

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of June 14, 2023

To: Board of Directors

From: Dan Mahoney, Interim Deputy Fire Chief

Subject: Authorize Use of Undesignated Reserves in Consideration of Capital Outlay Projects

RECOMMENDATION:

Staff recommends the Board approve one-time use of \$800,000 in undesignated reserves either through Option 1 or Option 2, taking into consideration the need for additional funding of projects at Station 19 (San Anselmo), Station 20 (San Anselmo) and Station 21 (Fairfax).

BACKGROUND:

Station 19 (built 1976), Station 20 (built 1960), and Station 21 (built 1960's) were designed and built utilizing the shared living space concept that include shared dormitory and bathing areas. Through the years we have made temporary accommodations to address privacy needs of personnel.

The closure of Station 18 will bring additional personnel to 2 of our 3 fire stations. Your Board has also expressed an interest in increasing future staffing to include all three stations. Contemporary fire stations need to meet the current and future accommodations for a diverse workforce, including gender neutral sleeping and bathrooms facilities.

At the May Fire Board Meeting Staff presented information and a recommendation for the "Use of reserves for partial funding of Capital Outlay at three Ross Valley Fire Stations." Your board held discussions relating to Staff's presentation and recommendation. Staff was asked whether or not the Board had legal authority to use undesignated reserve funds for proposed station projects based on the Joint Powers Agreement (JPA) (section 9.2a).

Staff suggested "tabling" the item, consulting with the department's legal team and returning back to the board in June with information on the board's decision-making powers.

DISCUSSION:

Both Fairfax and San Anselmo are taking a proactive approach in an effort to maximize the lifespan of their fire station's by making changes to accommodate additional personnel, taking into consideration the modern-day contemporary fire station concept mentioned above.

Both Towns have been engaged with architectural firms related to improvements. In both cases, cost estimates are far exceeding funding the Towns have committed too. These additional costs are related to necessary scope beyond adding a single person on each shift and focus on improvements to conditions that will ensure long term sustainability of housing emergency services personnel in improved living conditions. The following proposed projects are:

Station 19 - Proposed project to include: provide separate dormitory rooms for on duty personnel, create additional bathroom that includes a toilet and shower, remodel existing upstairs bathroom. This project would remain in the existing footprint of the building. Estimated costs start at \$200,000.

Station 20 - Proposed project to include: provide separate dormitory rooms for on duty personnel, create separate bathrooms that include a toilet and shower, kitchen remodel, relocation of exercise room from apparatus bay to interior space. This project may or may not remain in the existing footprint of the building depending on funding. Estimated costs are \$1.3M to \$2M.

Station 21 - Proposed project to include: separate dormitory rooms for on duty personnel, additional bathroom that includes a toilet and shower, kitchen relocation due to new layout. This project will remain in the existing footprint of the building. Estimated costs are \$650,000.

The current Joint Powers Agreement (section 9.2a) states “the respective Town owning each fire station shall be responsible for maintenance, repair, replacement, and improvements to the building structure”. After seeking advice from the Department's legal team whether the board has authority to allocate funds to these projects, the legal team suggests Section 9.2a could be considered a baseline obligation for the towns and that the Board has the authority to utilize these funds based on Section 2.1 which states the Board “shall formulate and set policy and exercise the powers set forth in this agreement to accomplish its *purpose*.”

The proposed \$800,000 is 6.24% of the FY 22/23 Operating Budget. JPA Section 2.3 (d)(i) specifies “the making of any single expenditure of Authority funds in excess of three percent (3%) of the adopted operating budget of the Authority shall require the unanimous vote of the full Board.” Any allocation of the proposed \$800,000 would need a unanimous vote by your Board.

RVFD reserves have experienced a steady increase over the last 5 years in part by our “California Fire Assistance Agreement” (Out of County) deployments. In FY 16/17 our fund balance totaled \$763,141. Five years later in FY 22/23 our fund balance has grown to \$2,726,619. Approximately \$1,055,245 (after salary reimbursement) of this fund balance increase is directly related to work of our firefighters being deployed throughout the state in some of the worst fire fighting conditions in California history. Without their hard work and dedication, protecting lives and the environment, throughout the State of California, we would not have this unique opportunity to put these funds to work at our RVFD fire stations.

Staff has met with the management committee and suggests two options to reallocate the \$800,000 from undesignated reserves:

Option 1 - Approve the one-time use of \$800,000 from undesignated reserves to partially fund San Anselmo Station 19, San Anselmo Station 20, and Fairfax Station 21 remodel projects. One-time proposed funding amounts of \$200,000 for Station 19, \$300,000 for Station 20 and \$300,000 for Station 21 (totaling \$800,000) shall be considered for approval.

Option 2 - Approve the one-time use of \$800,000 from undesignated reserves to be placed back into the FY 23/24 budget. Each member's "percentage shares" would be deducted from the \$800,000 thus reducing the overall cost per year for that member in FY 23/24. See table below:

**Option 2 is designed to reduce member agency costs, allowing for each member agency's town/entity to reallocate funds as deemed appropriate.*

| <u>Town</u> | <u>Member Share</u> | <u>Reduced cost for FY 23/24</u> |
|---------------|---------------------|----------------------------------|
| Ross | 23.37% | \$186,960 |
| San Anselmo | 40.53% | \$324,240 |
| Sleepy Hollow | 12.8% | \$102,400 |
| Fairfax | 23.3% | \$186,400 |

FISCAL IMPACT:

Option 1 - Fiscal impacts will include \$800,000 from undesignated reserves to be allocated to Station 19, Station 20, and Station 21 remodel projects. As of today, that will leave the fund balance at approximately \$1,841,219 which is 13.6% of our FY 23/24 draft budget.

Option 2 - Fiscal impacts will include \$800,000 from undesignated reserves to be allocated back into the FY 23/24 budget. Each member's "percentage shares" would be deducted from the \$800,000 thus reducing the overall cost per year for that member in FY 23/24. See table above under "reduced cost for FY 23/24" for member savings. A revised budget reflecting each member's savings will be presented at the next Board meeting.