

**ROSS VALLEY FIRE DEPARTMENT  
STAFF REPORT**

For the meeting of December 11, 2024

To: Board of Directors

From: Dan Mahoney, Fire Chief

Subject: The Board Authorizes the Recommended Changes to the “Educational Incentive Pay” (Exhibit D), part of the Ross Valley Fire Fighters and Ross Valley Fire Chief Officers Memorandum of Understanding, to meet the May 2024 Cal PERS Audit Requirements.

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**RECOMMENDATION**

It is recommended that the Board authorize the recommended changes (previously approved in closed session on November 13, 2024) to the “Educational Incentive Pay” (Exhibit D), part of the Ross Valley Fire Fighters and Ross Valley Fire Chief Officers Memorandum of Understanding, to meet the May 2024 Cal PERS audit requirements. The changes will be in the form of a side letter attached to the Ross Valley Fire Fighters and Ross Valley Fire Chief Officers Memorandum of Understanding for contract years 2019-2022 and 2022-2025.

**BACKGROUND**

On November 13, 2024, the Board approved this staff report recommendation in a closed session. The same recommendation is being brought back to open session for final approval.

**DISCUSSION**

On October 31, 2023 the Department was notified (Attachment #1) that the California Public Employees’ Retirement System (CalPERS) would be performing a randomized audit regarding our current “Educational Incentive Pay” (Exhibit D), which is part of the Ross Valley Fire Fighters and Ross Valley Chief Officers Memorandum of Understanding (MOU).

The objective of the Office of Audit Services (OFAS) review was to determine whether public agencies (employers) reported Educational Incentive Pay for classic members in compliance with Government Code (GC) section 20636 and Title 2 of the California Code of Regulations (CCR) section 571. OFAS’ review was limited to examining employer records and a sample of employee records for the period of July 1, 2021, through June 30, 2023. This timeframe spans

two separate contract periods (2019 - 2022 and 2022 - 2025) for the Ross Valley Fire Fighters and Ross Valley Fire Chief Officers MOU's.

The Department worked with CalPERS and the labor groups (Fire Fighter and Chief Officers) to make changes to meet the CalPERS audit requirements. Both groups agreed that every effort would be made to meet the CalPERS requirements while ensuring that all employees receiving the Educational Incentive would continue to do so. We were successful in accomplishing this goal.

The audit (Attachment # 2) found an "Observation" (required changes needed) and an "Other Matter" (recommended action).

**Observation 1:** *(Required Changes Needed)*

The Employer reported Educational Incentive Pay for one sampled active employee and one sampled retired employee that was not reportable. Specifically, the Employer could not demonstrate the employees' eligibility for the reported Educational Incentive Pay. For example, for one retired employee, the Employer reported Educational Incentive Pay of \$145.86 for pay period ending August 31, 2022. The Employer's written labor policy for the International Association of Firefighters (IAFF) Local 1775, effective July 1, 2022, stated employees who obtain a Fire Science degree or 60 units towards a Fire Science degree shall receive 2.5% of base monthly salary. The Employer provided documents to indicate the employee completed 31 fire course units and 39 units from another college. However, the Employer was unable to provide documentation to identify the courses completed for the 39 units from another college. As a result, the Employer was unable to demonstrate how the 39 units qualify as eligible course units for a Fire Science degree. The Employer should maintain sufficient documentation to demonstrate the employees' eligibility complied with the IAFF Local 1775 labor policy Educational Incentive Pay provisions.

- **To be in compliance, the Department made the following changes:**
  - The Department acknowledged and made the following changes (Strike out)/additions (underlined):
    - All employees who have an Associate's Degree ~~Fire Science degree~~ or 60 college units ~~toward a Fire Science degree~~ shall receive a sum equivalent to 2.5% of base monthly salary.
  - The Department acknowledges and added language outlining or showing a program or system is in place to evaluate and approve acceptable courses to receive Educational Incentive pay.
    - Added: "An educational incentive shall commence at the beginning of the month following approval by the Fire Chief or their designee. The bargaining unit member is responsible for providing the Fire Chief or their designee with all necessary proof of meeting the requirements. This shall include, but is not limited to, copies of all certificates or degrees for which benefits are requested."

- The Department included language in the side letter that implements these changes retroactively to July 1, 2019\*. The side letter will be attached to the following MOU's. (Attachment #3)
  - 2019 - 2022 Ross Valley Fire Fighters and Ross Valley Chief Officers Memorandum of Understanding (MOU). (Attachment #4)
  - 2022 - 2025 Ross Valley Fire Fighters and Ross Valley Chief Officers Memorandum of Understanding (MOU). (Attachment #5)

*\*Note: Retroactive to July 1, 2021, was an audit requirement based on the audit timeline; however, PERS also recommended dating back further. The July 1, 2019, meets the requirements, and the recommendation was also taken into consideration to date back further to the start of the 2019 - 2022 MOU.*

**Other Matter Noted:** *(recommended action)*

The Employer incorrectly reported the earnings for two sampled active employees. Specifically, the Employer did not report full-time earnings and incorrectly included additional compensation in earnings. For one employee, the Employer reported earnings of \$2,362.74 for the pay period ending December 31, 2022. However, the employee's payroll register showed the employee's full-time earnings were \$5,834.52 for the pay period ending December 31, 2022. For another employee, the Employer reported earnings of \$5,570.35 for the pay period ending July 15, 2022. However, the reported earnings incorrectly included \$552.01 of Paramedic Incentive Pay.

- **The Department acknowledged and corrected the following other matter recommendations:**
  - Although the other matter noted is not within the scope of the audit performed for educational incentive pay, it may turn into an observation/finding in a future compensation review or audit performed.
  - The Department acknowledges the other matter noted and it has been corrected through the Finance department.

**FISCAL IMPACT**

All changes made to meet the CalPERS Audit requirements incurred no fiscal impacts.

**ATTACHMENTS**

- Attachment #1** – CalPERS Engagement Letter
- Attachment #2** – CalPERS Audit Report
- Attachment #3** - Signed Side Letter (Exhibit D)
- Attachment #4** – 2019 - 2022 Ross Valley Fire Fighters and Ross Valley Chief Officers Memorandum of Understanding (MOU)
- Attachment #5** – 2022 - 2025 Ross Valley Fire Fighters and Ross Valley Chief Officers Memorandum of Understanding (MOU)