

Finance Committee Meeting
Wednesday, June 15, 2016
STA 9 – 7: 30 am
MINUTES

Call to order: 7: 35 am

In attendance: Directors Hilliard and Perazzo, Fire Chief Tubbs, Finance Manager Schiffmann (FM Schiffmann) and Administrative Services Manager Kim (ASM Kim)

Open Time for Public Expression: None

Agenda Adjustments: None

Approval of Minutes:

- February 17, 2016
- April 20, 2016

A motion was made to approve the Finance Committee Minutes from the February 17, 2016 and April 20, 2016 Finance Committee meetings as presented. **M/S: Hilliard/Perazzo; all ayes**

FM Schiffmann provided a number of financial reports to the Finance Committee. FM Schiffmann led the discussion of each report.

1. Finance Report - Finance Manager Schiffmann

- Currently at 90% of 94% for FY 2015/2016 budget
- Will finish FY 2015/2016 strong due to higher than expected revenue and deferred STA 4 remodel expenses
- \$400,000 to Unallocated Reserves
- SMFD is at 90% of the 5-year goal to fully fund the Reserves
- OPEB Trust payment of \$165,000 to pay off the ARC before end of 2015/2016
- The new SMFD employees on RHS plan does not affect OPEB. The snapshot did not change when four new employees were added
- SMFD Capital Replacement & Unallocated Reserves Update: The District's Capital Replacement & Unallocated Reserves is very near on-track and is currently at 94% of 100%. Were able to Increase this year's Unallocated Reserves funding by 10%. This is a big improvement since two years ago, the District had an Unallocated Reserves balance of \$0.

The Finance Committee requested a changes to the reports to make them easier for the reader to understand. Can footnotes be added to the Capital Replacement & Unallocated Reserves Projections report to better define the significance of certain line items and their impact on SMFD financial health. Add Capital Replacement & Unallocated Reserves Projections to the FY 2016/2017 budget.

- Legal fees over budget in FY 2015/2016 due to FLSA negotiations and are projected to be lower in 2016/2017. No significant legal issues are anticipated in 2016/17.

2. Balance Sheet

- FLSA payment included on the Balance Sheet. A recent court ruling effects the current FLSA settlement. Attorneys for both parties are sorting through the court ruling and this will delay the FLSA payments to staff until the new ruling is fully reviewed.
- SMFD billed the GGNRA for \$246,000. The contract with the GGNRA continues through 2020
The Finance Committee advised not to rely on GGMNRA funds just in case the JPA with the GGNRA dissolves. MC Fire was notified that their service are no longer needed in the GGNRA. SMFD is providing accurate billing based on good recordkeeping and new ERS incident program.

The Finance Committee asked what other resources are available to SMFD to help the District grow financially and not be dependent on outside agencies for support. The Finance Committee was assured that District staff is investigating all revenue streams and cost-cutting measures, including increasing the Prevention fees. The Fee Studies approved by the Board will provide real-time financial data, important for financial decision making and direction. SMFD revenue is static but costs continue to increase. The District may need to consider asking voters to raise property taxes to off-set rising expenses.

- LTD (advanced retirement payments) will continue to grow until MCERA makes the decision on the retiree's disability retirement application. If MCERA grants the employee a disability retirement, they will pay the retiree retroactively from date of their retirement. The retiring employee will then reimburse SMFD the funds forwarded to them during the retirement process.

3. 2016/2017 Preliminary Budget

- Pages 5 & 6 of the Budget Packet details all of the changes made to the FY 2016/2017 budget
- The 2016/2017 budget increased by 2.8% from FY 2015/2016
- There is an 8.4% in Capital purchases in FY 2016/2017. A summary of Capital expenses is provided on page 16 of the budget packet
- A summary chart of Reserve Allocation history and projections is on page 11 of the budget packet
- Updated Fees, determined by the Fee/Revenue Studies, if any, are not included in the revenue projections on the FY 2016/2017 budget

The Finance Committee will recommend to the Board to approve the Preliminary Budget for FY 2016/2017 at the June BOD meeting

4. Spyglass Contract: Analyze SMFD Telecommunications

- Spyglass will provide SMFD with an assessment of communication services and billing at no fee to the District
- If savings are found, they are split 50/50 between SMFD and Spyglass – No financial expense at all to SMFD
- Spyglass has expertise in complicated communications billing and will analyze usage and negotiate with providers for reduced rates

Chief Tubbs will investigate Spyglass references and if OK, go ahead and contract for services

5. Revenue and Prevention Fee RFP Update

- The District received 2 responses to the Prevention Fee RFP and 0 responses to the Revenue Study RFP
- The consultant fees requested for the Prevention Fee study are \$16,000 and \$34,000. This is a big disparity in cost and could be caused because one of consultant agencies is a small company and the other is much larger.
- CityGate offered some reasons why there were no responses to the Revenue Study. 1) The market is flush with works so agencies are picky with clients. 2) The Revenue RFP asks for *comparable* which is difficult to provide. It is not always easy to compare apples to apples so requesting *comparable* may be a deterrent to analysts.
- Approached Charlie Francis, retired Finance Manager at the City of Sausalito to conduct the Revenue Study for SMFD and he will consider the job but first the District needs to consider the legal & political issues of sole-source findings and studies. If sole-source investigators are generally accepted business practice, then Charlie Francis would be a good fit since he is familiar with consolidations and tax structures.
- Will revise the Revenue RFP for sole-source, if necessary

Adjourn: 8:35 am