

Rodeo-Hercules Fire Protection District



**2022-23 PROPOSED
BUDGET**

I. MISSION STATEMENT**Rodeo-Hercules Fire Protection District****Mission Statement**

This organization's mission is to provide the highest level of service to the community; mitigate the devastating effects of fires and other disasters, deliver emergency medical services; educate the public, and maintain a constant state of readiness.

Core Values

To that end, we value:
Service to the Community
Public Trust
Professionalism
Educated Work Force
Compassion
Teamwork
Safety, Health & Welfare of the Organization

Board of Directors

The Board of Directors is the elected policy-making body for the Rodeo-Hercules Fire Protection District. The Directors provide financial oversight and strategic policy direction to maximize the public value of Fire District services

Damon Covington (Board Chair)

Steve Hill (Vice Chair)

Marie Bowman

Charles Davidson

Robyn Mikel

Interim Fire Chief

Darren Johnson

The Fire Chief is the Chief Executive Officer of the Fire District. In collaboration with the Board of Directors and partnership with all members of the organization, the Fire Chief provides direction, protection, and order to the Fire District.

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II. Executive Summary

A. Transmittal Letter

June 8, 2022

Board of Directors
Rodeo-Hercules Fire Protection District
1680 Refugio Valley Road
Hercules, CA 94547

Members of the Board of Directors:

I am pleased to present the Fiscal Year 2022-23 Budget for the Rodeo-Hercules Fire Protection District. The creation of this budget wouldn't have been possible without the support of the Fire District Board of Directors. Its continued leadership has allowed the Fire District to reach financial stability and provide a Budget with complete financial transparency. With the assistance of the Board of Directors budget ad hoc committee and the Fire District's financial advisor (MRG"), District staff provide this budget based on the framework developed over the past few years.

This Fire District has faced many challenges over the years but nothing as significant as the recent global pandemic. Fortunately, the Fire District has not realized any significant economic impacts but remains vigilant in its preparation. Using the information obtained by historical data and our financial consulting team, the budget is designed to meet the operational needs of the Fire District.

A complete budget narrative, with supporting documentation, is again our framework for budget creation and is based on accounting principles outlined in the 2016 Fiscal Analysis and Stabilization report. Development of our annual budget is based on the needs and priorities of the Fire District. The development, approval, and implementation of the budget are critical to proper management the district's finances.

Although the Fire District has achieved a more stable footing than in prior years, future uncertainties will dictate the ability to stay on that footing. The Fire District continues to bolster its financial stabilization fund to mitigate unplanned fiscal impacts. To reinforce these efforts, the Fire District Board of Directors authorized staff to enter into a contract to update their Strategic Plan to help identify challenges to the District and help provide a roadmap for the future of the District

As always, the Fire District will continue to be diligent in its fiscal responsibilities to the public. The Fire District is continually seeking ways to streamline operations and reduce costs.

I am pleased to report that with the efforts and dedication of this Board, the Budget for FY 2022-23 is balanced. The Fire District is currently maintaining both of its fire stations at full staffing.

The budget does not contain any unnecessary increases in expenditures for personnel costs (other than scheduled merit increases¹), any capital expenditures other than those required to maintain the facilities, and necessary operational and support activities. Due to current economic uncertainties and price increases, the proposed budget does not include any surplus fund balance. Allocations of General Fund reserves offset unforeseen expenses during the fiscal year.

We estimate the District will have a fund balance of \$6,300,000 as of June 30, 2022.

During this budget preparation process, we have continued to review existing practices and identify and implement cost saving opportunities while seeking to expand high demand services. This budget will enable the Fire District to maintain high-quality fire and emergency response while maintaining a top priority on the health and safety of the public and our personnel. In summary, I would like to express appreciation to the Board of Directors for their continued support, direction, and dedication to public safety.

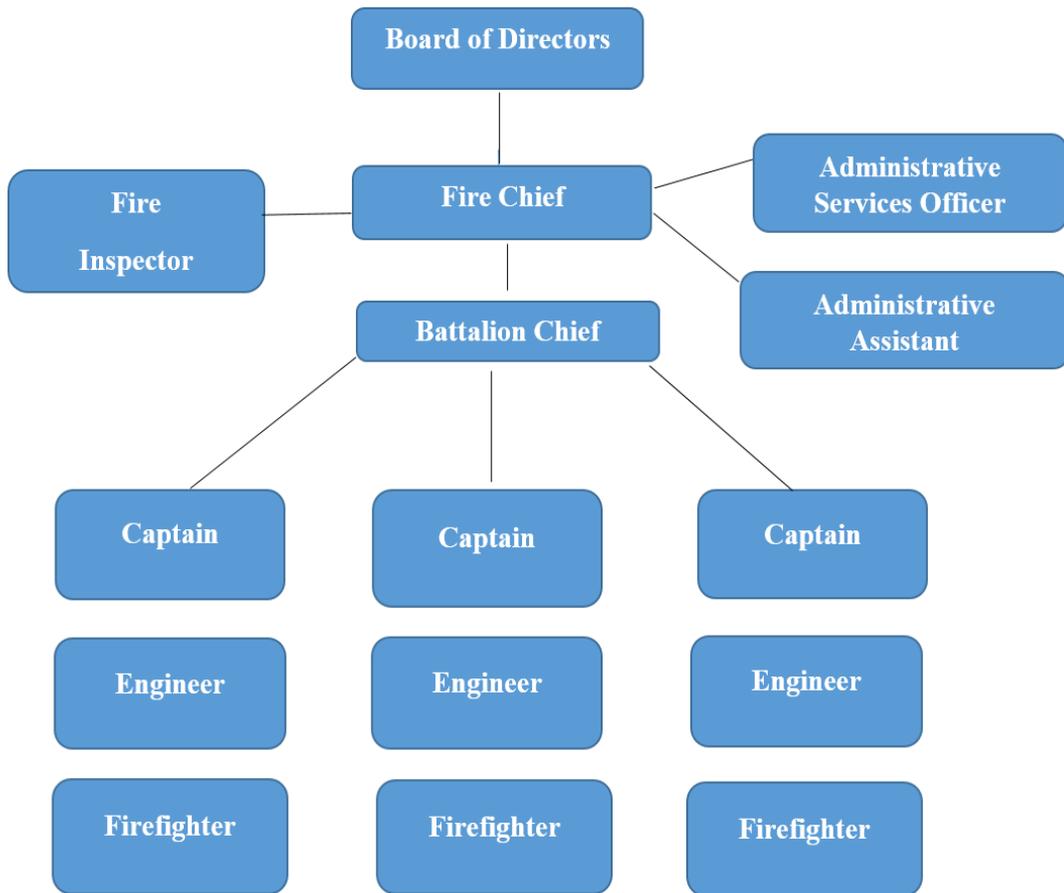
In continued dedicated service,

Darren Johnson
Interim Fire Chief

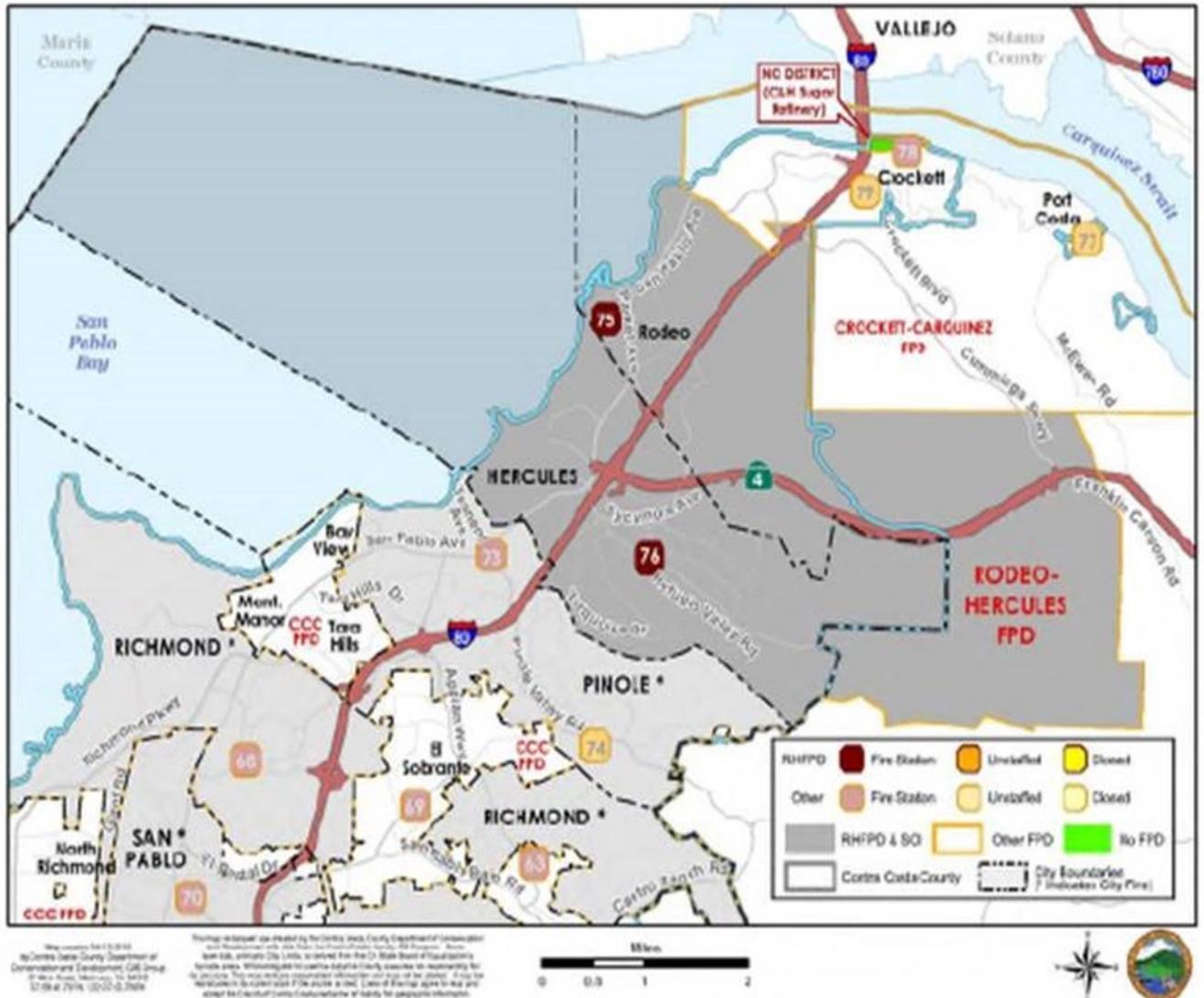
¹ The current MOU between the District and represented employees will expire on June 30, 2022

B. District Overview

Organizational Chart



District Boundaries



III. FIRE OPERATIONS

Rodeo-Hercules Fire Protection District is an all-risk department operating individual fire companies specially trained to respond to residential and commercial fires, refinery and industry-related incidents, wildland fires, vehicle extrication, technical rescue, and hazard materials first responder duties. Engine companies are also tasked with determining the origin and cause of fires and providing rescue and advanced life support services. The Fire District provides a minimum of one advanced life support paramedic on duty 365 days a year in the Town of Rodeo and the City of Hercules.

Rodeo-Hercules Fire Protection Fire District operates within Battalion 7, a jointly operated Battalion with Pinole Fire Department and the Contra Costa County Fire Protection Fire District. Each participating entity provides a single Battalion Chief to ensure the consistent establishment of incident

command, firefighter safety, and judicious resource management at emergencies. The Battalion also serves the outlying communities of Rodeo-Hercules, including Pinole, Tara Hills, Bayview, Montalvan Manor, Montara Bay, East Richmond Heights, San Pablo, El Sobrante, unincorporated Contra Costa County, and Martinez. Each of these areas presents a unique set of complex hazards, and the rapid establishment of fire ground command is essential to the successful resolution of an array of calls for service.

The Fire District also responds to automatic aid (additional unit response on a call regardless of jurisdictional boundaries) and mutual aid (request for additional resources for large incidents or due to multiple simultaneous incidents). Citizens of participating communities benefit from this sharing of resources and a regionalized approach. These extended responses have included the Contra Costa County Fire Protection Fire District, Crockett-Carquinez Fire Protection Fire District, Pinole Fire Department, Richmond Fire Department, El Cerrito Fire Department, Moraga/Orinda Fire Protection Fire District, and Vallejo Fire Department.

The Fire District also participates in the California Fire Assistance Agreement for the State of California and Federal Fire Agencies. This agreement, which the Office of Emergency Services manages, has called upon RHFPD to provide Mutual Aid resources throughout California, Oregon, and Nevada.

Strategic Plan

In February 2022, the Fire District entered into a contract with Fitch and Associates to produce a strategic plan for the District. This plan will provide administrative as well as an operational roadmap for success of the District moving forward. Completion of the plan is projected to be in September 2022.

Fire Prevention:

Engine companies conduct fire and life safety inspections of all schools and Businesses within the Fire District. Engine companies also conduct an inspection of public and private properties for hazardous and/or combustible fuels, unabated annual grasses, urban blight and give notifications to abate said hazards.

The inspection of residential care facilities, licensed childcare, and adult care facilities, commercial tenant improvements, new construction is addressed with an independent contractor. Construction plan review and compliance with Fire District, local and state requirements, meetings with developers and contractors are addressed with district staff.

Apparatus:

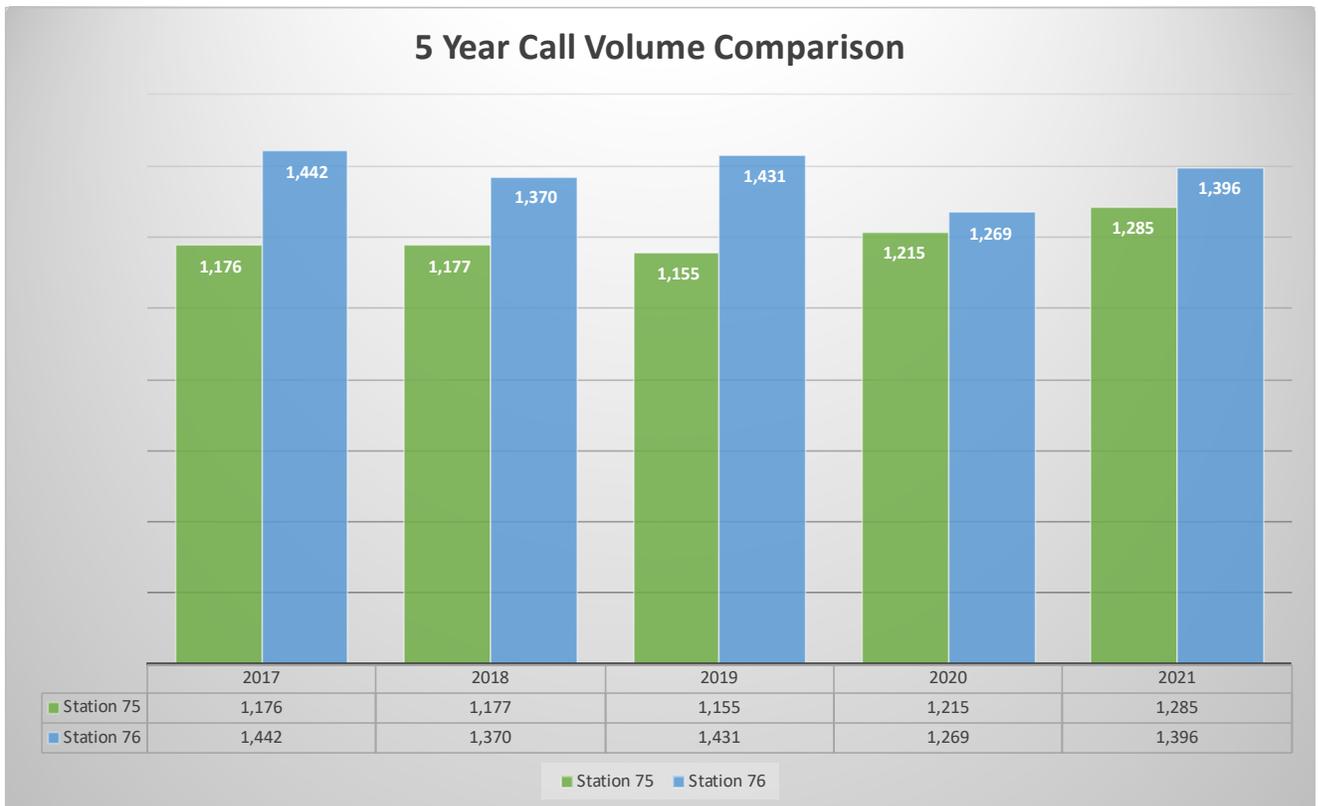
The Fire District operates a variety of Fire Apparatus* including:

- One 100-foot Quint Ladder Truck
- One Type 1 Rescue Pumper
- Two Type 3 Wild Land Engines
- One Type 1 Rescue Pumper (Reserve)
- One 75-foot Quint Ladder Truck (Reserve)

**Fire apparatus is identified into standard category typing within the Incident Command System to organize multiagency resources through the National Interagency Fire Center and the Office of Emergency Services.*

The Fire District maintains a variety of fire apparatus and equipment to meet the public safety needs of our service area, including major highways and streets, undeveloped wildland, developed urban residential, and refinery/industrial areas.

Incident Calls-2021			
Incident Type	Number of Calls		Total
	Station 75	Station 76	
Fire	86	64	150
EMS/Rescue	833	799	1,632
Hazardous Condition	17	28	45
Service Call	66	118	184
Good Intent	221	308	529
False Call	61	77	138
Other	1	2	3
TOTALS	1,285	1,396	2,681



A. Budget Overview and Summary

Structure for Budgeting and Accounting:

As a single-purpose fire authority, the Fire District maintains one governmental account. Within this single account are four separate funds. They are the General Fund, Measure O Fund, Capital Fund, and the Fire Facilities Fees Fund. The Fire District reports the majority of its financial activities in the General Fund. Revenues and expenditures are reported in accordance with government accounting standards. Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when funds are available if the revenues are collected within 60 days after year-end; expenditures are recorded when the related liability is incurred.

Budget Control and Amendments:

The Fire Chief is responsible for ensuring expenses are within program allocations and shall adopt budget policies necessary to carry out that responsibility within his authority. Except in prescribed emergencies, no expenditure of funds shall be authorized unless enough funds have been appropriated by the Board of Directors as outlined in this budget. The Fire District has three distinct formal budgetary review and approval cycles within a given fiscal year: Preliminary, Final, and Mid-Year (Amended) Budget if needed. The final budget is approved after holding a public hearing and formal adoption by the Fire District Board of Directors. The budget includes the proposed expenditures of the Fire District and the means of financing them. The Board reviews total budgeted appropriations and any necessary amendments throughout the year. Formal budgetary integration at the fund level is employed as a management control device to monitor budget-to-actual performance throughout the fiscal year. Quarterly budget financial reports are also provided to the Board and are available to the general public. The Fire District's Budget is adopted on a basis consistent with the Governmental Accounting Standards Board method (GASB).

Budget Goals for Fiscal Year 2022-23:

As the Board and community are aware, the Fire District has struggled in the past to maintain solid financial footing. The much-needed replacement revenue from Measure O has improved the Fire District's finances, adding financial stability to the Fire District. This stability will allow the Fire District to make contributions to its Capital and economic stabilization fund. In preparing the Budget, Fire District staff has developed a budget that recognizes the Fire District's current obligations and provides accurate information on the fiscal realities and the global economic impacts faced by the Fire District. The Fire District will continue its efforts to secure additional revenue sources to stabilize its financial future.

Projected Revenues:

The FY 2022-23 budget projects a total revenue of \$8,669,914, a decrease of 3.7% from the prior-year budget. This revenue projection is based on the following assumptions: \$4,159,511 in Property Tax revenues, \$2,584,204 in Measure O revenue, \$1,362,081 in Benefit Assessment revenue, and \$564,117 in Intergovernmental Revenue. Unfortunately, due to uncertainties in new development and when building permits will be issued within the Fire District, it is unknown the amount of Developer Impact Fees that may be realized.

In November 2016, the Fire District successfully passed a parcel tax measure for maintaining emergency services within the Fire District. Measure O revenues are allocated for Fire District operations and fully expended to provide emergency services during the budget year. We anticipate some reductions in the potential total Measure O revenues due to the provision for senior exemptions. The initial revenue projections indicate approximately \$2.6 million generated for FY 2022-23. With deductions of the 618 qualified senior exemptions received for fiscal year 2022-23, that amount is reduced by \$147,084 (\$238.00 per parcel).

Fiscal Year 2022-23 Projected Expenditures

Budget expenditures include full staffing for two stations. Full staffing compliment for FY 2022-23 includes:

- One Fire Chiefⁱ
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Part-Time Fire Inspector
- One full-time Administrative Services Officer
- One full-time Administrative Assistant

A full-time staffing configuration has reduced the Fire District's overtime costs while providing permanent employees to staff the two-station configuration.

The budget includes the following assumptions and significant items:

- Increases in medical benefits costs for current and retired employees. (\$70,031).
- Budgeting apparatus lease costs in the General Fund (\$200,000).
- Deferred facilities maintenance.

B. Fire District Financial Position

The FY 2022-23 Budget is a balanced budget based on current and predicted revenue and expenditure projections.

The Fire District still struggles with significant revenue reductions imposed by outside influences, including State reductions in subventions and sequestration of property tax through the dissolution of redevelopment agencies. Fortunately, Fire District voters supported and approved a stable revenue source through Measure O in November 2016. This replacement revenue source will continue to stabilize the Fire District revenues for the foreseeable future.

During the economic downturn of 2012-2016, the Fire District was forced to reduce its services significantly and used virtually its entire financial stabilization fund. As indicated within this document, the Board has declared its intent to rebuild a stabilization fund for the Fire District whenever possible to assure stable service provision in the event of an unexpected circumstance.

Fire District Financial Issues

The Fire District's financial position has improved with the revenue provided by Measure O. Fully funding for two fire stations and providing uninterrupted emergency service is the continued primary focus when creating the budget. The development, implementation, establishment of an industry-standard budgeting and accounting system have streamlined processes and built a budget based on actual revenue and expenses.

Financial Issues

Most of the financial issues faced by the Fire District originate externally and are difficult or impossible to control. A number of these involve actions by outside agencies, the current pandemic, or results from past economic conditions outside the Board's control.

These issues include the following:

- Within the dissolved Hercules Redevelopment, property development is excluded from allocating the total ad-valorem property tax' pass through' funds to the Fire District.
- High-density rental development within the City of Hercules is causing service demands without corresponding revenue. Multi-story high-density residential and commercial projects require additional equipment and resources to protect. Although the Fire District was successful in increasing its Fire Facilities Impact Fee schedule, it was not to the full extent necessary to provide adequate funding to acquire all additional equipment needed to provide suitable fire and emergency response to these areas.
- Contra Costa County Employees' Retirement Agency (CCCERA) retirement system costs for current employees' ongoing payments and the unfunded liabilities (UAAL) incurred for the pensions for current and retired employees. These two costs total \$2,259,896, representing 26% of the projected FY 2022-23 personnel costs for the Fire District's 23 employees.
- Although the Fire District's represented personnel contribute 3.75% of their base salary toward the Fire District's Other Post Employee Benefits (OPEB), the ongoing and accruing

unfunded liability for the Fire District's retiree medical program has and will continue to rise as medical insurance costs increase over time. The Fire District is currently not contributing to the Annual Required Contribution (ARC). If the Fire District does not set aside additional funds for this benefit program, the unfunded liability will increase significantly over time. Current Government Accounting Standards Board (GASB) accounting principles require the Fire District to clearly state the unfunded portion of both its retirement and OPEB programs (See *Section III. Statement of Unfunded Liabilities: CCCERA UAAL and OPEB UAAL for details*).

Recommendation

- Continue to monitor and schedule apparatus replacement as needed. Direct staff to pursue alternate funding sources to assist in apparatus replacement.

This Budget document contains several Budget Management, Control, and Reserve Policies (see *Section IV. Budget Policies* for details). These policies describe important fiscal control areas to ensure that the Board's financial decisions are implemented thoroughly and professionally, and that detailed and transparent financial reporting is provided to the Board and public on an ongoing basis.

IV. Statement of Unfunded Liabilities: CCCERA & OPEB UAALS

The Fire District provides two benefit programs to employees that require ongoing contributions to be sustainable. These are: (1) the pension benefits provided through contracts with the Contra Costa County Employees' Retirement Association (CCCERA) and (2) "other post-employment benefits" (medical insurance) for qualifying retirees (OPEB program). The costs of these programs are funded through two types of contributions: the current or 'normal' costs and the contributions required to fund the Unfunded Actuarial Accrued Liability (UAAL). This calculation is the difference between the actuarially stated amount needed to pay for future benefits and the current funding set aside for those benefits. The two programs treat those two components differently, as described below.

The Contra Costa County Employees' Retirement Association (CCCERA) retirement program is governed by an independent Board of Directors. The CCCERA program mandates that participating employers pay into the fund for both the normal and UAAL costs annually. CCCERA utilizes regularly scheduled actuarial studies to ensure funding requirements are met and that the benefits are available to retirees when due. The normal and UAAL rates fluctuate based on numerous factors, including the return on investments for recent years, changes in assumptions regarding future return on investments, changes in assumptions regarding program participants' longevity, and other factors.

The Fire District's CCCERA contribution rates in FY 2022-23 for the normal costs will be 20.2% of payroll for "Legacy" employees and 16.98% for California Public Employees' Pension Reform Act employees (PEPRA²). The UAAL payment for FY 2022-23 is estimated at \$1,684,896.

² PEPRA employees are employees that are hired on or after January 1, 2013, and receive pension benefits following the California Public Employees' Pension Reform Act

The Fire District's current overall unfunded liability as of June 30, 2021 for the CCCERA retirement system is \$6,595,543.

The Fire District's Other Post Employment Benefit (OPEB) Program funds retiree medical insurance. The Fire District pays the cost of qualifying retiree medical insurance based on an agreement with the employees. The Fire District is currently paying the full cost of that coverage to retirees—the 'normal' costs of the OPEB program. For FY 2022-23, \$452,635 is budgeted for this program. This includes matching funds of 3.75% from the general fund budget to the California Employers' Retiree Benefit Trust (CERBT). The CERBT Fund is a Section 115 trust fund dedicated to pre-funding Other Post-Employment Benefits (OPEB) for all eligible California public agencies. By joining this trust fund, California public agencies can help finance future costs from investment earnings provided by CalPERS. As of March 31, 2022, the District's balance in the CERBT Fund is \$3,062,938.

While unfunded liability for pension and retiree healthcare are significant obligations of the District, we continue to pay down and manage these liabilities in accordance with Board direction.

V. BUDGET POLICIES

The following Budget policies were adopted by the Board of Directors during the FY 2017/2018 budget adoption and currently remain in place with no additions or deletions.

A. Policy for Reserves and Fund Balances and Goals for Reserves and Fund Balance Maintenance

Fund Balance and Reserve Policy

A Fund Balance is defined as the Fire District's balance sheet assets less liabilities, which equals a Fund Balance. There are varieties of defined fund balances that are based on the extent to which the Fire District is bound to honor specific spending constraints.

The Rodeo-Hercules Fire Protection Fire District utilizes the following definitions for its Budgetary Practices:

Unassigned Fund Balance

An **Unassigned Fund Balance** is defined as any Fund Balance amounts not classified as a Restricted Fund Balance, Committed Fund Balance, or an Assigned Fund Balance.

Assigned Fund Balance

An **Assigned Fund Balance** is intended to be used by the Fire District for a specific purpose; however, the activity does not meet the criteria to be classified as restricted or committed.

Committed Fund Balance

A **Committed Fund Balance** is defined as funds that can only be used for a specific purpose, as determined by formal action of the Fire District's Board of Directors.

Restricted Fund Balance

A **Restricted Fund Balance** is defined as funds that can only be spent for specific purposes for which the funds were intended. These typically include expenditures controlled by outside agencies such as the State and Federal Government, employee retirement, medical and other funds, as well as funds required for surety for debt obligations.

The establishment and maintenance of the Fire District's financial stability and sustainability are of primary importance to the Board of Directors. The Board has established the following policies for the Fire District to implement.

Financial Stabilization Fund —the purpose of this reserve is to provide the Fire District with the needed flexibility to provide for unanticipated changes in revenues or expenditures and to assure the provision of stable services to the Fire District's residents and businesses.

It is recommended that the Board establish the goal of having funds for four months of operations in this Unassigned Fund Balance. The Board should designate funds to be allocated for this purpose as part of its annual Budget process.

General Fund Committed Fund Balance—the purpose of this reserve is to provide the Fire District with the opportunity to address growing unfunded liabilities in employee retirement benefits. If funds are accumulated by the Fire District in this account, they will only be used to retire the obligations for the retirement and other post-retirement benefits (medical insurance) costs the Fire District currently provides. Using funds to 'prepay' these obligations will provide significant cost savings for the Fire District over the life of the obligations.

It is recommended that the Board strive to set aside funds to address the UAAL associated with the OPEB program.

Assigned Fund Balance—included in the assigned fund balance are funds for specific program activities that benefit from a protected source of funding. These are generally specific programs that include high-cost items that last for many years. Fire apparatus, equipment, and buildings are examples.

Capital Facilities (buildings and facilities) maintenance is a second major Fire District obligation that includes higher cost periodic funding. These are expenditures that are less frequent and require planning to accomplish. The budget does not include a capital replacement reserve, but the Board may want to consider a reserve for this purpose in the future.

Replacement of Fire District equipment is a third major Fire District obligation. The Fire District owns several pieces of equipment that have a replacement cost of more than \$5,000 per unit. These are expenditures that are less frequent and require planning to accomplish. The current budget does not

include an equipment replacement reserve, but the Board may want to consider a reserve for this purpose in the future.

The Board will annually review the status of the Fire District's reserves—including the General Fund Unassigned Fund Balance, the General Fund Committed Fund Balance, the Assigned Fund Balances for Apparatus, Capital Equipment, and UAAL for the Fire District's Retirement and OPEB obligations. The Board will designate funding levels for each as the Board determines its priorities for the Fire District's short and long-term commitments. The Board will conduct its review based on the Staff's Third Quarter Financial review, which will include the estimated year-end fund balances in all the Fire District's reserves.

VI. FIRE DISTRICT REVENUES, EXPENDITURES & FUND BALANCES

A. Fire District Revenues

The Fire District has historically received most of its revenue from property taxes generated within its service boundary. There are several components to the property tax income, but the largest source of that category has been the Fire District's share of the ad valorem (1% of assessed value) property tax collected by the County and distributed to qualifying agencies.

The Fire District historically received a "pass-through" of 100% of the ad valorem property tax received by the County in the Rodeo redevelopment project area and a portion in the City of Hercules redevelopment project areas. The dissolution of the Redevelopment Agency has reduced the pass-through. The state's requirement that property tax collected in the former Hercules redevelopment project areas cannot be distributed to qualified agency recipients until the Recognized Obligation Payments have been completed.

Other revenue sources are generated through voter-approved special taxes, including two long-standing fire district benefit assessments and the 2016 Measure O parcel tax that became effective on July 1, 2017.

Property taxes, the Benefit Assessment, and Measure O equal 93% percent of the revenues received annually, Miscellaneous/other revenues equal 7% of total revenue:

• Property taxes	\$4,159,512	47%
• Benefit Assessment	\$1,362,081	16%
• Measure O	\$2,584,204	30%
• Miscellaneous other	\$ 564,117	<u>7%</u>
		100%

Property tax and Fire District Benefit Assessment revenues have been in place since the Fire District incorporated, and the voters approved the Measure O funding in 2016. These three sources of revenue will provide a stable long-term revenue stream for the Fire District. While the Fire District Benefit Assessment and Measure O revenues are based on set annual amounts, the property tax is "ad

valorem" based on commercial property and residential dwellings. The annual revenue from property tax varies year to year, depending on the general economic conditions and assessed value of the real property.

Total proposed revenues for all funds in FY 2022-23 are \$8,669,914.

REVENUE DISTRIBUTION:



2022-23 ESTIMATED REVENUE

RODEO HERCULES FIRE PROTECTION DISTRICT

REVENUE ALL FUNDS

FY2022-2023 BUDGET

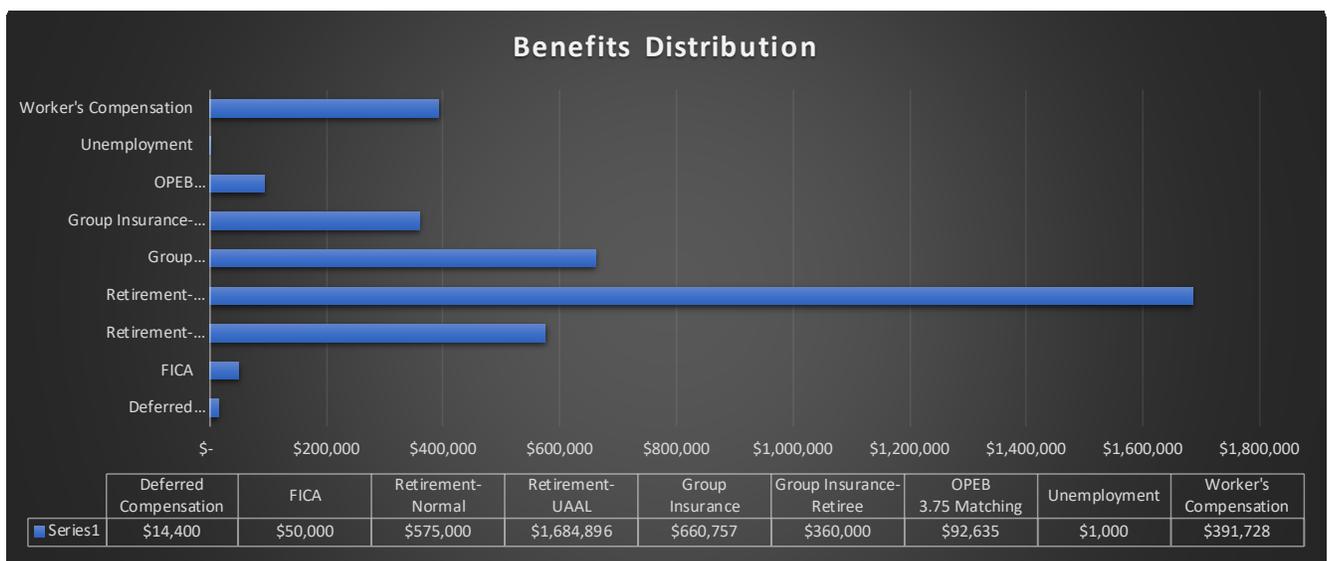
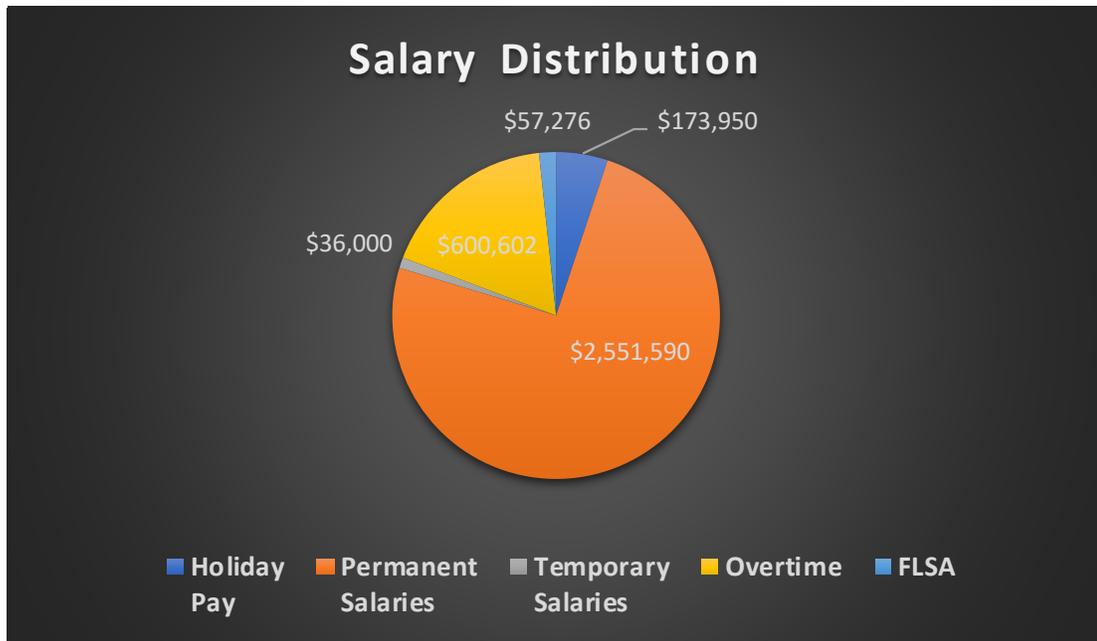
	GL	ADOPTED BUDGET	ACTUAL AUDITED	ADOPTED BUDGET	PROJECTED ACTUALS	PROPOSED BUDGET
DESCRIPTION	CODE	FY2020-2021	FY2020-2021	FY2021-2022	FY2021-2022	FY2022-2023
Prop. Taxes-Current secured	9010	3,878,166	3,872,503	4,211,244	3,872,503	3,878,166
Prop. Tax-Supplemental	9011	105,584	83,438	105,584	85,000	85,000
Prop. Tax-Unitary	9013	74,884	73,996	74,000	78,900	78,900
Prop. Tax-Current Unsecured	9020	112,167	136,572	130,000	136,572	137,000
Prop Tax-Prior-Secured	9030	(8,569)	(5,361)	(5,361)	(14,285)	(14,285)
Prop Tax-Prior-Supplemental	9031	(4,981)	(4,137)	(4,981)	(5,860)	(5,860)
Prop Tax-Prior-Unsecured	9035	(948)	2,050	(1,000)	590	590
TOTAL PROPERTY TAXES		4,156,303	4,159,060	4,509,486	4,153,421	4,159,512
Benefit District	9066	1,347,040	1,361,249	1,361,249	1,362,081	1,362,081
TOTAL BENEFIT DISTRICT		1,347,040	1,361,249	1,361,249	1,362,081	1,362,081
H/O Prop Tax Relief	9385	29,956	28,655	29,956	29,000	29,956
Other In Lieu Taxes	9580		4,391	192	170	-
RDA NonProp-Tax Pass Thru	9591	375,000	469,725	427,275	439,810	375,000
Earnings on Investment	9181	12,296	10,864	14,000	10,000	14,000
Fire Prevention Plan Review	9741	55,000		20,000	30,000	30,000
Misc. Current Services	9980	23,109	29,475	23,109	23,000	23,000
Other Revenue/Measure H	9895	85,592	85,504	85,592	85,592	92,161
TOTAL INTERGOVERNMENTAL		580,953	628,614	600,124	617,572	564,117
Measure O		2,500,704	2,502,195	2,519,748	2,513,864	2,584,204
Grant Funds		100,000		-		-
Development Impact Fee				-		-
TOTAL OTHER REVENUE		2,600,704	2,502,195	2,519,748	2,513,864	2,584,204
TOTAL REVENUE		8,685,000	8,651,117	8,990,607	8,646,937	8,669,914

RODEO HERCULES FIRE PROTECTION DISTRICT
FISCAL YEAR 2022-23 REVENUE BUDGET (MEASURE "O")

DESCRIPTION	GL CODE	ADOPTED BUDGET FY2020-21	AUDITED ACTUAL FY 2020-21	ADOPTED BUDGET FY 2021-22	PROJECTED ACTUAL 6/30/2022	PROPOSED BUDGET FOR FY2022-23
Beginning Fund Balance:		802,156		834,148		880,680
REVENUE		2,500,704	2,502,195	2,519,748	2,513,864	2,584,204
TOTAL MEASURE "O" REVENUE		2,500,704	2,502,195	2,519,748	2,513,864	2,584,204
		-				
Group Insurance Health Active Employee	1060	433,504	452,926	468,184	454,301	505,639
Group Insurance - Retiree	1061	303,170	303,323	327,424	303,640	360,000
Group Insurance-OPEB Matching Funds	1060	70,000	64,507	92,635	59,682	-
CCCERA-UAAL payment	1044	1,639,704	1,639,704	1,684,896	1,639,704	1,684,896
County Collection Fee	3530	10,000	9,743	10,000	10,005	10,000
Total Expenditures		2,456,378	2,470,203	2,583,139	2,467,332	2,560,535
NET Change in Measure 'O' Funds		44,326	31,992	(63,391)	46,532	23,669

B. Fire District Expenditures

As discussed within this document, the Proposed Budget for FY 2022-23 is based on maintaining the Fire District's two station configuration, is fully staffed and provides no increases in salaries or benefits. It 'holds the line' on expenses to the extent possible. The total projected expenditures for FY 2022-23 are \$8,612,966.



**RODEO HERCULES FIRE PROTECTION DISTRICT
EXPENDITURES for All FUNDS
FY2022-2023 BUDGET**

DESCRIPTION	GL CODE	ADOPTED	ACTUAL	ADOPTED	PROJECTED	PROPOSED
		BUDGET	AUDITED	BUDGET	ACTUALS	BUDGET
		FY2020-2021	FY2020-2021	FY2021-2022	FY2021-2022	FY2022-2023
Holiday Pay	1001	161,988		174,648	167,120	173,950
Permanent Salaries	1011	2,491,807	2,434,041	2,724,066	2,595,057	2,551,590
Drill/Temporary Salaries	1013	54,960	51,775	54,960	46,842	36,000
Overtime	1014	512,784	839,099	660,413	1,005,000	657,878
Deferred Compensation	1015	10,800	10,800	10,800	10,800	14,400
FICA	1042	32,789	51,705	40,000	59,531	50,000
Retirement-Normal	1044	500,000	544,736	500,000	568,028	575,000
Retirement-UAAL	1044	1,639,704	1,639,704	1,684,896	1,684,896	1,684,896
Group Insurance	1060	565,698	573,708	530,667	530,667	660,757
Group Insurance-Retiree	1061	303,170	303,004	420,059	420,059	360,000
Unemployment Insurance	1063	1,000	564	1,000	1,000	1,000
Worker's Compensation Ins.	1070	280,000	250,642	320,000	326,416	391,728
TOTAL SALARIES AND BENEFITS		\$ 6,554,700	\$ 6,699,777	\$ 7,121,509	\$ 7,415,416	\$ 7,157,199
Office Expenses	2100	28,490	31,519	22,850	23,152	22,850
Books/periodicals/subscriptions	2102	2,485	2,924	2,485	4,906	2,485
Communications	2110	206,223	186,442	225,375	208,380	225,375
Utilities	2120	34,823	32,746	36,323	37,051	36,323
Small Tools and Equipment	2130	1,400	1,247	23,500	1,678	18,000
Medical supplies	2140	13,320	55,930	78,000	25,000	48,000
Food	2150	4,420	1,515	4,420	3,431	4,420
Clothing & personal supplies	2160	13,320	13,540	13,320	13,325	13,320
Household expenses	2170	5,500	5,122	16,500	8,394	16,500
Publications and legal notices	2190	1,300	662	1,300	600	1,300
Memberships	2200	5,349	5,889	5,312	5,340	5,312
Rents and leases	2250	302,008	89,085	272,774	285,644	203,360
Repair & service equipment	2270	37,366	9,323	34,458	8,551	34,458
Vehicle repair services	2271	80,000	53,547	80,000	25,000	45,000
Gas & oil supplies	2272	8,600	2,304	8,100	4,754	8,100
Vehicle maintenance-tires	2273	14,000	4,516	10,000	2,924	10,000
Maint. Radio & electrical equip.	2276	30,010	46,753	57,380	550	57,380
Maintenance building & grounds	2281	123,350	152,800	151,450	52,274	139,050
Employee travel expenses	2303	4,560	2,510	4,560	6,876	4,560
Professional/Specialized service	2310	312,519	281,470	293,088	336,091	390,412
Data processing service	2315	960	792	960	750	960
Data processing supplies	2316	323	-	323	-	323
Information security	2326	2,194	1,709	2,194	2,075	2,194
Insurance	2360	46,250	42,168	60,832	56,750	60,832
Firefighting supplies	2474	65,815	86,437	56,770	60,000	56,770
Recreation/Physical Fitness	2476	1,000	3,592	2,000	-	1,300
Educational Supplies & Courses	2477	17,245	6,587	19,763	9,578	19,763
Other Special Departmental Exp.	2479	3,420	8,625	3,420	10,627	3,420
Interest on Notes & Warrants	3520	1,000	-	1,000	-	1,000
Tax Assessments	3530	23000	21,107	23,000	11235	23,000
Total Services & Supplies Expenses		1,390,250	1,150,859	1,511,457	1,204,936	1,455,767
Total Operational Expenses		\$ 7,944,950	\$ 7,850,636	\$ 8,632,966	\$ 8,620,352	\$ 8,612,966

C. Fire District Fund Balances

The Fire District's projected fund balances for the next five years are shown in **Figure A**

VII. GENERAL FUND EXPENDITURES

The Proposed Budget expenditures assume the Fire District is operating at full staffing. Six vacant positions were filled through recruitment during the 2021-22 fiscal year. The Fire District is currently at full staffing and anticipates a full staffing complement for the 2022-23 fiscal year.

The ability to have achieved full staffing has reduced the Fire District's overtime costs and provided permanent employees to staff the two-station configuration.

Some observations regarding the proposed expenditures:

- Approximately 83% of all expenses are employee-related (salaries, benefits, retirement, etc.)

The items in the Professional Services Program are primarily continuations of prior expenditures updated to reflect current costs. Several of the items are new or of note. The objects of note include:

- *Contra Costa County Board of Elections:* The Fire District holds a staggered general election for Board Members that have reached the end of their term. \$67,000 has been allocated within this year's budget for board elections scheduled for November 2022.
- *Target Solutions:* Target Solutions is a web-based training program that is used throughout Contra Costa County. This training platform allows all Battalion 7 cooperating agencies to receive the same training as their counterparts. With the addition of the "Check It" software upgrade, RHF D personnel will have the ability to properly track fleet assets maintenance and the Department of Motor Vehicle Apparatus Checks.
- *Streamline Automation Systems:* Streamline Automation System is a cloud-based business inspection software program. This program will assist the department in maintaining code compliance and record retention for inspected properties throughout the Fire Districts.

VIII. DEVELOPMENT IMPACT FEES:

A development impact fee is a monetary fee that a local government agency charges to an applicant in connection with the approval of a development project for defraying all or a portion of the cost to mitigate impacts created by new development adequately. The legal requirements for the enactment of the development impact fees program are outlined in Government Code 66000 under the Mitigation Fee Act. The City of Hercules and Contra Costa County Department of Conservation and Development currently collect fees on behalf of the Fire District. The Fire District's current adopted fee structure

established by a Fire Facilities Impact Fee Study is as follows: Single Family Homes: \$1,817, Multi-Family Home: \$1120.00, Accessory Dwelling Unit: \$849.00, Commercial: \$0.91 per square foot, Office \$01.21 per square foot, Industrial \$0.52 per square foot and Hotel \$110.00 per room. Fees that are collected by the Fire District must be held in a separate account and accounted for in a different revenue and expense balance sheet.

Annual report: §66006 (b)(1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues.

IX. FIVE YEAR REVENUE & EXPENDITURE PROJECTIONS

Preparation of the Proposed Budget included creating Five-Year Revenue and Expenditure Projections to provide the Board and Staff with a roadmap for financial decisions and policy. (See Figure A)

There are, however, several areas of risk worth noting:

- A significant portion of the Fire District's revenue (48%) is the property tax based on real estate values. A disturbance in values will translate to diminished revenues.
- The projections include a limited increase of 2% per year for personnel-related costs, which expenditure areas could essentially be consumed with high growth potential, including health care for employees and retirees and UAAL payments for the retirement system.

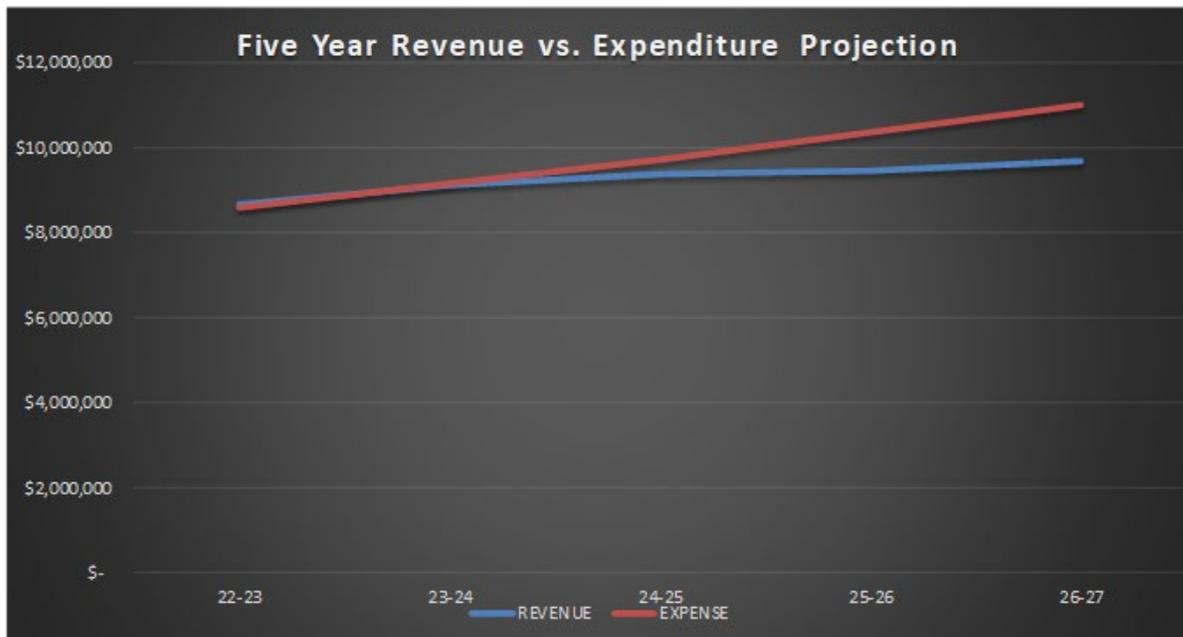


FIGURE A:

**RODEO-HERCULES FIRE PROTECTION DISTRICT
Five-Year Projections for Revenue and Expenditures**

	AdopBUD- FY2021-22	ProjectRev- FY2022-23	ProjectRev- FY2023-24	ProjectRev- FY2024-25	ProjectRev- FY2025-26	ProjectRev- FY2026-27
Property taxes	4,509,486	4,159,512	4,284,297	4,412,826	4,545,211	4,681,567
Homeowners Tax Relief	29,956	29,956	30,855	31,780	32,734	33,716
Measure H EMS	85,593	92,161	85,593	85,593	85,593	85,593
Special Tax/Fire (Benefit Assessment)	1,361,248	1,362,081	1,375,702	1,389,459	1,403,353	1,417,387
Total General Fund Revenue	5,986,283	5,643,710	5,776,446	5,919,658	6,066,891	6,218,263
RDA Nonprop tax Pass Thru	427,275	375,000	475,463	525,570	375,000	375,000
Hercules Development Fees	-	-	106,000	106,852	100,000	100,000
Measure "O"	2,519,748	2,584,204	2,661,730	2,741,582	2,823,829	2,908,544
Earning on Investment				12,296	12,296	12,911
Misc. Government Revenue	14,192	-	-	-	-	-
Other District Revenue	23,109	37,000	-	23,109	23,109	23,109
Fire prevention plan review	20,000	30,000	100,802	72,448	55,000	55,000
TOTAL Other Revenue	3,004,324	3,026,204	3,343,995	3,481,857	3,389,234	3,474,564
TOTAL GRAND REVENUE	8,990,607	8,669,914	9,120,441	9,401,515	9,456,125	9,692,827
Expenditures	-	-	-	-	-	-
Salaries and Benefits	6,793,067	7,157,199	7,658,203	8,194,277	8,767,877	9,381,628
Services and Supplies Expenditures	1,523,739	1,456,067	1,499,749	1,544,741	1,591,084	1,638,816
TOTAL EXPENDITURES	8,316,806	8,613,266	9,157,952	9,739,018	10,358,961	11,020,444
Change in Revenue and Expenditures	673,801	56,648	(37,511)	(337,503)	(902,835)	(1,327,617)

Assumptions:

- Property Tax increase 3%
- Special Tax/Benefit Assessment 1%
- Measure "O" increase 1.01%
- Salary and Benefit increase 7%
- Services and Supplies Increase 3%

ⁱ Note: This balanced budget does not include several significant staffing costs for programs necessary to maintain a sustainable fire district. These programs are currently being considered as part of the 2022 Strategic Planning process for possible funding in future budget years. This budget assumes a full time Fire Chief on staff in late fall. Currently, the Battalion Chief is serving as Interim Fire Chief.