

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of: May 10, 2017

To: Board of Directors

From: Dan Mahoney, Acting Fire Chief

Subject: 2017-2018 Proposed Budget Discussion

RECOMMENDATION:

That the Board provides direction regarding the 2017-2018 Proposed Budget.

BACKGROUND:

The Board is scheduled to adopt the FY 2017-2018 Budget at the June 14, 2017 meeting. The Proposed Budget is attached. The Proposed Budget includes an increase of \$252,542 in contributions from the four member agencies. This increase is comprised of an 8.72% increase for the Town of Ross and a 1.43% for the other three agencies, for an overall combined increase of 2.9%. The primary reason for the minimal increase in the overall budget as well as the nominal increase to three of the member agencies is because of the \$553,409 reduction in the side fund payment in FY 17-18. However, excluding the side fund payments, this year's proposed budget expenses have increased 9.96%

DISCUSSION:

The reason for the disparity in the increases to the member agencies is that the payment for the pension obligation bonds which paid off the Fire Department's CalPERS side fund will be paid in full in July 2017. The total payment for this has decreased from \$603,860 in fiscal year 2016-2017 to \$50,451 in fiscal year 2017-2018. Because the Town of Ross was not obligated to make payments toward the side fund, it will not realize any savings from it being paid in full in July 2017. The expenditure for this item will decrease by \$553,409 in the 2017-2018 fiscal year.

Other factors affecting the 2017-2018 General Fund budget are as follows:

- A transfer of \$200,000 to the Vehicle Fund is included. In 2016-2017, this was not included in the Adopted Budget but after the close of the 2015-2016, it was determined that there was sufficient ending fund balance to make a transfer of \$250,000. The \$250,000 was included in the mid year budget revision. The transfer took place from the ending fund balance.
- A 4% negotiated pay increase effective July 1, 2017 for all employees except for the Fire Chief is included. The Fire Chief's raise is a CPI adjustment on February

AGENDA ITEM # 5
Date 5/10/17

24, 2018. Expenditures related to regular salaries have increased by \$257,055. This also includes the increase in the salary schedule of 4% as of January 1, 2017, as well as scheduled step increases and payroll taxes.

- PERS retirement has increased by \$184,075. This includes a payment to PERS of \$494,541 for the PERS unfunded liability, as well as PERS employer PERS contributions for payroll.
- No increase is included for the cafeteria health plan. At the time the budget was adopted for 2016-2017, the PERS health rates were not available and an increase of 4% was budgeted. When the rates were released, the Kaiser family rate had actually slightly decreased. The cafeteria plan is based on the Kaiser family rate. It is estimated that the budgeted amount for the 2016-2017 cafeteria plan will be sufficient for 2017-2018.
- Retiree health insurance has increased by \$26,858 in accordance with the latest actuarial valuation. This includes the required contribution to fund the annual required contribution (ARC) to the CalPERS trust for other post employment benefit programs (OPEB).
- Worker's compensation and liability insurance has decreased by \$129,454 based on the most recent information available.
- The paramedic portion of pay, as well as the payment for paramedic services is now included in a separate Ross Valley Paramedic Authority fund. This reimbursement was previously included in the FY 16-17 Adopted Budget. The change results in a decrease in other revenues as well as a corresponding reduction in expenditures. There is no net impact to the ending fund balance of member contributions.
- The Transfers Out line item includes a transfer of \$200,000 to the Vehicle Fund and a transfer of \$338,446 to the Insurance Fund.
- Station maintenance of \$15,000 per fire station is included in both revenue and expenditures, therefore having no effect on the ending balance or member contributions. Please note that member agencies budget for the \$15,000 separate from their member contributions. After the books for 2016-2017 are closed, each member agency will be billed separately in order to bring the balance in each account back to \$15,000.
- The agreement for fire protection services between Ross Valley Fire Department and Marin County Fire Department is due to expire on June 30, 2017. The 2017-2018 budget revenue line item reflects the last payment within the contract agreement. The County and RVFD staff have agreed that this service agreement should be extended for one year to allow both parties sufficient time to reevaluate the cost of services and renegotiate terms of the agreement as appropriate.

- The Department has two vacant Firefighter positions that are not currently filled. The hiring process will begin soon, and a hire date is anticipated around November 1, 2017. By not funding these two positions until then, the Department anticipates cost savings of approximately \$87,000 in personnel related costs.

Side Fund Contributions:

In FY 16-17, the total side fund payment for San Anselmo, Fairfax, and Sleepy Hollow was approximately \$604,000. For FY 17-18 the payment falls to approximately \$50,000 because of the repayment of the pension obligation bonds. Staff is recommending that these member agencies consider taking a portion of the savings to make a pre-payment towards the RVFD retirement unfunded liability. Similar to pre-paying a portion of your mortgage, RVFD would benefit from significant interest savings over time. We estimate that for every \$100,000 in prepayment, member agencies will reduce future costs by approximately \$200,000 resulting in a net \$100,000 interest savings over a 20 year period.

The proposed budget shows a 1.43% increase in member contributions, excluding Ross. Staff would suggest increasing member contributions by an addition 3-4% in FY17-18 with the additional contribution being applied as a pre-payment to RVFD's unfunded liability. The approximate additional contribution would range as follows:

San Anselmo:	\$110,000 - \$147,000
Fairfax:	\$63,000 - \$84,000
Sleepy Hollow:	\$35,000 - \$46,000

The total percentage increase in member contributions for San Anselmo, Fairfax and Sleepy Hollow would be 4.43% to 5.43%.

Summary

The proposed FY 17-18 budget shows expenditures have increased by \$200,676 as compared to the FY 16-17 Adopted Budget. Outside Revenues have decreased by \$51,865, mainly due to the transfer of both revenues and expenditures for Ross Valley Paramedic reimbursement to a separate fund. The total of these two items is \$252,541, which is the increase in the Member Agency contributions.



Ross Valley Fire, CA

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Other Funds 2017-2018

Fund	2017-2018		2017-2018		June 30, 2018
	Estimated Beginning Balance	Total Revenues	Total Expenses	Estimated Ending Balance	
01 - GENERAL FUND	562,682	9,554,590	9,554,591	562,681	
05 - MUTUAL AID FUND	27,552			27,552	
10 - INSURANCE FUND	(7,778)	338,446	338,446	(7,778)	
15 - VEHICLE FUND	541,434	200,000	0	741,434	
16 - SCBA Fund	120,000	0	0	120,000	
20 - GRANT FUND	0	0	0	0	
25 - ROSS VALLEY PARAMEDIC AUTHORITY	0	199,091	199,091	0	
90 - FIXED ASSET FUND	0	0	0	0	
Report Total:	1,243,890	10,292,127	10,092,128	1,443,889	

estimates based on April 30, 2017 information

ROSS VALLEY FIRE DEPARTMENT*FY 2017-2018 Proposed Budget***Fire Service Cost by Agency**

	San Anselmo	Fairfax	Sleepy Hollow	Ross	Total
Contribution	3,229,483	1,856,116	1,019,669	1,860,896	7,966,165
Side Fund	26,689	15,337	8,425		50,451
Retirement Unfunded Liability	262,230	150,696	82,783		495,709
Vehicle Replacement Fund	81,080	46,600	25,600	46,720	200,000
OPEB Prior Liability	104,746	60,194	33,067		198,007
MERA Bond	20,234	11,628	6,388		38,249
Sub Total	3,724,461	2,140,571	1,175,933	1,907,616	8,948,581
Total	3,724,461	2,140,571	1,175,933	1,907,616	8,948,581
16/17 contribution	3,671,803	2,110,291	1,159,296	1,754,649	8,696,039
Change	52,658	30,280	16,637	152,967	252,542
	1.43%	1.43%	1.43%	8.72%	

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Ross Valley Department
General Fund

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	2016- 2017 Original Total	2016-2017/ Revised Total Budget	2017- 2018 Estimated Actuals	Proposed Budget 2017-2018	Proposed V Adopted Difference
Beginning Balance	933,171	933,171	933,171	562,682	(370,489)
Revenue					
Department: 00 - UNDESIGNATED					
Member Contributions					
FAIRFAX	1,750,142	1,750,142	1,750,142	1,856,116	105,974
ROSS	1,754,649	1,754,649	1,754,649	1,860,896	106,247
SAN ANSELMO	3,045,097	3,045,097	3,045,097	3,229,483	184,386
SLEEPY HOLLOW	961,451	961,451	961,451	1,019,669	58,218
PRIOR AUTHORITY SIDE FUND PYMNT	603,860	603,860	603,860	50,451	(553,409)
PRIOR AUTHORITY RETIREE HEALTH	154,475	154,475	154,475	198,007	43,532
PRIOR AUTHORITY MERA BOND	34,291	34,291	34,291	38,249	3,958
PRIOR AUTHORITY RETIREMENT	392,074	392,074	392,074	495,709	103,635
APPARATUS REPLACEMENT	0	0	0	200,000	200,000
Total	8,696,039	8,696,039	8,696,039	8,948,580	252,541
Outside Revenues					
COUNTY OF MARIN	144,697	144,697	144,697	152,834	8,137
RVPA REIMBURSEMENT MEDIC PROG	199,091	199,091	0	0	(199,091)
RVPA RENTAL	27,446	27,446	28,132	28,835	1,389
LAIF INTEREST	1,800	1,800	2,500	2,500	700
RVPA EMS TRAINING/SUPPLY REIMB.	47,341	95,182	100,178	47,341	0
PLAN CHECKING FEES	167,400	241,800	241,800	241,800	74,400
RE-SALE INSPECTION FEES	46,500	46,500	46,500	46,500	0
MISCELLANEOUS INCOME	2,500	2,500	4,626	2,500	0
WORKERS COMP REIMBURSEMENT	0	69,700	90,000	0	0
MLFT REIMBURSEMENT	5,000	5,000	2,000	2,000	(3,000)
CHIPPER PROGRAM	0	0	3,200	0	0
TECHNOLOGY FEES	16,100	21,700	21,700	21,700	5,600
TRAINING REIMB	0	17,000	17,000	0	0
STATION MAINT REVENUE #18	0	2,285	2,285	15,000	15,000
STATION MAINT REVENUE #19	0	1,047	1,047	15,000	15,000
STATION MAINT REVENUE #20	0	6,163	6,163	15,000	15,000
STATION MAINT REVENUE #21	0	5,987	5,987	15,000	15,000
Total	657,875	887,898	717,814	606,010	(51,865)
Total Revenues	9,353,914	9,583,937	9,413,853	9,554,590	200,676



Ross Valley Department
General Fund

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2016- 2017 Original Total	2016-2017/ Revised 2018 Total Estimated Budget Actuals	2017- Proposed Budget 2017-2018	Proposed V Adopted Difference
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Expenditures

Department: 00 - UNDESIGNATED

REGULAR SALARIES	3,565,990	3,634,022	3,448,000	3,797,840	231,850
TEMPORARY HIRE	5,000	23,721	23,721	5,000	0
MINIMUM STAFFING OT	538,000	548,760	745,100	601,040	63,040
HOURLY OVERTIME	63,000	73,752	78,000	81,000	18,000
SHIFT DIFFERENTIAL OT	40,000	40,000	30,000	40,000	0
OT TRAINING	35,000	35,000	20,000	35,000	0
HOLIDAY	166,260	169,674	169,674	177,382	11,122
PARAMEDIC TRAINING OVERTIME	10,000	10,000	0	0	(10,000)
FLSA O/T	93,771	95,585	91,000	99,457	5,686
S/L BUY BACK	4,000	4,000	0	4,000	0
RETIRED S/L COMPENSATION	50,000	50,000	22,000	50,000	0
EXECUTIVE OFFICER	3,600	3,600	3,600	3,600	0
BOARD MEMBER STIPEND	8,000	8,000	8,000	8,000	0
RETIREMENT	1,119,895	1,141,741	1,141,741	1,303,970	184,075
CAFETERIA HEALTH PLAN	784,107	784,107	750,000	784,107	0
RETIREE HEALTH SAVINGS MATCH	10,948	10,948	11,670	15,834	4,886
MEDICARE	65,892	66,962	50,000	68,300	2,408
HOUSING ALLOWANCE	49,200	49,200	49,200	51,600	2,400
UNIFORM REIMBURSEMENT	24,480	24,480	23,500	24,480	0
EDUCATION REIMBURSEMENT	87,456	89,222	89,222	96,731	9,275
RETIREES' HEALTH INSURANCE	670,000	670,000	670,000	696,858	26,858
GENERAL MAINTENANCE SUPPLIES	2,600	2,600	2,600	0	(2,600)
CONTINGENCY	10,000	10,000	329	10,000	0
TRANSFERS OUT	467,800	757,800	757,800	538,446	70,646

Total Undesignated

7,874,999 8,303,174 8,185,157 8,492,645 617,646

Department: 05 - ADMINISTRATION

AUDIT & BOOKEEPING SERVICES	15,000	15,000	22,000	22,000	7,000
PAYROLL SERVICE FEE	4,000	4,000	1,852	0	(4,000)
OTHER CONTRACT SERVICES	24,949	24,949	30,000	25,000	51
ATTORNEY/LEGAL FEES	6,000	6,000	20,000	10,000	4,000
PERS ADMINISTRATIVE FEE	2,500	2,500	2,500	2,800	300
OTHER CONTRACT SERVICES-SAN ANSELMO	80,000	80,000	80,000	80,000	0
COMPUTER SOFTWARE/SUPPORT	17,250	17,250	17,250	37,250	20,000
WEB PAGE DESIGN AND MAINTENANCE	6,100	6,100	16,300	6,100	0
PHYSICALS	18,000	18,000	18,000	21,000	3,000



Ross Valley Department
General Fund

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	2016- 2017	2016-2017/ Revised 2018	2017- 2018	Proposed Budget	Proposed V Adopted
	Original Total	Total Estimated Budget Actuals		2017-2018	Difference
HIRING EXPENSES	3,500	3,500	2,000	4,000	500
PUBLICATIONS AND DUES	4,000	4,000	4,000	4,000	0
OFFICE SUPPLIES	4,500	4,500	2,500	4,500	0
POSTAGE	1,000	1,000	750	1,000	0
GENERAL DEPARTMENT SUPPLIES	20,000	20,000	20,000	22,600	2,600
PRINCIPAL-PRIOR AUTH PENSION BOND	592,514	592,514	592,514	50,324	(542,190)
INTEREST - PRIOR AUTHORITY PENSION BOND	11,346	11,346	11,346	127	(11,219)
FEES	1,200	1,200	1,200	0	(1,200)
Total Administration	811,859	811,859	842,212	290,701	(521,158)
Department: 10 - OPERATIONS					
VOLUNTEER SHIFT PAY/DRILLS	12,900	12,900	6,000	17,400	4,500
VOLUNTEER DRILLS	4,000	4,000	2,000	0	(4,000)
VOLUNTEER LENGTH OF SERVICE	3,200	3,200	3,200	3,200	0
EXPLORER POST	4,400	4,400	2,200	4,400	0
TRAINING AND EDUCATION	35,500	52,500	52,500	35,500	0
DISPATCH	153,981	153,981	153,981	158,662	4,681
RADIO REPAIR	4,000	4,000	4,000	4,000	0
HAZARDOUS MATERIAL REMOVAL	1,000	1,000	1,000	1,000	0
HAZARDOUS MATERIAL CONTRACT	10,500	10,500	10,500	8,925	(1,575)
MERA OPERATING EXPENSE	40,528	40,528	40,528	42,365	1,837
VOLUNTEER DUES	3,200	3,200	3,200	3,200	0
HYDRANT MAINTENANCE	2,000	2,000	2,000	2,000	0
EQUIPMENT MAINTENANCE	4,275	4,275	7,810	7,800	3,525
EMERGENCY RESPONSE SUPPLIES	4,000	4,000	5,511	4,000	0
PARAMEDIC RESPONSE SUPPLIES	12,000	59,841	20,000	17,000	5,000
EMERGENCY MEDICAL SUPPLIES	7,500	7,500	5,000	7,500	0
BREATHING APPARATUS	5,700	5,700	4,000	5,700	0
BREATHING APPARATUS-CONTRACT	6,900	6,900	6,900	6,900	0
PROTECTIVE CLOTHING	8,000	8,000	6,000	8,000	0
TOOLS/EQUIPMENT	6,500	0	0	0	(6,500)
VOLUNTEER SUPPLIES	500	500	555	0	(500)
EQUIPMENT	0	21,500	10,000	21,500	21,500
HYDRANTS	16,600	16,600	16,600	16,600	0
COMMUNICATIONS EQUIPMENT	10,000	10,000	6,000	10,000	0
TURNOUTS	14,241	14,241	14,241	14,241	0
MERA BOND PAYMENT PRIOR AUTHORITY	38,231	38,231	38,272	38,249	18
Total Operations	409,656	489,497	421,998	438,142	28,486



Ross Valley Department
General Fund

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	2016- 2017 Original Total	2016-2017/ Revised 2018 Total Estimated Budget	2017- 2018 Actuals	Proposed Budget 2017-2018	Proposed V Adopted Difference
Department: 14 - FACILITIES					
BUILDING MAINTENANCE AND LANDSCAPING	0	6,000	8,000	6,000	6,000
BUILDING MAINTENANCE STATION 18	0	15,000	15,000	15,000	15,000
BUILDING MAINTENANCE STATION 19	0	15,000	15,000	15,000	15,000
BUILDING MAINTENANCE STATION 20	6,000	15,000	15,000	15,000	9,000
BUILDING MAINTENANCE STATION 21	0	15,000	15,000	15,000	15,000
GAS AND ELECTRIC	23,750	23,750	23,750	24,344	594
WATER	3,850	3,850	3,850	3,946	96
SEWER	2,500	2,500	2,500	2,563	63
TELEPHONE	21,500	21,500	35,000	35,000	13,500
FURNISHINGS	2,500	2,500	2,500	2,500	0
APPLIANCES	2,000	2,000	2,000	0	(2,000)
OFFICE EQUIPMENT	12,000	12,000	12,000	11,000	(1,000)
EXERCISE EQUIPMENT	12,500	12,500	12,500	12,500	0
TECHNOLOGY PURCHASES	16,100	21,700	21,700	21,700	5,600
Total Facilities	102,700	168,300	183,800	179,553	76,853
Department: 15 - COMMUNITY RISK REDUCTION					
FIRE PREVENTION	4,500	4,500	2,000	4,500	0
COMMUNITY EDUCATION & PREP.	8,000	8,000	5,000	8,000	0
Total Community Risk Reduction	12,500	12,500	7,000	12,500	0
Department: 25 - FLEET					
BURN TRAILER MAINTENANCE	4,000	4,000	4,000	4,100	100
REPAIRS VEHICLE	90,000	90,650	90,650	100,000	10,000
FUEL	30,000	46,325	46,325	30,750	750
PARTS VEHICLE	3,200	3,200	3,200	6,200	3,000
APPARATUS AND EQUIPMENT	15,000	0	0	0	(15,000)
Total Fleet	142,200	144,175	144,175	141,050	-1,150
Total Expenditures	9,353,914	9,929,505	9,784,342	9,554,591	200,677
Increase/Decrease to Ending Fund Balance	0	-345,568	-370,489	-1	-1
Ending Fund Balance	933,171	587,603	562,682	562,682	-370,489