

Memo: Review of 2025 Recreation Area Contribution to Unified Fire Authority

Background

In July 2024, the Unified Fire Authority (UFA) submitted a General Fund contribution request to Mayor Wilson as part of the 2025 County budget process. The request was made under the new process outlined in Policy 7037 to cover expenses for UFA services in the “Recreation Area” (Rec Area) that has been designated by the County Council within the unincorporated area of the County. UFA’s request included a summary of revenue and expenses attributable to the Rec Area, showing a “gap” of \$3,129,150. UFA requested this amount for the 2025 Rec Area Contribution. The amount requested was \$46,564 less than the amount appropriated for this purpose in the County’s FY2024 budget (\$3,175,714).

As part of the Mayor’s recommended budget process for FY 2025, Mayor Wilson proposed a 20% reduction to the 2025 contribution request with a six-month delay to take effect on July 1, 2025 (i.e., at the beginning of UFA’s fiscal year). The net effect to this adjustment (which was approved by the Council) was a Rec Area Contribution amount of \$2,816,235 for FY 2025. This figure amounts to a 10% reduction in UFA’s request for calendar year 2025, for a total reduction in the 2025 requested amount of \$312,915.

UFA is currently in the process of finalizing its FY 2025/2026 budget (with an anticipated adoption date in June 2025).¹ In connection with that process, leadership of UFA has made a request to County Council leadership for the County to consider a "waiver" or "restoration" of the reduction in the Rec Area Contribution amount originally requested by the UFA for the second half of 2025. It is anticipated that such request will be addressed at an upcoming County Council meeting. This memo provides additional detail to help inform that discussion.

It should be noted that at the time the Council approved the County's 2025 budget, it was anticipated that a "facilitation" process would take place related to this subject prior to the completion of the June UFA annual budget/County mid-year budget adoption process. Although that facilitation is scheduled to commence within the next month, it is possible that it will not be completed in time for the formal adoption of either of those budgets.

Revenue Estimate Update

After completing due diligence on the contribution request, the County’s estimate of Rec Area revenue was \$157,698 more than UFA’s estimate, thus reducing the “gap” that was the basis for UFA’s request. When approving the 2025 contribution, the Council requested the Mayor’s Office work with UFA to address the discrepancies in Rec Area revenue estimates.

¹ In UFA’s FY 25/26 budget message to UFA Finance Committee Members on April 10, 2025, UFA refers to a “reduction of \$672,393 of revenue to UFA for FY 25/26” based on the 20% cut to the Rec Area Contribution. This estimate appears inaccurate because (a) the total includes \$46,564 that UFA received in 2024 which was not requested in 2025, and (b) the total doesn’t include the additional \$111,519 in revenue attributable to the Rec Area agreed upon by UFA and SLCo.

The Mayor's Office and UFA worked together and reached agreement in January 2025 for a methodology to calculate revenue from the Rec Area based on property tax revenue and motor vehicle revenue.² Based on the agreed-upon methods, the revised revenue estimate for the Rec Area is \$861,036 which is \$111,519 more than UFA's initial revenue estimate of \$749,517.

The revised revenue estimates suggest that UFA's original request for the Rec Area Contribution (if attributable to the "gap" as noted by UFA) should have been \$3,017,631. If that had been the case, the 10% reduction would have amounted to a contribution of \$2,715,867.

Considerations for Council

The following are a set of scenarios that could be considered by the Council:

1. No change:

- a. Under this scenario, the Council maintains the 10% reduction applied to the second half of 2025. This requires no further action by the Council and the reduction of \$312,915 for the second half of 2025 remains in place. The Council can then decide how to treat the issue for 2026 in its FY 2026 budget process.

2. Restore the reduction:

- a. Council restores the contribution to UFA's original request (i.e., adds an additional \$312,915 to the County's FY 2025 budget); OR
- b. Council restores the contribution but accounts for the revised revenue estimate. In this case, the amount added to the County's FY 2025 budget would be \$201,396 (or \$111,519 less than \$312,915).

An additional issue that could be considered by the Council relates to the need for information from UFSA/UFA related to revenue and expense data disaggregated by member jurisdiction within the UFSA. This data is necessary to inform the upcoming facilitation process. To date, SLCo has not received that requested information (other than data that solely relates to unincorporated SLCo as opposed to all member jurisdictions of UFSA). The Council could consider making the receipt of that information a condition to any decision to adjust the Rec Area Contribution reduction.

² Through the upcoming facilitation process, the parties anticipate refining the revenue calculation method for future contribution requests and may account for additional revenue sources such as impact fees, delinquent taxes, and other sources.