



Southern Marin Fire Protection District

Finance Committee

Thomas Perazzo, Chair

Director Cathryn Hilliard

Alternate: Peter Fleming

Wednesday, February 17, 2020–07:30 am–Headquarters

Meeting Minutes

1. CALL TO ORDER

Meeting was called to order by Director Perazzo: 07:31 a.m.

ROLL CALL

In attendance:

Committee Members: *In person:* Director Perazzo. *Via Zoom Meeting:* Director Hilliard. There is a quorum.

Staff: *Via Zoom Meeting:* Finance Manager Alyssa Schiffmann, Chief Welch, and Clerk of the Board Mariya Weinberg. *In person:* Fire Chief Tubbs and Chief Peterson.

2. OPEN TIME FOR PUBLIC EXPRESSION:

No public present.

3. AGENDA ADJUSTMENTS AND APPROVAL - None.

4. APPROVAL OF MINUTES

4.a January 20, 2021 Finance Committee Minutes

Motion to approve the Minutes:

M/S: Hilliard/Perazzo

Ayes: Perazzo, Hilliard

Noes: None

5. REPORTS AND INFORMATION

5.a Finance Report

Ms. Schiffmann highlighted some items on the report, which is included in the meeting packet. We are at 52% of 58% for the year. Everything is on track, no red-flag exceptions to report.

Ms. Schiffmann pointed out that we have received the County's first property tax estimate. Historically, it has always been somewhat lower than the final estimate. The County is now estimating 2.7% increase in the property taxes, rather than the 4% estimated in the 10-year projection. This could result in \$112K decrease in budgeted revenue. By July, we think that the estimate would increase by approx 0.2%. Ms. Schiffmann will be asking the County for updated estimates in April, in time for inclusion in the first draft of the FY22 budget.

Chief Tubbs added that in our last year's Recession Report, staff included potential indicators of a recession. One of those is the trajectory of the property tax revenues, which we are watching. Any available updates will be regularly provided to the Finance Committee.

PARS Trust has increased by about \$128K in December 2020.

With regard to overtime, strike team costs were high this year. However, if we take that out, overtime is low, although we still need to factor in overtime owed to Mill Valley. The low overtime may be due to relatively low incidence of worker's comp cases this year. We are waiting for about \$1M from the state of CA for OOC reimbursements, which are coming in.

Ms. Schiffmann moved on to the Budget Report, and welcomed questions. Director Perazzo asked about 501-C (Vacation Buy Backs). Ms. Schiffmann said this was high this year because of a termination pay-out. Also, in January, per the MOU, we cashed out anyone who had more than 2 years' worth of accruals. This payout decreases our liability. Chief Tubbs pointed out that we do cash employees out at today's rate, versus a higher rate they would get down the line. This reduces our costs. Ms. Schiffmann mentioned that we expect having to make a large sick time payout, if an expected retirement occurs this year.

Director Perazzo also asked about item 517-A, particularly about telephone for elevator at Station 9, following up on the discussion from the last Committee meeting. Ms. Schiffmann said she spoke with Chief Fred Hilliard, as the Committee had advised to do, but there appeared to be no lower cost option. Ms. Schiffmann also wanted to point out that additional phone lines and cell phones for new staff being added this year are increasing the telephone costs. It's not just Station 9 elevator phone. Engineer O'Reilly has just consolidated a few bills, so the phone budget line figure is expected to go up. Chief Tubbs asked if it was an appropriate time to bring in Spyglass to do an assessment of our phone system? Ms. Schiffmann said that we should give it a little more time, as an assessment has recently been done. Also, Lauren, the Finance Assistant is currently doing additional research into the matter. Eng. O'Reilly had found some SMEMPS related phones on our account, and those have been moved off.

Director Hilliard asked about the interest payments which are currently at 74.2% of budgeted (see Revenues section). Ms. Schiffmann said the interest is only for the first quarter. Second quarter figures came in yesterday, after the current meeting packet was put together. Ms. Schiffmann expects this interest line to end up quite high. The County takes approximately two months to calculate the interest.

Ms. Schiffmann pointed out that she has made some groupings that should make reports easier to read, e.g. Salaries and Benefits section on page 10, Operating Expenses total of \$1.6M on page 14, as well as breakout of the Grant projects.

Ms. Schiffmann moved on to the Balance Sheet. The Wells Fargo account is very high, because the Marin Wildfire JPA first disbursement has just been deposited. Chief Tubbs mentioned that, since we have not spent any funds out of the JPA disbursements, that provides some cushion for our budget. Seeing how we are already half way through the fiscal year, it is clear we will not spend all of those funds. The funds would roll over into Measure C for next year. Ms. Schiffmann said this would be part of the "restricted fund".

6. ACTION ITEMS

6.a FY20 Finance Reserve Allocation

Ms. Schiffmann presented the Staff Report titled FY20 Capital Replacement and Reserve Funds Reconciliation. Ms. Schiffmann asked the Committee Members to discuss the Staff proposal, and provide approval and/or feedback. The first figure shows that the Net Revenue (without Capital Outlay) was approx. \$3.39M. Staff recommends putting approx. \$1.7M of that revenue into Capital Replacement fund, leaving approx. \$1.67M for further allocation. The figure on top of page 27 of the meeting packet (page 2 of the Staff Report) shows the allocation of the approx. \$1.7M Capital Replacement funds. There is a very specific schedule for apparatus replacement for our entire fleet, with 5% inflation included.

Director Hilliard asked if the replacement costs were per year, and Ms. Schiffmann confirmed that. Ms. Schiffmann pointed out that “useful life” figures for some apparatus were increased, decreasing replacement costs. Note that next time around, for a newer apparatus, replacement cost is higher.

Director Perazzo pointed out that the schedule does not show trailers. We have a trailer for CERT, Rescue Watercraft, plus one more. Chief Peterson said we have three trailers insured. Ms. Schiffmann said she would add them to the list, although their replacement cost is relatively low.

Chief Peterson said we also need to add the SCBA fill stations. Ms. Schiffmann pointed out that the SCBA fill stations are already included in the reserve reconciliation calculation. Also, some items will be removed from the replacement list. Changes will be shown in the report provided in the Board Meeting next week.

Chief Tubbs pointed out that, in the past, the Capital Reserve fund had allocations for apparatus, but generally not equipment, or technology. He also mentioned that in lean economic times we can tap into the Capital Reserve budget for short term emergency funds, by pushing some of the purchases off a bit. With reserves, we won't have to rely solely on grants, which we will continue to pursue, but there will be this other funding. Also, with a reserve fund, the expense for an apparatus replacement will be spread over years, for example, almost 3/4-million-dollar expense for SCBA.

Ms. Schiffmann pointed out that we are quickly building up funds for SCBA replacement, as the total is being spread out over only 5 years. Originally, we did not have a figure for SCBA's useful life, which is actually 15-20 years. The LRAD expense is a wash, but, in the past, funds for this line were not allocated. Since we have funds available this year, it is prudent to allocate reserves for LRAD now, since we will have to pay for it soon.

Director Perazzo asked about the ownership of the generator outside of 28 Liberty Ship Way building. Chief Peterson clarified that it is cost-shared with the owner of the building. Chief Tubbs did mention that in the future we would want to build out reserve allocations for technology as well. Right now, those purchases are part of the operating budget. We are working on compiling a full inventory, and then can move to replacement schedule.

Director Hilliard asked about constituents' expectations regarding the Measure U funds, in the Conclusions section of the Staff Report. The intent of the Measure U is to increase prevention activities. Are the reserves liquid enough that we can take funds out as needed for fire prevention? Chief Tubbs said yes, referring to the Department commitment to annually spend \$1M of Measure

U funds on wildfire risk reduction. Chief Tubbs said if the Board wanted to spend additional funding, it can be drawn from reserves.

In response to Director Hilliard's question, Chief Tubbs clarified that the Mill Valley consolidation is not factored into the budgetary matters until consolidation is complete. Once Mill Valley becomes incorporated, then, whatever costs are associated with those operations, there would be a revenue stream from a Mill Valley source to fund that expense.

Director Hilliard also asked if the Facilities line on page 29 of the Meeting Packet (page 3 of the Staff Report) included the Station 4 upgrade costs? Ms. Schiffmann confirmed, and said the line was increased to take into account the general increase in construction costs in our area.

Director Hilliard also asked if there was a way to invest the reserve funds in a safe short-term manner. Ms. Schiffmann said that we had looked into this, and our current approach is the most optimal one. It keeps funds liquid enough, and we do earn interest with the funds which are placed through the County. Ms. Schiffmann will check with the County Director of Finance if there are any other options for us to invest. The interest we get is reflected in the Interest line in the Revenues section, that Director Hilliard had previously inquired about.

Chief Tubbs suggested that for a subsequent Committee meeting, Staff should prepare a summary report about where District funds are being kept, and what sort of returns we are getting. This report would also include other possible investment options, including their risks and opportunities. Director Hilliard requested that we do this once year.

Ms. Schiffmann said we do get a monthly investment report from the County. This information can be included in the aforementioned staff report.

Motion to take Staff recommendation for Depositing \$1.67M, as recommended by the Staff, into the Reserve Fund.

M/S Hilliard/Perazzo
Ayes: Perazzo, Hilliard
Noes: none

Out of Public Session (Paused for a break) at 7:59 AM.
Back into Public Session 8:14 AM

7. CLOSED SESSION

Performance Evaluation Fire Chief GC 54957(b)
Entered into Closed Session at 8:15 AM.
Out of Closed Session at 8:55 AM.
Outcome: Direction given to Staff.

8. ADJOURNMENT

Adjourned 8:56 AM.