ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT

For the meeting of: May 11, 2016

To: Board of Directors

From: Mark Mills, Fire Chief

Subject: Pension Obligation

RECOMMENDATION:

That the Board receives and files the report.

BACKGROUND:

Recent newspaper articles and reports have attempted to correctly portray the pension obligations and the rankings of individual agencies as related to their pensions versus their overall expenditures. Additional rankings are offered according to per capita information from each jurisdiction. For most agencies the data is accurate and reflects the actual standings of the departments being rated.

The Ross Valley Fire Department data is somewhat misleading due to it being compared with other normal municipal data sets. The RVFD data shows that we are currently ranked 7th highest in the state at 17%, when comparing the employer contribution amounts versus the total amount of expenditures for the year. The data is misleading due to the fact that the RVFD does not have capital expenditures and holdings that would enlarge the total budget thereby reducing the percentage of retirement contributions versus total expenditures. Our department simply funds the salaries and general operating items rather than supporting multiple fire stations by direct ownership. Thus, 84% of our entire operating budget is allocated to salaries and benefits. Additionally, according to the website information there are over 350 agencies (RVFD being one of them), that the correct population counts could not be gleaned, which resulted in inaccurate per capita calculations.

DISCUSSION:

The RVFD is currently funding PERS at 75.8% which is higher than the entire risk pool's funding of 73%. The Department is funding it's Other Post-Employment Benefits (OPEB) at 100%. We are currently on track to completely payoff our Pension Obligation Bond in 2017 which will eliminate the Department's Side Fund responsibility. The Department is currently paying over $347,000 annually on the Unfunded Accrued Liability (UAL) with the intention of issuing additional pension obligation bonds to minimize the future interest charges that would be incurred. The UAL is completely funded and currently amortized for 30 years.

AGENDA ITEM # 2F
Date 5/11/16