final	FY26 Final Budget	FY26 YTD Actuals 6/30/2026	FY27 Adopted	FY27 vs FY26 %
Dispatch Services	$245,000	$220,000	$240,000	$232,970	$240,000	0.0%
Structures & Grounds	$263,400	$287,200	$354,060	$279,187	$339,700	(4.1%)
Fuel	$111,000	$116,000	$100,000	$141,247	$120,000	+20.0%
Apparatus	$305,000	$321,500	$303,905	$227,575	$280,000	(7.9%)
Prevention Materials & Supply	$5,000	$5,000	$9,850	($456)	$6,000	(39.1%)
Liability Insurance	$125,000	$169,000	$220,042	$220,042	$145,000	(34.1%)
Utilities	$477,000	$389,000	$408,000	$388,276	$375,000	(8.1%)
Repairs & Maintenance	$25,400	$25,400	$29,940	$31,641	$30,500	+1.9%
Firefighting Equipment	$299,000	$432,400	$389,580	$213,013	$188,390	(51.6%)
EMS	$-	$-	$-	$71,477	$300,000	New
Kitchen & Janitorial Supplies	$29,000	$38,000	$36,860	$25,044	$32,000	(13.2%)
Grant Expenses	$-	$-	$83,000	$61,430	$-	(100.0%)
SCBA Equipment	$22,500	$23,200	$22,504	$62,502	$27,500	+22.2%
Small Tools & Minor Equipment	$5,100	$5,000	$4,850	$6,065	$4,850	0.0%
Hazmat Disposal & Permits	$15,900	$12,000	$11,640	$12,497	$11,700	+0.5%
Emergency Incident Expense	$10,000	$30,000	$40,000	$11,387	$40,000	0.0%
Communication	$110,300	$116,300	$108,786	$73,648	$83,900	(22.9%)
TOTAL OPERATIONS EXPENSES	**$2,048,600**	**$2,190,000**	**$2,363,017**	**$2,057,546**	**$2,224,540**	**(5.9%)**

BUDGET ASSUMPTIONS

- **EMS Costs:** Budgeted at $300,000, reflecting the District's actual CSA-17 contract operating costs (~$100,000) plus the San Diego County-mandated monitor lease (~$200,000). The CSA-17 contract is a fixed, non-negotiable flat annual payment; actual costs may vary modestly year to year.
- **Liability Insurance:** Projected savings are contingent on completing the transition to FAIRA. If the carrier change is not finalized prior to the start of FY27, actual costs may be higher. Staff will update the Board as the renewal process is completed.
- **Fuel:** Projected at $120,000 based on current pricing trends as of May 2026. Actual costs will vary with market conditions and District call volume.
- **Structures & Grounds:** Station-level allocations reflect known maintenance needs and scheduled projects. Per the District's capital policy, individual projects under $50,000 are budgeted as operating expenses; larger qualifying projects remain in the Capital budget. Unplanned emergency facility repairs are covered within the Emergency Incident Expense line and existing reserve funds.
- **Firefighting Equipment:** Budgeted based on identified operational needs. The SCBA replacement is treated as a capital expenditure and is not reflected in this line.

GENERAL & ADMINISTRATION EXPENSES

General and Administration Expenses for FY27 are Adopted at $919,064, a decrease of 16.2% from the FY26 Final Budget of $1,096,804. This reduction is primarily driven by a correction to County Administrative costs, and lower projected legal costs. These net savings reflect the District's commitment to administrative efficiency.

G&A expenses support the District's governance, compliance, training, and administrative operations — including Board support, legal counsel, professional consulting, staff development, and technology costs. While individually smaller than operational line items, these costs are essential to maintaining sound fiscal management, regulatory compliance, and an informed and effective Board of Directors.

KEY HIGHLIGHTS & NOTABLE CHANGES

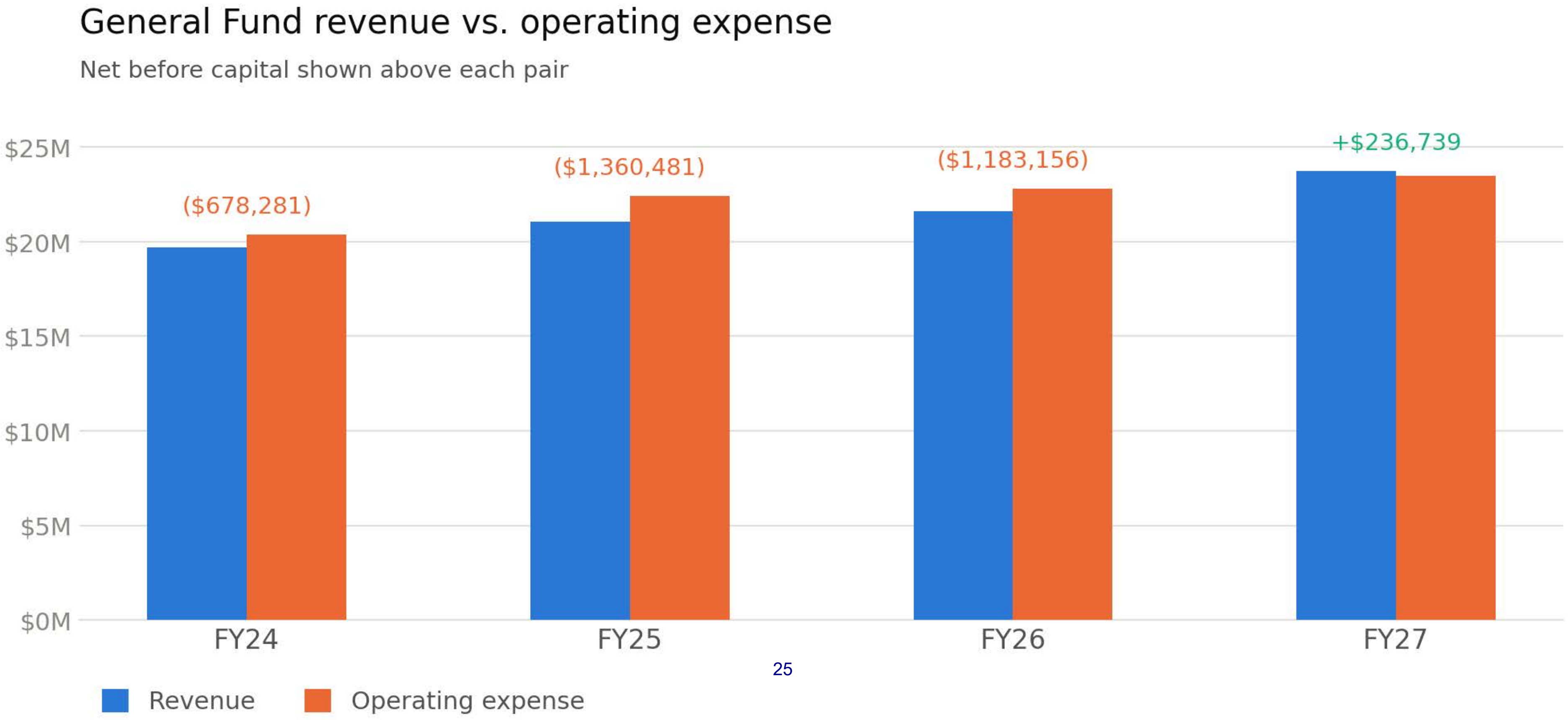
- **County Admin Costs ($170,000, -43.3%):** FY27 reflects actual San Diego County administrative costs for the management, collection and distribution of property tax apportionment.
- **Computers Materials & Service ($29,000, -70.2%):** The decrease from FY26 reflects the correction of a classification error. Those subscriptions have been properly reclassified to Memberships & Subscriptions in FY27.
- **Memberships & Subscriptions ($180,500, +12.8%):** The increase from FY26 reflects a modest growth in technology platform costs. This line captures the District's software licensing, professional memberships, and subscription-based services.
- **Professional Services ($131,264, -6.2%):** Includes a range of consulting and professional service contracts: general consulting (M. Krauss, B&G, HGW), financial consulting (LSL, NHA), weed abatement services, IT & policy consulting, prevention consulting, pension and GASB reporting (annual fee), benefit assessment administration (Wildan), and accounting and audit services. Legal support is tracked separately under Legal Services, below.
- **Legal Services ($40,000, -33.3%):** Projected at $40,000 based on FY26 actuals of $42,515 and anticipated legal activity. The FY26 budget of $60,000 proved higher than needed; FY27 is right-sized while maintaining an appropriate reserve for unplanned legal matters.
- **Board Election ($33,000, +560%):** FY27 includes two Board Director seats up for election. Election costs are managed through the County and are non-discretionary. The FY26 budget of $5,000 reflected a non-election year placeholder; the FY27 amount is based on estimated County election costs for two seats.
- **Physicals & Wellness Program ($110,000, -8.3%):** Reflects a modest reduction from FY26. The FY27 budget accommodates current program needs and now includes all administrative staff, while remaining below the FY26 budgeted level.
- **Professional Development ($79,100, +5.5%):** Modest increase reflecting training needs across suppression, administration, and prevention staff.
- **Office Expense ($61,600, +17.4%):** Increased from the FY26 budget of $52,459, driven primarily by two items: Outside Printing & Binding ($15,000, includes the final weed abatement mailer and the annual District mailer) and Knox Box increase. The expense covers routine mail delivery, shredding, and postal services ($22,000, including $8,000 for scanning and shred services), copier maintenance, subscriptions (maps, books), and fitness equipment.

GENERAL & ADMINISTRATION EXPENSES DETAIL

Line Item	FY24 Final	FY25 Final	FY26 Final Budget	FY26 YTD Actuals 6/30/2026	FY27 Adopted	FY27 vs FY26 %
County Admin Costs	$270,000	$290,000	$300,000	$448,561	$170,000	(43.3%)
Computers Materials & Service	$80,400	$101,000	$97,400	$70,348	$29,000	(70.2%)
Professional Services	$223,100	$141,100	$140,000	$339,041	$131,264	(6.2%)
Legal Services	$100,000	$148,000	$60,000	$42,515	$40,000	(33.3%)
Professional Development	$110,000	$80,000	$75,000	$63,575	$79,100	+5.5%
Formal Education	$20,000	$20,000	$20,000	$13,122	$20,000	0.0%
Physicals & Wellness Program	$165,000	$115,000	$120,000	$96,671	$110,000	(8.3%)
Memberships & Subscriptions	$70,653	$73,000	$160,000	$139,087	$180,500	+12.8%
Meetings & Special Events	$15,000	$10,000	$9,700	$15,668	$11,000	+13.4%
Training Materials	$17,000	$26,500	$26,245	$25,467	$26,100	(0.6%)
Office Expense	$62,900	$64,800	$52,459	$50,300	$61,600	+17.4%
LAFCO	$9,971	$11,080	$9,000	$8,387	$9,000	0.0%
Admin Fees	$16,000	$16,000	$10,000	$3,511	$7,500	(25.0%)
Advertising & Legal Notices	$5,000	$5,000	$7,000	$1,788	$6,000	(14.3%)
Recruitment/Backgrounds	$5,000	$5,000	$5,000	$7,805	$5,000	0.0%
Board Election	$-	$95,000	$5,000	$-	$33,000	+560.0%
TOTAL GENERAL & ADMIN EXPENSES	**$1,170,024**	**$1,201,480**	**$1,096,804**	**$1,325,846**	**$919,064**	**(16.2%)**

BUDGET ASSUMPTIONS

- **County Admin Costs:** Budgeted at $170,000 based on confirmed trend analysis. Staff will monitor actual charges from the County throughout the year and report any significant variances to the Board.
- **Software & Subscriptions:** All software subscription costs are now properly classified under Memberships & Subscriptions. The Computers line reflects hardware, maintenance, and direct technology service costs only.
- **Professional Services:** Scope and vendor relationships have been reviewed. FY27 reflects active contracts and anticipated engagements. Any new professional service needs arising during the year will be brought to the Board for approval as appropriate.
- **Board Election:** Two seats are up for election in FY27. The $33,000 allocation is based on estimated County election costs and is subject to final County billing.
- **Legal Services:** Budgeted conservatively based on recent actuals. The District maintains a retainer relationship with legal counsel and will manage discretionary legal activity within this allocation.


General Fund revenue vs. operating expense
Net before capital shown above each pair
$25M
$20M
$15M
$10M
$5M
$0M
($678,281)
($1,360,481)
($1,183,156)
+$236,739
FY24
FY25
FY26
FY27
Revenue
Operating expense

CAPITAL IMPROVEMENT PLAN OVERVIEW

FY27 represents a significant capital investment year with total planned Capital Improvement Plan (CIP) expenditures of $4,219,000 across facilities, apparatus, and equipment. This investment reflects years of deliberate planning and prioritization, and is made possible in large part by the strategic use of restricted Mitigation Fund resources, secured federal grant funding, and anticipated external contributions — reducing the net General Fund outlay to approximately $1,880,364.

The FY27 CIP is organized into three categories: Capital Facilities, Apparatus & Vehicles, and Equipment & Technology. In addition, the District is advancing the Emergency Communications Center (ECC) project — a standalone major initiative funded through a separate long-term financing structure. Each category is detailed below.

FY27 CAPITAL FUNDING SUMMARY

The following table summarizes FY27 capital expenditures and the sources of funding offsetting General Fund exposure:

Funding Source	Amount	Notes
Total CIP Expenditures (Routine)	$4,219,000	All three CIP categories combined
Less: Mitigation Fund Resources	($1,846,000)	Restricted fees — apparatus and vehicle purchases
Less: Anticipated Grants & External Revenue	($492,636)	Federal AFG Grant ($352,636, awarded) + Sonic Wall SDRFF ($20,000, pursuing) + RSF Fire Foundation ($100,000, possible) + RSF Rotary Club ($20,000, pending)
Net General Fund Outlay Required	**$1,880,364**	**True cash impact to the General Fund**

The District's capital planning approach — leveraging restricted Mitigation Fund dollars for eligible apparatus purchases and aggressively pursuing grant funding — results in the General Fund absorbing approximately 45% of the total FY27 CIP cost despite a historically large investment year.

PART 1: CAPITAL FACILITIES — $275,000

FY27 Facilities capital of $275,000 focuses on station infrastructure upgrades that have been deferred from prior years or identified through ongoing facility assessments.

Project / Asset	FY25	FY26	FY27 Adopted	Funding Source
Station 2 — Digital Alerting System	$-	$-	$125,000	General Fund
Station 2 — Training Tower Completion	$-	$-	$150,000	General Fund
FACILITIES TOTAL	**$381,000**	**$197,000**	**$275,000**	**100% General Fund**

- **Station 2 Digital Alerting System ($125,000):** Completes the District-wide station alerting modernization program. Station 1's system was completed in FY26. Modern alerting systems improve response times and reduce false activations.
- **Station 2 Training Tower Completion ($150,000):** Completes the multi-year Training Tower CIP project at Station 2, providing essential hands-on training infrastructure for suppression staff.

Note: Station 1 Showers has been deferred and is not included in the FY27 CIP; staff and facilities leadership have determined it is not a current priority. Station 4 Roof, along with several other station repair and improvement items under $50,000, has been reclassified from Capital to the Operations Expenses budget (Structures & Grounds category) per the District's capitalization policy — see the Operations Expenses section for detail.

PART 2: APPARATUS & VEHICLES — $3,334,000

FY27 Apparatus and Vehicle capital totals $3,334,000 and represents the largest single category of capital investment in FY27. The majority of this cost is funded through the Fire Mitigation Fund, with the General Fund responsible for a defined portion of each front-line apparatus purchase. Vehicle replacement follows the District's long-term fleet management plan.

Project / Asset	FY25	FY26	FY27 Adopted	Funding Source
Type 1 Fire Apparatus — 1411 (FMF Project #5)	$-	$-	$1,400,000	$560K General Fund / $840K Mitigation Fund
Type 1 Fire Apparatus — 1611 (FMF Project #5)	$-	$-	$1,400,000	$560K General Fund / $840K Mitigation Fund
Type 1 Engine Equipment	$-	$-	$200,000	$200K GF / ($20K RSF Rotary Club check pending*)
F-150 — Prevention Vehicle (replace 1681)	$-	$-	$82,000	100% Mitigation Fund
3/4 Ton — Training (F-150 1682)	$-	$-	$84,000	100% Mitigation Fund
3/4 Ton — Overhead (F-250 0981)	$-	$-	$84,000	100% General Fund
3/4 Ton — REMS Tow (replace 0481)	$-	$-	$84,000	100% General Fund
APPARATUS TOTAL	**$120,000**	**$-**	**$3,334,000**	**See funding detail above**

- **Type 1 Fire Engines (1411 & 1611, $2,800,000 combined):** The two front-line Type 1 engine replacements are the centerpiece of FY27 capital spending. Each unit is budgeted at $1,400,000, consistent with current market pricing for custom-built structural fire apparatus. The Mitigation Fund covers $840,000 per unit ($1,680,000 total), with the General Fund responsible for $560,000 per unit ($1,120,000 total). These replacements have been planned and reserved for over multiple budget cycles.
- **Type 1 Engine Equipment ($200,000):** Equipment package for the new engines including hose, nozzles, hand tools, and operational gear. The RSF Rotary Club has made a contribution of approximately $20,000 toward this cost; that amount will be recognized as revenue when received.
- **Vehicle Replacements:** Four vehicle replacements are planned — a Prevention F-150, a Training pickup, an Overhead vehicle, and a REMS tow vehicle. The Prevention and Training vehicles are fully Mitigation Fund-eligible; the Overhead and REMS vehicles are General Fund. All replacements are consistent with the District's fleet rotation schedule.

PART 3: EQUIPMENT & TECHNOLOGY — $610,000

FY27 Equipment and Technology capital totals $610,000, reflecting significant investment in life safety equipment and technology infrastructure. Grant funding covers the majority of the SCBA fleet replacement, the District's largest equipment expenditure in this category.

Project / Asset	FY25	FY26	FY27 Adopted	Funding Source
2 Main Servers (RSF-Server & RSF0)	$-	$-	$40,000	General Fund
Sonic Wall & Router Replacement	$-	$-	$20,000	SDRFF Grant Eligible*
SCBA Fleet Replacement (50 units)	$-	$-	$550,000	$97.3K GF / $352.6K AFG Grant / $100K RSF Fire Foundation (possible*)
EQUIPMENT TOTAL	**$80,000**	**$12,000**	**$610,000**	**See funding detail above**

- **SCBA Fleet Replacement ($550,000):** The District will replace all 50 SCBA units at an estimated cost of $11,000 per unit. This project is substantially grant-funded: the Federal AFG Grant covers $352,636, a possible RSF Fire Foundation contribution of $100,000 is being pursued, and the required 10% local match is $35,264. Net General Fund exposure after grants and match is approximately $62,100, for a total GF impact of $97,364. The annual SCBA Operations line ($22,500) covers routine fit testing and maintenance for current equipment through the transition.
- **Server Infrastructure ($40,000):** Replacement of two aging main servers supporting District operations and records management. General Fund.
- **Sonic Wall & Router ($20,000):** Network security infrastructure replacement. This item is identified as SDRFF grant-eligible; staff will pursue grant funding and report back to the Board.

PART 4: EMERGENCY COMMUNICATIONS CENTER (ECC) — STANDALONE MAJOR INITIATIVE

The Emergency Communications Center (ECC) project is the District's most significant long-term capital initiative and is budgeted separately from routine CIP due to its scale and unique financing structure. Based on an updated construction cost estimate obtained from a construction firm engaged for this purpose, the total project cost is now estimated at approximately $15,000,000 — above the $12,000,000 planning estimate used in the prior budget draft. The FY27 budget reflects a $2,500,000 planning placeholder toward the ECC to advance pre-construction activities, with groundbreaking targeted for Spring/Summer 2027. This amount is not included in the routine Capital Improvement Plan totals and will be brought to the Board for appropriation once the DCIP grant outcome is known.

The District has submitted an application for the FY 2026 Defense Community Infrastructure Program (DCIP) grant, requesting $10,582,240 in federal funding toward the project. Funding opportunity notifications are expected around August 2026. The project's ultimate financing structure depends materially on this outcome, and both scenarios are presented below for the Board's awareness.

Scenario A — District Self-Funding Structure (if DCIP grant is not awarded)

Component	Amount	Notes
Total Project Cost	$15,000,000	Updated construction-company estimate; full scope 911 Dispatch Facility
Cash Contribution	$6,500,000	From District reserves and capital planning
Loan / Financing	$6,500,000	Long-term debt financing
Reserve Allocation	$1,000,000	Dedicated capital reserve
JPA Contribution	$1,000,000	Joint Powers Authority partner contribution
FY27 Budget Allocation	**$2,500,000**	**FY27 initial funding — groundbreak Spring/Summer 2027**

This structure reflects how the District would fund the full estimated project cost using its own resources if the DCIP grant application is unsuccessful. The FY27 allocation of $2,500,000 shown below is unchanged regardless of the grant outcome, as pre-construction work proceeds either way.

Scenario B — Submitted DCIP Grant Application Budget

Category	Federal	Non-Federal (Local Cost Share)	Other Funding Source	Total
Administration/Legal Expense	$0	$35,000	$0	$35,000
Inspection	$0	$185,000	$0	$185,000
Construction	$10,582,240	$1,147,132	$0	$11,729,372
Equipment	$0	$1,275,000	$0	$1,275,000
Architectural/Engineering Fees*	N/A	$1,196,605	$0	$1,196,605
Contingencies (no more than 15%)	$0	$696,512	$0	$696,512
Total	**$10,582,240**	**$4,535,249**	**$0**	**$15,117,489**

This is the detailed project budget submitted with the District's DCIP grant application, totaling $15,117,489. If the grant is awarded at the requested level, the federal government would fund $10,582,240, leaving the District responsible for a Non-Federal (Local Cost Share) of $4,535,249 — regardless of the grant outcome, this local share is a required District contribution. Architectural/Engineering Fees ($1,196,605) are ineligible for DCIP funding and are borne entirely by the District under either scenario.

The ECC project represents a generational investment in the District's emergency response infrastructure. The facility will house 911 dispatch operations and is designed to serve the District's needs for decades. Given the pending DCIP grant decision (expected notification around August 2026), staff will return to the Board with an updated financing recommendation once the award outcome is known. Under either scenario, the FY27 budget's $2,500,000 initial allocation supports continued project advancement without committing the District to a specific long-term financing structure prior to the grant determination.

CAPITAL OUTLAY SUMMARY — THREE YEAR VIEW

Category	FY25	FY26	FY27 Adopted	FY27 vs FY26
Capital — Facilities	$381,000	$197,000	$275,000	+39.6%
Capital — Apparatus	$120,000	$-	$3,334,000	N/A (FY26 base is $0)
Capital — Equipment	$80,000	$12,000	$610,000	+4,983.3%
Total Routine CIP	**$581,000**	**$209,000**	**$4,219,000**	**+1,918.7%**
Less: Mitigation Fund	$-	$-	($1,846,000)	—
Less: Anticipated Grants & External	$-	$-	($492,636)	—
Net General Fund Impact	**$581,000**	**$209,000**	**$1,880,364**	**+799.7%**
ECC — Major Initiative (placeholder)	$-	$-	$2,500,000	New

Note: The $2,500,000 ECC allocation is a planning placeholder pending the outcome of the District's DCIP federal grant application (notification expected ~August 2026). It is shown for Board awareness and is not included in Total Routine CIP or in the Net General Fund Impact above. Staff will return to the Board with a funding recommendation and a budget amendment, if required, once the grant outcome is known.

BUDGET ASSUMPTIONS & BOARD NOTES

- **Apparatus Pricing:** Type 1 engine costs are based on current market pricing for custom apparatus.
- **Grant Funding:** The Federal AFG Grant ($352,636) for SCBA replacement is awarded and confirmed. The RSF Fire Foundation contribution ($100,000), the RSF Rotary Club contribution ($20,000), and the San Diego Regional Fire Foundation (SDRFF) grant for network equipment (Sonic Wall & Router, $20,000) are anticipated but not yet finalized; budget projections conservatively include these amounts with Board notification if any are not received.
- **Mitigation Fund Eligibility:** Apparatus and vehicle purchases funded through the Mitigation Fund are consistent with the District's adopted Mitigation Fee Nexus Study. Fund transfers will be processed in accordance with Board policy.
- **Capitalization Policy:** Per District policy, individual repair and improvement projects under $50,000 are budgeted as Operations Expenses rather than Capital. Several station-level items previously contemplated for this CIP (e.g., Station 4 Roof and other station repairs) are budgeted in the Operations Expenses section (Structures & Grounds) for FY27.

- **Deferred Items:** Station 1 Showers ($30,000) and Hydraulic Tools — E264 & E265 ($100,000) were included in earlier CIP drafts but have been removed from the FY27 budget — Station 1 Showers as not a current priority, and Hydraulic Tools per the Chief's 6/30/2026 direction to move consideration to FY28. Neither is reflected in the FY27 figures above.
- **ECC Project Timeline:** The FY27 $2,500,000 allocation initiates the project. Full financing terms, construction contracts, and project milestones will be presented to the Board for approval prior to groundbreaking. The total project cost is now estimated at approximately $15,000,000 (per updated construction estimate), pending the outcome of the District's Defense Community Infrastructure Program (DCIP) federal grant application (expected notification ~August 2026), and spans multiple fiscal years.

RANCHO SANTA FE FIRE PROTECTION DISTRICT

FY27 Adopted Budget | Reserve Fund Analysis

Resolution No. 2024-15 | Based on Balance Sheet as of June 30, 2026

RESERVE FUND OVERVIEW

The District maintains a formal reserve fund structure established by Resolution No. 2024-15, adopted by the Board of Directors in October 2024. The policy creates five Board-established reserves, each with a defined purpose, target level, and spending criteria. In addition, the District carries externally restricted reserves (Fire Mitigation Fees and CSA 17 ALS) and committed reserves that are driven by balance sheet liabilities (Workers Comp, PASIS, and Compensated Absence).

METHODOLOGY SUMMARY

- **Operating Reserve Base:** 20% of the District's core tax revenue — Property Tax, Special Tax, and Joint Facilities Special Tax — rather than total General Fund revenue. This reflects the reserve's purpose of hedging against tax collection timing, not fee, grant, or interest volatility.
- **Apparatus/Fleet Reserve Base:** 40% of the General Fund–funded portion of apparatus (vehicle) deliveries only in the 5-Year Capital Expenditure Plan, net of Mitigation Fund financing and net of deposits already paid in prior fiscal years. Facilities, equipment, and technology CIP items are excluded from this calculation.
- **Target vs. Current Balance:** “Target” is calculated from the fiscal year being budgeted (FY27 assumptions). “Current Balance” reflects actual balances as of the most recently closed fiscal year-end (June 30, 2026 / FY26) — the latest actual data available at the time of budget preparation. This comparison repeats each budget cycle using the same convention.

A full calculation methodology, with worked examples and data sources for each reserve, is documented in the companion reference: Reserve Fund Methodology & Calculation Guide.

RESERVE STRUCTURE AT A GLANCE

Category	Reserve	Nature
Board-Established	Station Maint/Equipment	Policy-driven target; Board controls use
Board-Established	Apparatus / Fleet	40% of 5-year CIP apparatus deliveries (GF-funded, net of Mitigation Fund & deposits)
Board-Established	Emergency / Natural Disaster	Requires Board emergency declaration to spend
Board-Established	Operating Reserve	20% of Property Tax + Special Tax + Joint Facilities Special Tax
Board-Established	CalPERS ADP Reserve	Optional UAL payments; Board discretion
Restricted	Fire Mitigation Fees	Legally restricted; new development only
Restricted	CSA 17 ALS	EMS funding; externally restricted
Committed	Workers Comp / IBNR / PASIS	Audit-driven; matches actuarial liability
Committed	Compensated Absence	Equals accrued vacation & sick leave payable

FY27 RESERVE ANALYSIS

The following table presents each Board-established reserve alongside its FY27 policy target and current balance as of June 30, 2026. Targets for formula-driven reserves (Apparatus/Fleet and Operating) have been recalculated per the methodology above using FY27 budget assumptions.

Reserve Fund	Policy Basis	FY27 Target	Current Balance	Status
Station Maint/Equipment	$100K × 6 stations	$600,000	$600,000	✓ Funded
Apparatus / Fleet	40% of $1,630,000 (GF, apparatus-only, net of FMF & deposits)	$652,000	$1,820,800	✓ Funded
Emergency / Natural Disaster	Board-set	$1,000,000	$1,000,000	✓ Funded
Operating Reserve	20% of $20,837,732 (Property + Special + Joint Fac. Special Tax)	$4,167,546	$3,891,121	⚠ Monitor
CalPERS ADP Reserve	Board-set	$1,000,000	$1,000,000	✓ Funded
TOTAL — Board Reserves		**$7,419,546**	**$8,311,921**	**Net Surplus $892,375**

OPERATING RESERVE — ANALYSIS & BOARD RECOMMENDATION

The Operating Reserve is the only Board-established reserve showing a shortfall relative to its FY27 policy target. The following summarizes the position and staff recommendation.

- **Policy Target:** $4,167,546 (20% of FY27 core tax revenue of $20,837,732 — Property Tax $18,394,255 + Special Tax $1,927,659 + Joint Facilities Special Tax $515,818)
- **Current Balance:** $3,891,121
- **Shortfall:** ($276,425) approximately 1.3% of core tax revenue, or roughly one month of operations

Resolution No. 2024-15 does not establish a numeric tolerance for reserve shortfalls. It requires that when any reserve falls below its target level, the Finance Manager prepares a plan for the Board's consideration to implement actions aimed at rebuilding the fund. This section fulfills that requirement.

CONTEXT: WHY THIS SHORTFALL IS MANAGEABLE

While the Operating Reserve is below the 20% policy target, several factors support a measured rather than urgent response:

- **The shortfall is small and largely offset in aggregate.** The Apparatus/Fleet Reserve currently holds $1,168,800 above its corrected FY27 target. Across all five Board-established reserves combined, the District holds $892,375 more than the aggregate target requires — the Operating Reserve shortfall is more than offset by surplus elsewhere in the reserve structure.

- **The District's unassigned fund balance remains strong.** After accounting for all reserve designations (Board, restricted, and committed), the District retains approximately $19,996,262 in unassigned fund balance — providing substantial fiscal cushion above and beyond all reserve requirements.
- **The GFOA standard for operating reserves is a minimum of two months.** At the District's approximate operating cost of $1.5 million per month (per Resolution No. 2024-15), the current $3,891,121 balance represents approximately 2.6 months of operations — already above the Government Finance Officers Association's recommended two-month floor, even before any rebuild action.
- **The policy's 5% replenishment mechanism is in place.** Resolution No. 2024-15 directs that 5% of fiscal year revenue (less budgeted expenses), if available, be added to CA CLASS to ensure reserve funds remain above target. Applied consistently, this mechanism alone would close a shortfall of this size within a single budget cycle.

APPARATUS / FLEET RESERVE — METHODOLOGY NOTE

The Apparatus/Fleet Reserve target of $652,000 reflects a corrected calculation basis, refined this budget cycle to align with the literal terms of Resolution No. 2024-15 (which applies specifically to "the purchase of fire apparatus"), the basis excludes:

- **Non-apparatus CIP items:** Facilities, equipment, and technology projects (e.g., station alerting systems, SCBA replacement, training facility repairs) are excluded, consistent with the resolution's apparatus-specific language.
- **Mitigation Fund–financed amounts:** The Fire Mitigation Fund is already a separately restricted fund with its own balance; reserving General Fund cash against Mitigation Fund–financed apparatus purchases would double-count the same dollars.
- **Deposits already paid:** Several FY27 apparatus purchases (the two Type 1 Fire Engines) include deposits paid in a prior fiscal year. The reserve, which exists to cover future cash need, is calculated net of these amounts already spent.

Under this corrected basis, the District's current Apparatus/Fleet Reserve balance ($1,820,800) exceeds the FY27 target by $1,168,800. Staff recommends the Board consider this surplus when evaluating options for the Operating Reserve shortfall above.

RESERVE ADEQUACY — FUND BALANCE SUMMARY

The table below illustrates how reserve designations relate to the District's total fund balance, confirming overall fiscal health even with the Operating Reserve shortfall noted above.

	Target / Balance	Notes
Total Fund Balance — General Fund (June 30, 2026)	$31,621,878	Balance Sheet
Less: Total Board-Established Reserves (Target)	($7,419,546)	Per corrected FY27 policy targets
Less: Committed Reserves (IBNR, PASIS, Comp Absence)	($4,206,069)	Audit-driven
Unassigned Fund Balance (Excess Cushion)	**~$19,996,262**	**Healthy cushion**

The District's strong unassigned fund balance position reflects years of disciplined fiscal management and provides meaningful protection against revenue volatility, unexpected capital needs, and operational disruptions — well beyond what the formal reserve structure alone requires.

NOTE: FIRE MITIGATION RESERVE

The Fire Mitigation Fund balance has grown to $3,047,742 as of June 30, 2026 — an increase of approximately $794,000 from the prior balance of $2,253,699. These funds are legally restricted to capital improvement projects eligible under the District's adopted Mitigation Fee Nexus Study. The FY27 CIP includes $1,846,000 in planned Mitigation Fund expenditures, which will draw down this balance meaningfully during the fiscal year. Staff will monitor the fund balance throughout FY27 and report to the Board if any nexus eligibility questions arise on planned expenditures.

Rancho Santa Fe Fire Protection District
FY27 Adopted Budget

	FY24 Final Budget	FY25 Final Budget	FY26 Final Budget	FY26 YTD Actuals 6/30/2026	FY27 Adopted	FY27 vs FY26 %
GENERAL FUND						
REVENUE						
Property Tax	16,237,974	17,086,424	17,520,011	17,940,872	18,394,255	5.0%
Special Tax	1,701,212	1,780,781	1,855,579	1,920,633	1,927,659	3.9%
Interest Income	221,360	456,965	473,703	863,981	464,607	(1.9%)
Cell Tower Lease Agreements	179,002	184,348	189,854	205,479	195,731	3.1%
Fire Prevention Fees	320,000	350,000	393,000	449,710	436,000	10.9%
Grant Revenue	-	150,000	70,000	132,498	352,636	403.8%
Rental Income	302,181	311,969	348,993	352,261	359,733	3.1%
Other Revenues	730,154	741,100	771,146	1,478,062	1,592,392	106.5%
TOTAL REVENUE	**19,691,883**	**21,061,587**	**21,622,285**	**23,343,497**	**23,723,013**	**9.7%**

	FY24 Final Budget	FY25 Final Budget	FY26 Final Budget	FY26 YTD Actuals 6/30/2026	FY27 Adopted	FY27 vs FY26 %
GENERAL FUND						
EXPENSE						
Salaries and Benefits						
Salaries	8,675,420	10,075,613	10,550,000	10,458,179	11,016,800	4.4%
Overtime	2,122,654	2,000,000	2,400,000	2,593,332	2,500,000	4.2%
Management Incentive Pay	56,403	72,393	89,760	90,443	94,000	4.7%
Annual Leave Paid	-	-	60,000	169,141	160,000	166.7%
Classic Safety	3,188,000	1,393,429	1,337,000	1,285,606	1,310,000	(2.0%)
Classic Non-Safety	-	44,365	49,000	48,707	52,000	6.1%
PEPRA Safety	-	479,180	550,000	566,239	625,000	13.6%
PEPRA Non-Safety	-	76,925	88,000	87,975	97,000	10.2%
Payroll Tax	193,555	239,434	186,000	222,345	196,600	5.7%
UAL - PERS Normal (annual)	-	1,117,000	1,324,000	1,323,464	1,464,514	10.6%
UAL - CalPERS ADP	697,591	1,000,000	500,000	500,000	500,000	-
Workers Comp Insurance	500,000	500,000	400,000	546,393	400,000	-
Uniforms	45,000	38,000	36,860	33,214	46,000	24.8%
Health Insurance	1,175,917	1,494,849	1,317,600	1,317,443	1,438,076	9.1%
HRA (Funded & Active)	490,000	484,400	442,400	424,789	425,880	(3.7%)
Retiree Health Expense	7,000	15,000	15,000	5,916	16,800	12.0%
Total Salaries & Benefits	**17,151,540**	**19,030,588**	**19,345,620**	**19,673,185**	**20,342,670**	**5.2%**
Operations Expenses						
Dispatch Services	245,000	220,000	240,000	232,970	240,000	-
Structures & Grounds	263,400	287,200	354,060	279,187	339,700	(4.1%)
Fuel	111,000	116,000	100,000	141,247	120,000	20.0%
Apparatus	305,000	321,500	303,905	227,575	280,000	(7.9%)
Prevention Materials & supply	5,000	5,000	9,850	(456)	6,000	(39.1%)
Liability Insurance	125,000	169,000	220,042	220,042	145,000	(34.1%)
Utilities	477,000	389,000	408,000	388,276	375,000	(8.1%)
Repairs & Maintenance	25,400	25,400	29,940	31,641	30,500	1.9%
Firefighting Equipment	299,000	432,400	389,580	213,013	188,390	(51.6%)
EMS	-	-	-	71,477	300,000	
Kitchen & Janitorial Supplies	29,000	38,000	36,860	25,044	32,000	(13.2%)
Grant Expenses	-	-	83,000	61,430	-	(100.0%)
SCBA Equip	22,500	23,200	22,504	62,502	27,500	22.2%
Small Tools & Minor Equipment	5,100	5,000	4,850	6,065	4,850	-
Hazmat Disposal & Permits	15,900	12,000	11,640	12,497	11,700	0.5%
Emergency Incident expense	10,000	30,000	40,000	11,387	40,000	-
Communication	110,300	116,300	108,786	73,648	83,900	(22.9%)
Total Operations Expenses	**2,048,600**	**2,190,000**	**2,363,017**	**2,057,546**	**2,224,540**	**(5.9%)**
General & Administration Expenses						
County Admin Costs	270,000	290,000	300,000	448,561	170,000	(43.3%)
Computers Materials & Service	80,400	101,000	97,400	70,348	29,000	(70.2%)
Professional Services	223,100	141,100	140,000	339,041	131,264	(6.2%)
Legal Services	100,000	148,000	60,000	42,515	40,000	(33.3%)
Professional Development	110,000	80,000	75,000	63,575	79,100	5.5%
Formal Education	20,000	20,000	20,000	13,122	20,000	-
Physicals & Wellness Program	165,000	115,000	120,000	96,671	110,000	(8.3%)
Memberships & Subscriptions	70,653	73,000	160,000	139,087	180,500	12.8%
Meetings & Special Events	15,000	10,000	9,700	15,668	11,000	13.4%
Training Materials	17,000	26,500	26,245	25,467	26,100	(0.6%)

Office Expense	62,900	64,800	52,459	50,300	61,600	17.4%
LAFCO	9,971	11,080	9,000	8,387	9,000	-
Admin Fees	16,000	16,000	10,000	3,511	7,500	(25.0%)
Advertising & Legal Notices	5,000	5,000	7,000	1,788	6,000	(14.3%)
Recruitment/Backgrounds	5,000	5,000	5,000	7,805	5,000	-
Board Election	-	95,000	5,000	-	33,000	560.0%
Total General & Admin Expenses	**1,170,024**	**1,201,480**	**1,096,804**	**1,325,846**	**919,064**	**(16.2%)**
TOTAL EXPENSE FROM OPERATIONS	**20,370,164**	**22,422,068**	**22,805,441**	**23,056,577**	**23,486,274**	**3.0%**
NET REVENUE / (EXPENSE) BEFORE CAPITAL	**($678,281)**	**($1,360,481)**	**($1,183,156)**	**$286,920**	**$236,739**	**(120.0%)**
Capital						
Capital - Facilities	471,300	381,000	227,000	241,516	275,000	
Capital - Apparatus	694,000	120,000	-	71,381	3,334,000	
Capital - Equipment	110,000	80,000	12,000	7,786	610,000	
Total Capital	**1,275,300**	**581,000**	**239,000**	**320,683**	**4,219,000**	
Transfer In from Mitigation Fund					(1,846,000)	
Federal/Regional Grant Inflows					(492,636)	
Total Capital inflows	**-**	**-**	**-**	**-**	**(2,338,636)**	

FIRE MITIGATION FUND	**FY24 Final Budget**	**FY25 Final Budget**	**FY26 Final Budget**	**FY26 YTD Actuals 6/30/2026**	**FY27 Adopted**	
REVENUE						
Mitigation Fees		850,000	500,000	794,296	550,000	10.0%
Interest Income		22,000	30,000	105,119	70,000	133.3%
Total Mitigation		**872,000**	**530,000**	**899,415**	**620,000**	**17.0%**
TOTAL EXPENSE FROM OPERATIONS Including Capital	**21,645,464**	**23,003,068**	**23,044,441**	**23,377,259**	**25,366,638**	**10.1%**
NET REVENUE / (EXPENSE) AFTER CAPITAL	**(1,953,581)**	**(1,941,481)**	**(1,422,156)**	**(33,763)**	**(1,643,625)**	

FY27 operating expense composition