



Southern Marin Fire Protection District  
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## FINANCE COMMITTEE MEETING MINUTES

### Wednesday, June 17, 2020

#### 1. CALL TO ORDER

Call to Order by President Hilliard: 07:30 a.m.

#### 1-A PLEDGE OF ALLEGIANCE

#### 2. ROLL CALL

**In attendance:** President Hilliard (by Zoom Meeting), Director Perazzo, Fire Chief Tubbs, Deputy Chief Peterson, Deputy Chief Welch, Finance Manager Alyssa Schiffmann (by Zoom Meeting), and Clerk of the Board Mariya Weinberg.

**Absent:** Director Fleming (alternate)

#### 3. OPEN TIME FOR PUBLIC EXPRESSION:

No public present.

#### 4. AGENDA ADJUSTMENTS AND APPROVAL

None

#### 5. APPROVAL OF MINUTES

**5.a** May 2020 Finance Committee Minutes are approved, except for some administrative changes made by President Hilliard, and communicated to the Clerk of the Board during this section of the meeting. See updated June 2020 Finance Committee packet on SFMD.org website for revised minutes. President Perazzo motioned to approve May 2020 Finance Committee minutes with the aforementioned corrections.

**M/S Perazzo/Hilliard**

**Ayes: Hilliard, Perrazo**

**Noes: 0**

#### 6. FINANCE REPORT

6.a Finance 2020 Staff Report

Ms. Schiffmann presented this report, and highlighted the following information.

We don't have the final June property tax installments yet, so the revenues are still estimated, but we are going to be more than 100% for the property tax revenues. Expenses are on track to be under budget, and revenues are on track to be over budget. Measure U revenue helped this year, and will also benefit us the next year. Ms. Schiffmann will obtain the County's projections for the FY22 property tax revenues, which will be available in February 2021.

Ms. Schiffman also mentioned that, as she reported last month, the PARS Trust increased by \$266K, Per the latest statement, it went up by over \$100K.

Moving into the review of the current Budget Report, the sum total of under and over budget revenues is \$540K more than was budgeted. As of the current report we are at 86% of 92%, so 6% under current budget total.

President Hilliard asked about the approximately \$540K over budget revenues mentioned above. Ms. Schiffmann clarified that the figure of \$540K was in the finance report, and that it is the sum of all the highlighted items, including those in red. The red color entries are the ones that are under budget.

Chief Tubbs asked why does the report show in the total for revenue column that we are under by \$299,148? Ms. Schiffmann clarified that it is because we have not yet received the last installment of the property taxes for June. Ms. Schiffmann is not counting those items that are not highlighted, but that these estimates are expected to be very close to what we budgeted. Ms. Schiffmann's objective here is to show what is different from what we budgeted, for a total surplus of \$540K. Chief Tubbs then clarified that the Staff Report shows Ms. Schiffmann's total projection, while the first page of the current Budget being discussed is the current status.

Director Perazzo inquired whether or not Chief Pasquale's vehicle purchase was scheduled. Chief Peterson confirmed that it was. There was some confusion between the Committee members as to which year which vehicles were budgeted/purchased. Final clarification by Ms. Schiffmann, upon reviewing both of the budgets, stated that there were two vehicles purchased the current year, a Battalion 2, and new Unit 1, which was a pickup with a utility body.. We have Unit 9 in the preliminary Budget for FY 20/21, in addition to a new Fire Marshal vehicle, plus a new inspector vehicle (funded by Measure C).

President Hilliard suggested that we move on to the motion to accept the Finance Report.

**M/s Perazzo/Hilliard**

**Ayes: Hilliard, Perazzo**

**Noes: 0**

## **7. ACTION ITEMS**

### **7.a Fiscal Year 2021 Preliminary Budget Package**

President Hilliard requested Ms. Schiffmann to address the highlights of the FY21 Preliminary Budget Package. President Hilliard also complimented Ms. Schiffmann and President Tubbs on the superb format of the report

Chief Tubbs recognized Ms. Schiffmann, and other staff present at the meeting, for the efforts that were put into development of the Preliminary Budget-related documents, and for the decisions to make certain cuts. The Preliminary Budget was affected by several current events. One event is the recession triggered by the COVID-19 situation. The impact may not be known until the first quarter of 2021. Chief Tubbs and staff had prepared a recession report for the Board following the Board Retreat. The staff took an ultra-conservative stance in building the Preliminary Budget. Following the Board Retreat, the Board gave staff specific directions relative to goals and objectives. Therefore, several things were included in the Preliminary Budget. For example, the Board already voted not to take the automatic 5% escalator on Measure U, so the Preliminary Budget was built with that in mind. We endeavor to keep the operating and equipment budget at, or under 5%.

Ms. Schiffmann went on to present and discuss the important aspects of the Preliminary Budget. Starting on Pg. 51 of the packet (Pg. 13. of the Preliminary Budget), we have the FY21 Proposed Preliminary Budget Summary. The revenues are projected to increase by over 4% as per the County of Marin, the increase totaling about \$579K. The new part of this Preliminary Budget is the Measure C, which has its own revenues and expenditures, which makes it harder to compare the Preliminary Budget to the prior year's budgets. So we try to point out certain figures, by including or not including Measure C, so as to compare apples to apples. On the revenue side, the increase in

property tax is over 4%. Additionally, we have the City of Mill Valley reimbursement to SMFD for the 3<sup>rd</sup> Battalion Chief. We also have the Tam Valley Fuel Bank Grant, which is supposed to be \$220K a year, as split equally over a 3 year period

Ms. Schiffmann continued on to expenditures, which have stayed under a 5% increase, not including the Measure C Wildfire Prevention Authority funds. Therefore, our Operating and Equipment Preliminary Budget is 4.6% (or \$844K) higher than last year's budget. The Funding from Reserves category is higher than last year, for reasons including a new generator for Liberty Ship Way, and the last SCBA fill station for Station 4.

Our goal for Unallocated Reserves is 40% of Operating Equipment. We have a history of Unallocated Reserve Fund and in this Preliminary Budget we can project that we can put \$597K into the Unallocated Reserves Fund, although the current situation makes things less certain. The \$597K would be left over after revenue and expenses. Also, that's what we have left over after we put \$1M into the Capital Reserve Fund, as per our finance policy. After the \$597k contribution, we would expect a \$4.4M balance, which is 54% of the new goal.

Ms. Schiffmann moved on to Pg. 53 (Pg. 15 of the Preliminary Budget), which has the Operating and Equipment Preliminary Budget. Note that these are recurring expenses, like salaries, benefits, operating expenses and the equipment that we purchase every year, like hoses and hydrants. The entire Preliminary Budget, including Measure C, is \$1.3M increase from last year, or 7.1%. Just the equipment, and not the operating expenses, and not including funding from reserves, is 39% higher than last year, and that includes Measure C.

Going to Pg. 54, we have the Funding from Reserves Preliminary Budget, which is 31% higher than last year, (\$290K), including Measure C. This increase is mostly due to the LRAD device (funded by Measure C).

Pg. 55 has the summary of our major initiatives. The Measure U Preliminary Budget has been kept at one million dollars. Last year, we had one-time start-up costs (vehicles, uniforms, etc), so this year we will be able to put more towards actual vegetation removal projects. For the new apparatus, we have a new vehicle for Fire Marshall Hilliard, his current vehicle to be assigned to one of the new defensible space inspectors.

Ms. Schiffmann also mentioned Station 9 repairs. Station 4 has the irrigation project, and continuation of the remodel. Also, there will be some upgrades to the admin building. President Hilliard asked to elaborate on the upgrades, and Chief Tubbs clarified that we will need to purchase several temporary wall panels for division between the Chief's officers and the Board room and training area. Also, the file cabinets behind the dais will be removed, and a basic wood cabinet installed instead. These are tenant enhancements to the building, and therefore are not the landlord's responsibility.

Ms. Schiffmann also mentioned that 28 Liberty Ship Way will have an Emergency Operations Center (EOC), which would be a technology installation that would allow us to have very fast access to information in case of an Emergency. We would have monitors with the Web EOC program, which is also used by the County and all the local agencies, so we can see all events, as well as add our own. We would also have the ability to get feeds from the fire cameras from the drones, and from the tablet command. Director Perazzo asked to confirm that this EOC does not replace what's currently at Station 1. Chief Tubbs clarified that Station 1 has no EOC technology, and the City [of Sausalito] has not and will not be allocating funds for an EOC. President Hilliard and Director Perazzo noted that this system would help if we were cut off from the rest of the County and useful as a (partially) redundant system. We are also in some discussion with Bill Frost whether our location is a better place to run the whole EOC.

Director Perazzo inquired if the \$16,000 for two treadmills was for the replacement for the equipment received through grants. Chief Tubbs clarified that the funds are to replace the hand-me-downs from the local gyms, which have reached the end of their service life. Ms. Schiffmann mentioned the plan is to purchase one per year.

Ms. Schiffmann went over Pg. 56, which is the breakdown of the 4.6% increase. These are Salaries and Benefits and Operating Expense changes, and the Firefighter MOU 5% increase, which also affects pensions and overtime. There is an associated increase in pension costs. The Kaiser increase won't really be known until December. Usually it is under 8%, and we budgeted 7%. The numbers in the yellow cells show the amount of change, not totals. We were over budget in the current FY for the Measure U prevention mailers, so are now increasing this

line. Also, PG&E for 28 Liberty Ship office was added. The dispatch cost is up. COVID-19 related increases will be reimbursed by FEMA, to be submitted after the “incident” is closed. There is an increase in training accounts for the firefighters, per the MOU. The owners of 28 Liberty Ship Way will not increase the rent until next May.

President Hilliard inquired if there was much change from the last month’s version of this Preliminary Budget. Ms. Schiffman clarified that there has been very little change. It would be possible that for the final draft of the Preliminary Budget may not have the EOC we had discussed earlier, should we be able to spend it this year, which now seems unlikely.

Measure U Preliminary Budget, which is on Pg. 57, is at \$1M, but this page only shows the operating and equipment changes, so we do not show the \$4K for some AEDs. There are increased mailing costs and vegetation management costs, since there are more funds to allocate for these projects. President Hilliard wanted to know if the Chipper Days were included in the Preliminary Budget, and Ms. Schiffmann confirmed that this cost is included in the vegetation management portion of the Measure U Preliminary Budget.

Ms. Schiffmann went on to Pg. 58, the Measure C Preliminary Budget JPA, thanking Chief Hilliard for his input. This report shows start-up costs for 2 new inspectors, and \$62K in new funds on the Vegetation Management line. Chief Tubbs added that this is a projection of what we have submitted to the MWPA. Until the Board of Directors for the MWPA approves their budget, these are projected figures. Our proposed Preliminary Budget will be adjusted at the time that the MWPA approves their budget, and we will have the final numbers in September.

President Hilliard informed the team that she had heard in the meeting of the Bylaws Subcommittee that Southern Marin is being considered to be handling the financial aspect of Measure C. Chief Tubbs stated that SMFD has put together a projection, following Chief Tubbs’s discussion with Ms. Schiffmann, and submitted it to MWPA for consideration. There has not been a lot of other interest to provide those services, which are to be provided by one of the member agencies per the JPA. We expect to get a contract for those services, which we would have to supplement a little to support Ms. Schiffmann and admin staff.

Pg. 59 shows all three of the Operating and Equipment Preliminary Budgets combined, showing a \$1.36M total increase over prior year’s budget, skewed because of measure C, which added a 7.1% increase. Wages and benefits are the bulk of the increase, followed by Operating Expenses.

Pgs. 60-63 provide the breakdown of the discretionary versus the nondiscretionary contributors to Preliminary Budget increase. There could be some grey areas as to which is which. Out of the \$1.36M, the biggest contributors, at about \$788K are the base salaries and benefits. We have a lot less control over the non-discretionary items, which total about \$574K. Worker’s Compensation is the biggest one. Ms. Schiffmann clarified for President Hilliard that Dispatch fees went up about 2.3%, but it was a lot worse in some of the prior years.

Pg. 64 has the Preliminary Capital Budget Analysis showing the Equipment and Reserves figures. Under the New Apparatus line 583-5J, we have the new vehicle for the Fire Marshall and also Unit 9 vehicle. We opted not to do the engine replacement this year. We spoke about a grant earlier, and SMFD will be getting \$240K of that grant revenue this year. We would expend \$250K, so we are chipping in \$10K a year for the grant.

Pg. 65 has the Preliminary Measure U Capital Budget, which only contains the two AEDs.

Pg. 66 has the Preliminary Measure C Capital Budget. We have some start-up costs, like new iPads and new workstations for the 2 new inspectors, and one vehicle, since Chief Hilliard will pass his current one down. The Preliminary Budget also shows the LRAD expense. The total Measure C JPA is approximately \$814K, subject to approval.

Pg. 66 shows the Summary Capital Budget. Ms. Schiffmann noted that all Capital Expenditures are considered discretionary. Also, the previously discussed EOC is mentioned under “New Workstations” in this section, totaling \$53K including installation.

Pg. 68 details the items Funded from Reserves. The largest of them is the LRAD system, which is approximately \$400K.

The last few pages of Ms. Schiffmann's budget report show the line-by-line details. This section shows the current FY total Budget, actual spending to date, as well as the Preliminary Budget for FY21 figures.

Director Perazzo inquired if we currently have a drone, and if it was used yesterday in the Stinson Beach incident search and rescue. Chief Tubbs and Chief Hilliard clarified that SFMD has two drones, which are not yet deployed. This is due to administrative matters left to address, e.g. finalize policy and community outreach. The process is on hold due to COVID-19. Marin County Fire had used their drone, and it appeared to be a very useful too.

President Hilliard asked for a Motion to Receive the Report, and to send the FY 20/21 Preliminary Budget Report to the entire Board of Directors for approval.

**M/s: Perazzo/Hilliard**

**Aye: Hilliard, Perazzo**

**Noe: none**

## **8. REPORTS AND INFORMATION**

### **8.a Finance Staff Receive Report Finance Staff Report - Outdoor Dining and Outdoor Retail.**

Chief Hilliard presented the Outdoor Dining and Outdoor Retail Report and the proposal regarding waiving certain inspection fees. This is related to how COVID-19 affects the fire prevention revenue from inspection and permit fees. When the COVID-19 "Shelter-in-Place" order began, there were no inspections being performed at all. This affects the figures that the Prevention Division had previously reported to the Board as recoverable revenue for specific positions. Currently, we don't have projections for COVID-19 related revenue loss for the Prevention Department, until the restrictions are lifted.

As part of the return to businesses, local cities and the County are requiring restaurants and retail to cut use of their indoor space. The governor therefore has given permission for use of outdoor space for these businesses, and local cities have to plan for this to happen. Chief Hilliard sits on a related task force, representing the fire department perspective. He is addressing things like the necessary fire safety measures. There would normally be a fee for the businesses for the inspections and permitting, relating to the use of outdoor space. The cost is based on the staff time. Chief Hilliard is proposing that we ask the Board for permission to waive these inspection fees, since the cities and the County are waiving similar costs. This will help get businesses up and running and to create tax revenue. Chief Hilliard and Ms. Schiffmann performed some calculations, looking at about 361 occupancies in the SMFD and MVFD jurisdictions that might be interested in outdoor use permits, requiring FD inspections. This could add up to about \$64K in potential inspection fees, although not every business is actually expected to apply. Also, this would change if businesses were allowed to go back inside. The fee situation is to be reassessed at the end of the year.

Chief Hilliard has requested Finance Committee input and welcomed questions, so that this proposal may be approved and brought to the Board of Directors for final approval.

Director Perazzo expressed his approval of the proposal and also approval for submitting it to the full Board, stating that most jurisdictions have similar measures in order to promote businesses resuming operations.

Chief Tubbs added that businesses were already financially hurt by the COVID-19 related closures, and SMFD wishes to provide them support. Waiving fees would of course affect our revenue stream. However, the Preliminary Budget Report shows we can temporarily waive outdoor business inspection

fees without any significant impact to services, as of our current financial situation. Therefore, we should go ahead and do it.

President Hilliard stated that she is much in favor of this proposal, given that our revenues are currently up, and we are trying to help businesses to re-open, and show support for the community.

President Hilliard requested a Motion for the Finance Committee approve this proposal, and to put the proposal to the full Board of Directors, with the recommendation to approve.

**M/s: Perazzo/Hilliard**

**Aye: Hilliard, Perazzo**

**Noe: none**

Director Perazzo inquired if we have already performed any of these inspections, and Chief Hilliard confirmed that we have done about 27-28 at this time, but no fees have been billed yet, pending the outcome of the proposal currently being discussed. Director Perazzo noted that the Sausalito Chamber of commerce is sending out a list of restaurants participating in outdoor dining program. President Perazzo and Chief Hilliard discussed the related closure of Caledonia St.

## **9. Closed Session**

Entered into closed session at 8:25 AM.

Out of closed session at 8:48 AM.

No action was taken.

## **10. Adjournment**

Adjourned 8:48 AM.