

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of December 11, 2024

To: Board of Directors

From: Dan Mahoney, Fire Chief
Jeff Zuba, Finance Director

Subject: Receive Update on Department Unassigned Reserve Account.

RECOMMENDATION

Staff recommends that the RVFD Board receive an update on the Department's unassigned reserve account.

BACKGROUND

On June 14, 2023, the Fire Board adopted Resolution 23-10, which established a reserve policy requiring the maintenance of a minimum reserve level equal to 10% of the Department's General Fund expenditures. This policy serves as a safeguard for the Department's financial health and ensures it can address unanticipated needs.

DISCUSSION

At the November 2024 Board meeting, staff was directed to bring back information regarding the Department's Cal OES reimbursement funds.

The Department's reserves provide essential flexibility to address budget shortfalls that may arise this fiscal year or in the future. Revenues that exceed expenditures at the end of the fiscal year are added to the unassigned fund balance, strengthening financial reserves. California Office of Emergency Services (Cal OES) reimbursements have historically played a significant role in this process.

As of June 30, 2024, the Department's unassigned reserves totaled \$3,602,880. With FY 2024-25 General Fund expenditures budgeted at \$14,907,235, the Department's reserves represent 24.2% of expenditures, exceeding the established minimum reserve level of 10%.

The reserves are allocated to support critical one-time expenditures in FY 2024-25, including:

- Dispatch start-up costs for Marin County Fire: \$481,594.

- Acquisition of two command vehicles for the Fire Chief and Battalion Chief, as previously approved by the Board: \$276,000.

Additionally, several employees are on disability leave, which has placed significant strain on maintaining minimum staffing levels and managing overtime costs. To address these challenges, staff is closely monitoring overtime expenditures and staffing costs. If these costs exceed the budgeted allocation, the Board may consider utilizing unassigned reserves to cover the overages rather than seeking additional contributions from member agencies.

The reserve funds have historically provided critical financial flexibility, supporting operational needs and balancing the budget. Limiting their use could impair the Department's ability to respond effectively to unanticipated challenges.

Furthermore, the 10% reserve policy requirement will grow as the Department's budget expands to accommodate increased staffing levels and operational needs. Rising expenditures will necessitate higher reserve levels, underscoring the importance of preserving unrestricted reserves.

Staff has reviewed the financial policies of other Marin County fire agencies and confirmed that no other agency restricts the use of Cal OES reimbursements. Maintaining unrestricted reimbursements aligns with industry best practices and ensures operational flexibility.

CONCLUSION

The Ross Valley Fire Department has maintained a prudent reserve level exceeding the 10% minimum policy, with unassigned reserves at 24.2%. These reserves have been critical in funding operations and balancing budgets, all while having minimal impacts on member agencies' FY budgets that have already been adopted.

FISCAL IMPACT

There are no fiscal impacts to this report.