



Southern Marin Fire Protection District

Finance Committee

Thomas Perazzo, Chair

Director Cathryn Hilliard

Alternate: Peter Fleming

Wednesday, January 20, 2020–07:30 am–Headquarters

Meeting Minutes

1. CALL TO ORDER

Meeting was called to order by Director Perazzo: 07:33 a.m.

ROLL CALL

In attendance:

Committee Members: *In person:* Director Perazzo, the newly appointed Committee Chair. *Via Zoom Meeting:* Director Hilliard (7:34 am). There is a quorum.

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

2. OPEN TIME FOR PUBLIC EXPRESSION:

No public present.

3. AGENDA ADJUSTMENTS AND APPROVAL - None.

4. APPROVAL OF MINUTES

4.a December 9, 2020 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 have received December Property Tax disbursement. The December payment is 55% of the annual revenues. The amount received tracks to the amount expected. Ms. Schiffmann confirmed to Chief Tubbs that SMFD is about to get a check for 55% of the \$900K+ dollars, higher than was budgeted for this item. Ms. Schiffmann also mentioned that MWPA revenue, which is slightly higher than anticipated, is included is that \$900K+.

Our current Budget bottom line is as expected. Expenditures are a little low for this time of year. We had transferred \$1M from reserves, and we already transferred it back. Taking out the OES hours, overtime is low, only at 27%, likely because some of the Mill Valley overtime has not been reported yet. However, Ms. Schiffmann believes it will be low, even after that's accounted for. November figures for the PARS Trust show a \$332K gain.

Ms. Schiffmann is working on some reports for the upcoming Board Retreat, including reconciliation of reserves.

Ms. Schiffmann referred to the Budget Report, page 10. She has started adding notes to the revenues, see report. The interest figure, under revenues, is quite a bit higher than budgeted. The expenses portion of the Budget Report has some red items, but nothing is red-flagged. A red-flagged item means that it causes the Budget deviate from plan, or doesn't have a good explanation.

Director Hilliard asked about line 517-A, the increased telephone expenses for Station 9. Ms. Schiffmann said that this is about the elevator at Station 9, which requires a special telephone. That service is unavoidably expensive (approx. \$300/mo). Ms. Schiffmann did speak to the vendor, but they are unable to give us any special pricing.

Chief Welch suggested Ms. Schiffmann speak with Chief Hilliard, as he is the specialist in the area of building codes/requirements and may be aware of alternative cheaper technologies. Chief Welch said that alarm systems had gone through technology changes for purposes of cost efficiency, and this provides some hope that other options for telephones may be available. Ms. Schiffmann will explore this issue further.

All pre-paid budgeted expense lines are starting to level out, see report.

Ms. Schiffmann moved on to page 16, the Balance Sheet. The Operating Fund is back up to \$9.1M. Accounts receivable are at \$1.1M, which is mostly due to OES hours, but those payments are trickling in. The recent pre-positions are causing a lot of paperwork, which may be what is slowing OES down in paying us.

In conclusion, the Budget is in good shape, so now it's a matter of what kind of property tax revenues come in in the next few years. We're hoping the County will have estimates in February.

Director Hilliard asked about the management of the approximately \$2M in reserves. There were plans for the Committee to work with Staff to determine how to allocate those funds, and she would like to see that commence. Chief Tubbs asked to confirm that this is regarding the end-of-year surplus, rather than our current reserves? Director Hilliard confirmed that this was correct.

Ms. Schiffmann is planning to have information for the Directors to discuss at the Board Retreat. Ms. Schiffmann's recommendation is going to be to keep funds in cash reserves, and allocate them to items like Dry Loan Reserve. She recommends this because it's very likely that the stock market is going to have a substantial fall. When the market goes down, it would make financial sense to put our reserve funds into the PARS Trust. Ms. Schiffmann also welcomed other ideas.

Chief Tubbs echoed Ms. Schiffmann's suggestions, and said that we would have a better idea of what the financial outlook will be like as the year progresses, including more clarity if there will be additional government funding for "special districts". At this point the Staff are recommending to be fiscally conservative. Chief Tubbs mentioned that there will be a recommendation at the Board retreat to do another 10-year financial analysis.

Ms. Schiffmann clarified that the total amount we are expecting for reserves, at the end of FY 2021, is about \$4M total. Of that, \$2M is from last year's surplus, and plus another about \$2M to allocate from the current Budget.

Chief Tubbs asked about our general goal of 40% of unallocated reserves. Ms. Schiffmann said that if we put the \$2M in reserves this year, we would be at 60% of our 40% goal. So, we are getting to the goal faster than the last 10-year analysis forecast.

Chief Peterson said will would propose to change the name of some of the reserve categories, as some other districts have done. We should use terms like Dry Period Funding Reserve, and other such specific categories. Chief Tubbs clarified that this helps avoid situations where the State, during financially difficult times, can legally appropriate funds from our Unallocated Reserve. However, there is protection for funds assigned to dedicated reserves. There is also a retroactive period of time (possibly 6 months) that the State can do this, so it's best to move funds to dedicated reserves sooner, rather than later.

Directors Hilliard and Perazzo both expressed support for the conservative approach during these uncertain times. Director Perazzo brought up the example of the Oakland fire department having to reduce services in the past, due to shortages of funds. Chief Tubbs said that part of the reasoning for annexation of the MVFD is to help avoid the financial difficulties that caused the situation in Oakland. The Chief is doing a Recession Report, which will include information on conservative management of funds, so as to help avoid extreme measures, like having to negotiate pay cuts with employees.

Director Hilliard mentioned that we have to be careful on how to present reserves, as to not give an idea to employees and the tax paying public that we have a large amount of excess funds to spend. Chief Tubbs said allocating reserves to specific categories should help avoid such misconceptions.

6. ACTION ITEMS - NONE

Out of Public Session at 7:50 AM.

7. CLOSED SESSION

Performance Evaluation Fire Chief GC 54957(b)

Entered Closed Session at 7:50 AM.

Out of Closed Session at 8:08 AM.

Outcome: Direction given to Staff.

8. ADJOURNMENT

Motion to Adjourn:

M/S: Perazzo/Hilliard

Ayes: Hilliard, Perazzo

Noes: None

Adjourned 8:08 AM.