

# **RODEO – HERCULES FIRE PROTECTION DISTRICT**

## **FISCAL YEAR 2018/2019 BUDGET**

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

It is the mission of this organization to provide the highest level of service to the community; to mitigate the devastating effects of fires and other disasters; to deliver emergency medical services; to 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

Team Work

Safety, Health & Welfare of the Organization

**Board of Directors**

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

**Andrew Gabriel (Board Chair)**

**Raemonia Williams (Board Secretary)**

**William Prather**

**Marc Thorpe**

**Ernest Wheeler**

**Interim Fire Chief**

Bryan Craig

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

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**II. Executive Summary****A. Transmittal Letter**

June 27, 2018

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

Members of the Board:

The Fiscal Year 2018-19 Budget for the Rodeo-Hercules Fire District is attached. This Budget is the result of input provided by the Board during the FY 2018-19 mid-year budget review and an inclusive staff review process. Additional input and review was also provided by the Board Budget Subcommittee and the Board, which conducted a special budget review workshop on June 13, 2018. This Proposed Budget was reviewed and approved on June 27, 2018.

In continuance with the prior fiscal year, the District continues to use its newly adopted accounting principles as mandated by the Board after the completion of FY 2016-17. This is the second year the District has utilized a full budget narrative with supporting documentation. Details regarding the Budget's projected revenues, expenditures and operations are all fully explained in this document.

During FY 2016-17 the Board of Directors engaged a consultant to assist the District in assessing its financial condition. The Financial Analysis and Stabilization Report, presented to the Board in August 2016 outlined issues faced by the District. Even though these particular issues were driving factors in the formulation of the 2017-18 budget narrative, they still remain instrumental in the principles formulating the 2018-19 budget.

The Board took the following actions to help stabilize District revenues during FY 2016/17:

- The Board engaged assistance in assessing the Community's support for a replacement ballot measure designed to restore earlier levels of District funding;
- The Board developed a ballot measure for the November 8, 2016 ballot designed to provide the Community with the opportunity to address the revenue shortfalls;
- The Board placed the measure on the ballot for the November 8, 2016 election. Measure O, a \$216 parcel tax levied on properties in the District, was approved by 78% of the voting community.
- Measure O is estimated to provide replacement funds to the District to help offset earlier revenue losses.

I am very pleased to report that, for the second year, with all the above efforts and dedication of this Board, the Budget for FY 2018-19 is balanced. The District is currently at full staffing with the District's two Fire Station configuration.

The Budget does not contain increases in expenditures for staff costs (other than mandated benefit cost increases), any capital expenditures other than those required to maintain the facilities and necessary operational and support activities. We estimate that the 2017-18 General Fund will have an operating reserve balance of \$167,047. Revenues and Expenditures are projected to provide a modest June 30, 2019 estimated year-end General Fund operating reserve of \$262,491. The General Fund operating reserve will be used to offset any unforeseen expenses during the fiscal year.

It has been the District Board, and my concerned effort to move the District to a more secure financial condition, and to provide a Budget with complete financial transparency. The addition of the Measure O funds will provide a revenue stream to replace the earlier revenue losses. This revenue, combined with continued fiscal prudence, is the reason the District has a balanced budget and is able to maintain its full two station configuration for the community. We believe the Proposed Budget represents our continued strides forward in the District's efforts to maintain a consistent and professional level of service to the Rodeo - Hercules Community.

I would again like to thank this Board for their continued support of the District.

Bryan Craig  
Interim Fire Chief

**B. Budget Overview and Summary****Budget Goals for Fiscal Year 2018-19**

As the Board and Community are aware, the District has struggled to maintain a solid financial condition in light of major revenue losses over the past 5 years. The replacement revenues from Measure O will improve the District's finances, providing a financial resource for the District. In preparing the Proposed Budget, District staff has developed a Proposed Budget that recognizes the District's current obligations and provides accurate information on the fiscal realities faced by the District. The District will continue its efforts to secure additional revenue sources in an effort to stabilize its financial future.

**Fiscal Year 2018-19 Projected Revenues**

The FY 2018-19 Budget projects total revenue of \$7,382,390 which includes \$5,029,718 in General Fund revenues, \$2,352,672 in Measure O revenue, and \$103,000 in Fire Facilities Fee revenue (shown on Fire Facilities Fee Revenue and Expenditures Sheet). Although Fire Facilities fees are included in the budget, these are restricted revenues.

Measure O is a tax measure that was approved by the citizens of Rodeo and Hercules to replace the revenue lost from the sunset of the 2014 Benefit Assessment. Measure O was passed to allow for the continued operation of two fire stations.

Measure O also provided for continued Consumer Price Index (CPI) adjustments to ensure that the Measure continued to meet the needs of the District. In addition, the Measure provided for an establishment of a citizen oversight committee to advise the board on the fund's usage upon the annual report.

Measure O collections began in FY 2017-18 and will be applied to all affected (non-exempt) properties for the full fiscal year. Measure O revenues will only be used for District operations and fully expended to provide emergency services during the Budget year. At the June 13, 2018 Regular Board Meeting, the Board voted down an increase in the per parcel tax based on the March 2018 CPI. This results in a loss of approximately \$65,352 to the District.

We also anticipate some reductions in the potential total Measure O revenues due to the provision for exclusions of senior owned properties. The initial revenue projections indicate that approximately \$2.3 million could be generated in FY 2018-19; taking into account the senior exemptions we have reduced that amount to \$2,352,672 to ensure the Budget does not expend more than is potentially available.

**Fiscal Year 2018-19 Projected Expenditures**

The Proposed Budget expenditures include full staffing for two stations. During FY 2016-17, three SAFER employees transitioned to the District on a permanent basis and several vacant positions were filled through recruitments and promotions. Full staffing compliment for FY 2018-19 includes:

- One Chief
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Administrative Assistant

While the District has become fully staffed, there is still a budget for overtime. This allows each shift to be fully staffed while personnel takes allowable vacation and sick time. The amount budgeted for overtime does not take into consideration any unforeseen circumstances, such as extended sick leave, vacancies, worker's compensation leave, training coverage, or other needs that may arise during the year. These circumstances would increase the amount of overtime spent by the District in order to maintain minimum staffing levels.

The Budget includes the following assumptions and significant items:

- No salary increase.
- No new or modified benefits.
- Increases in retirement costs for normal contributions (\$42,361) and UAAL (unamortized) contributions (\$73,312).
- Increases in medical benefits costs to current and retired employees. (\$90,000).
- Budgeting current vehicle lease costs in the General Fund (\$80,401).

#### **C. District Financial Position**

Historically, the District has struggled to address the significant revenue reductions imposed by outside agencies, including State reductions in subventions; sequestration of property tax through the dissolution of redevelopment agencies. Fortunately, District voters approved a significant and stable revenue source through Measure O, which was approved in November 2016. This replacement revenue source will continue to be a resource to the District for the foreseeable future.

During the 2012-2017 period, the District was forced to reduce its services significantly and was forced to use virtually all of its established reserve funds. As indicated elsewhere in this document, the Board has declared its intent to build cash reserves for the District whenever possible to assure stable service provision in the event of an unexpected circumstance, and for vehicle replacement. Although the Proposed Budget for FY 2018-19 is balanced based on current revenue and expenditure projections, it leaves little additional funding available to add to District reserves.

#### **D. District Financial Issues and Revenue Opportunities**

The District's financial position has improved with the revenue provided by Measure O. Full funding for two stations and uninterrupted service are major accomplishments for the District, when two years ago the District was uncertain of its financial position and was facing major service reductions. With the development and implementation of an industry standard budgeting and accounting system, the District currently has the ability to track its finances and build a budget based on actual revenue and expenses.

##### **Financial Issues**

The majority of the financial issues faced by the District originate externally and are difficult or impossible to control. A number of these involve actions by outside agencies or result from past decisions and economic conditions outside the scope of the Board.

These issues include the following:

- Continued loss of over \$1.1 million in property tax resulting from the freeze by the State of ‘pass through funding’ from the City of Hercules Redevelopment Successor Agency to the District.
- Continuing development of substantially sized vacant properties in the City of Hercules located in the prior Redevelopment project areas—precluding the District from receiving property tax ‘pass through’ funds.
- New development throughout the City of Hercules which increases service demands without commensurate revenue, degrading the District’s ability to maintain its traditionally high level of service. In addition, multi-story buildings and dense residential and commercial development projects require additional equipment and resources to protect.
- Increases in the Contra Costa County Employees Retirement Agency (CCERA) retirement system costs for both the ongoing payments for current employees and the unfunded liabilities (UAAL) incurred for the pensions for current and retired employees. These two costs total \$2,245,102 which represents 35% of the projected FY 2018-19 personnel costs for the District’s 21 employees.
- Although the District’s represented personnel contribute 3.5% of their base salary toward the District’s Other Pensionable Employee Benefits (OPEB), the ongoing and accruing unfunded liability for the District’s retiree medical program has and will continue to rise as medical insurance costs increase over time. The District is currently not contributing to the Annual Required Contribution (ARC). If the 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 District to clearly state the unfunded portion of both its retirement and OPEB programs (See *Section III. Statement of Unfunded Liabilities: CCERA UAAL and OPEB UAAL* for details).
- The District currently operates and has in its inventory 4 specialty frontline vehicles and 2 older vehicles that serve in reserve. The frontline vehicles have an estimated current replacement value of \$4,770,000. The aging inventory has had an additional impact on the FY 2017/18 budget, and has resulted in an increase in this budget category. The District has implemented a new fleet surveying process to better understand its fleet replacement needs. Replacement of this equipment when it becomes unserviceable represents a significant cost factor for the District (see *Section IX. Vehicle Replacement Reserve and Appendix C* for depreciation schedules and a recommended approach for the replacement of frontline vehicles).
- These issues will be reviewed with the Board as it considers the Budget and works to develop strategies on how best to approach these challenges.

## Revenue Opportunities

- *Revision of the District’s Fire Facilities Impact Fees:* The District is permitted to charge a Fire Facilities Impact Fee to new development to offset the proportional costs the District will incur providing service to the development. These fees are to be used to offset the costs of facilities and equipment needed to provide the service to new development. These fees are placed in a separate fund and only used for designated purposes.

During FY 2017-18 the District sought out and was awarded two Grant Funding opportunities. The District was successful in receiving a regional grant from FEMA's Assistance to Firefighters Grant, (AFG) program. RHFD joined with Pinole Fire Department and East Contra Costa Fire Protection District and received in total for all three departments \$450,450.00 for Self-Contained Breathing Apparatus (SCBA). These monies were shared between all three departments, and allowed RHFD to replace its SCBAs that were reaching the end of their service life. Through the efforts of Staff and the Department's Program Manager, in a further effort to maximize the grant funds, the district entered into Intergovernmental Cooperative Purchasing Agreement (ICPA) thereby increasing the District's purchasing power. The District also received a \$25,000 Firehouse Subs Grant to purchase an extractor and dryer for personal protective gear decontamination. This purchase saves the District the cost of paying an outside contractor for decontamination. The District Staff continues to seek out grant funding opportunities to help reduce operating costs.

#### **E. District Budget Control Reporting and Reserve Policies**

This Budget document contains a number of 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 in a thorough and professional manner and that detailed and transparent financial reporting is provided to the Board and public on an ongoing basis.

#### **III. STATEMENT OF UNFUNDED LIABILITIES: CCCERA & OPEB UAALS**

The District provides two benefit programs to employees which require ongoing contributions to be sustainable. These are (1) the pension benefits provided through contracts with the Contra Costa County Employees Retirement Association 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) which 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 on an annual basis. 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 District's CCCERA contribution rates in FY 2018-19 for the normal costs will be 20.2% of payroll for "Legacy" employees and 16.98% for PEPRA employees (PEPRA employees are those who have been hired recently, who receive lower pension benefits than Legacy employees). The UAAL payment for FY 2018-19 is \$1,683,840, a 2% increase. The District's current overall unfunded liability for the CCCERA retirement system is \$14,361,583. Appendix B contains background information on the District's CCCERA retirement program cost calculations for both the normal and the UAAL costs.

**The District's Other Post Employment Benefit (OPEB) Program** funds retiree medical insurance. The District currently pays the cost of qualifying retiree's medical insurance based on an agreement with the employees. The District is currently paying the full cost of those coverages to retirees—the 'normal' costs of the OPEB program. For FY 2018-19 \$337,050 is budgeted for the program.

The District is not currently paying the UAAL portion of the OPEB program. The total liability of that unaddressed obligation as estimated in the District's most recent actuarial study is \$11,031,000. The actuarial study estimated that the District will have set aside \$1,910,000 to fund the UAAL which leaves an unfunded portion of \$9,121,000. The study indicated as of the end of FY 2017-18, the District's UAAL was funded at a 17.0% level.

The study further estimates that the District would be required to pay an additional \$5,386,176 per year if it were to address the full UAAL liability. (See Appendix C for details.)

#### IV. 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 District Reserves and Fund Balances and Goals for Reserves and Fund Balance Maintenance

###### Fund Balance and Reserve Policy

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

The Rodeo-Hercules 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 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 which can only be used for a specific purpose as determined by a formal action of the 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 District's financial stability and sustainability is of primary importance to the Board of Directors. The Board has established the following policies for the District to implement.

**General Fund Unassigned Fund Balance**—the purpose of this reserve is to provide the District with the needed flexibility to provide for unanticipated changes in revenues or expenditures and to assure the provision of stable services to the District's residents and businesses. Based on this standard and the FY 2018-19 Proposed Budget, the Unassigned Fund Balance goal would be approximately \$1.2 million.

*It is recommended that the Board establish the goal of having funds for two 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 District with the opportunity to address growing unfunded liabilities in employee retirement benefits. If funds are accumulated by the 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 District currently provides. Using funds to 'prepay' these obligations will provide significant cost savings for the 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 vehicles, equipment and buildings are examples.

Vehicles represent a substantial District funding obligation. These are high cost vehicles that typically have an extended life of 7 to 20 years. The District currently has no designated reserve funds for the purchase or lease of vehicles.

*It is recommended that the Board establish a Vehicle Replacement Reserve and commit to an annual contribution to the Vehicle Replacement Reserve, designating funding for vehicles, to assist the Board in ensuring there are adequate funds to maintain the District's fleet.*

Capital Facilities (buildings and facilities) maintenance is a second major District obligation that includes higher cost periodic funding. These are expenditures that are less frequent and require planning to accomplish. The Proposed 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 District equipment is a third major District obligation. The District owns hundreds of 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 Proposed 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 District's reserves—including the General Fund Unassigned Fund Balance, the General Fund Committed Fund Balance, the Assigned Fund Balances for Vehicles, Capital Equipment and UAAL for the District's Retirement and OPEB obligations. The Board will designate funding levels for each as the Board determines its priorities for the District's short and long-term obligations. 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 District's Reserves.

#### **B. Critical Funding Areas Policy**

Critical Funding Areas are those costs which represent obligations the District has incurred and future expenditures that may have significant impact on the District's future Budgets.

These areas include:

- Retiree OPEB UAAL Obligations
- Retiree Pension UAAL Obligations
- Vehicle Replacement Obligations
- Capital Facilities Obligations
- Equipment Replacement Obligations
- General Fund Unassigned Fund Balance

The District is currently addressing the Retiree UAAL obligations on an ongoing basis and has budgeted funds for its Vehicle Replacement Reserve Fund.

#### **C. District Financial Reporting Policy and Practices**

The District is currently developing an accounting software program which will permit detailed revenue and expenditure reporting on an ongoing basis. The system will be updated on a regular basis and reports will be generated and circulated to staff for review and budget management purposes. The Board will receive monthly copies of these materials for review, in addition to approval of warrant lists, at the regular Board meeting.

In addition to this level of reporting, District staff will develop and present quarterly financial updates to the Board at its regularly scheduled meetings. The quarterly report will provide the following information:

- Revenues to date by category, budgeted amount, amount remaining and percentage received—by line item, in conformance with the District's Chart of Accounts;
- Expenditures to date, budgeted amount, amount remaining and percentage used—by line item in conformance with the District's Chart of Accounts;
- A description of any unusual or unanticipated expenditures with the reason for the expenditure and the impact of the expenditure on the Adopted Budget;
- A description of any unanticipated financial situations or issues, upcoming major financial expenditures or issues affecting the District.

**D. District Budget Activity Management, Monitoring and Review Program and Policy**

The goal of this Program is to normalize the organization's management of available resources and to ensure adequate controls on District expenditures. This Policy is designed to designate staff assignments for responsibility in managing the District's budget. This policy will assure expenditures and revenues are frequently monitored and managed by the District.

The District staff will monitor the Agency's revenue and expenditures on an ongoing basis throughout the fiscal year. This monitoring program will ensure the staff, Board and public will receive timely and accurate reporting on the District's financial position as described in the District's Financial Reporting Policy.

The monitoring program has been divided into several categories to assist the staff in managing the budget throughout the year. They are based on the need for frequency of review and confirmation of the accuracy of the expenditures.

Revenues will be tracked and recorded as received and extraordinary revenue booked as received.

The budget monitoring activities include:

**Actively managed activity accounts** which are reviewed on a frequent basis by the Fire Chief and administrative staff to ensure accurate data input and a thorough review of the activity. The year-to-date and budget-to-actual expenditures will be reviewed to ensure conformance with the approved budget. Any inconsistencies will be addressed.

**Managed by staff** accounts are created by and managed/monitored by line staff—generally Fire Captains who are responsible for development of the fiscal year expenditure programs. These identified areas are ten key programs that involve significant expenditures in areas that can potentially exceed the line item budgets significantly. Vehicle and equipment repairs and maintenance are examples of these program areas. The assigned staff will ensure the charges are allocated correctly, are needed and that the budgeted amount for the program will not be exceeded during the fiscal year.

**Periodically managed** activity accounts are reviewed by administrative staff on a regular basis and are normally infrequent and lower cost items.

**Monitored/not managed** items are reviewed by administrative staff on a regular basis and are normalized monthly expenditures (leases, rent, contract agreements) and are lower cost expenditures

**RODEO HERCULES FIRE DISTRICT**  
**BUDGET ACTIVITY MANAGEMENT/MONITORING/REVIEW CATEGORIES**

| <b>ACCOUNT</b> | <b>ACTIVITY DESCRIPTION</b>           | <b>BUDGET MANAGEMENT CLASSIFICATION</b> |                       | <b>RESPONSIBLE PARTY</b>  |
|----------------|---------------------------------------|---|-----------------------|---------------------------|
|                |                                       | 1.                                      | 2.                    |                           |
| 1001           | Holiday Pay                           | 1.                                      | Actively Managed      | Chief/Staff               |
| 1011           | Permanent Salaries                    | 1.                                      | Actively Managed      | Chief/Staff               |
| 1013           | Drill/Temporary Salaries              | 1.                                      | Actively Managed      | Chief/Staff               |
| 1014           | Overtime                              | 1.                                      | Actively Managed      | Chief/Staff               |
| 1015           | Deferred Compensation                 | 1.                                      | Actively Managed      | Chief/Staff               |
| 1042           | FICA                                  | 1.                                      | Actively Managed      | Chief/Staff               |
| 1044           | Retirement                            | 1.                                      | Actively Managed      | Chief/Staff               |
| 1060           | Group Insurance                       | 1.                                      | Actively Managed      | Chief/Staff               |
| 1061           | Group Insurance--Retiree/ARC          | 1.                                      | Actively Managed      | Chief/Staff               |
| 1063           | Unemployment                          | 1.                                      | Actively Managed      | Chief/Staff               |
| 1070           | Workers Compensation Insurance        | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2100           | Office Expenses                       | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2102           | Books/Periodicals/Subscriptions       | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2110           | Communications                        | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2120           | Utilities                             | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2130           | Small Tools & Equipment               | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2140           | Medical Supplies                      | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2150           | Food                                  | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2160           | Clothing & Personal Supplies          | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2170           | Household Expenses                    | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2190           | Publications & Legal Notices          | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2200           | Memberships                           | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2250           | Rents & Leases-Equipment              | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2270           | Repair & Service Equipment            | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2271           | Vehicle Repair Services               | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2272           | Gas & Oil Supplies                    | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2273           | Vehicle Maintenance--Tires            | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2276           | Maintenance-Radio/Electronic Equip    | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2281           | Maintenance-Bldg & Grounds            | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2303           | Employee Travel Expenses              | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2310           | Professional/Specialized Services     | 1.                                      | Actively Managed      | Chief/Staff               |
| 2315           | Data Processing Services              | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2316           | Data Processing Supplies              | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2326           | Information Security                  | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2360           | Insurance                             | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 2474           | Firefighting Supplies                 | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2476           | Recreation/Physical Fitness Equipment | 2.                                      | Managed by Staff      | Captains/Program Managers |
| 2477           | Educational Supplies & Courses        | 3.                                      | Periodically Managed  | Administrative Staff      |
| 2479           | Other Sp. Departmental Expenses       | 3.                                      | Periodically Managed  | Administrative Staff      |
| 3520           | Interest on Notes & Warrants          | 4.                                      | Monitored/Not Managed | Administrative Staff      |
| 3530           | Taxes & Assessments                   | 4.                                      | Monitored/Not Managed | Administrative Staff      |

**ACTIVITY DESCRIPTIONS:**

- 1. **Actively Managed** *Actively Managed Activity Accounts* are reviewed on a frequent basis by Chief administrative staff to insure accurate data input and thorough review of the activity
- 2. **Managed by Staff** *Managed by Staff Activity Accounts* are created by and managed/monitored by generally captains who are responsible for development of the fiscal year program and managing the expenses to insure they are appropriate, charged correctly and do not exceed the budgeted amounts.
- 3. **Periodically Managed** *Periodically Managed Activity Accounts* are reviewed by Administrative Staff on a regular basis and are normally infrequent and low cost items
- 4. **Monitored/not Managed** *Monitored/Not Managed Activity Accounts* are reviewed by Administrative staff on a periodic basis these are infrequent, lower cost or normalized expenditures

**V. DISTRICT REVENUES, EXPENDITURES & FUND BALANCES****A. District Revenues**

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

The District historically received a "pass-through" of some of the ad valorem property tax received by the County in the Rodeo redevelopment project area and in the City of Hercules redevelopment project areas. The recent demise of redevelopment has eliminated the pass-through from the City of Hercules redevelopment Successor Agency, because of the State's requirement that property tax collected in the former Hercules redevelopment project areas cannot be distributed to qualified agency recipients until the Hercules Successor Agency has paid off other outstanding obligations.

Two other major revenues are generated through voter approved special taxes. One is a long-standing revenue (fire benefit assessment district) and the most recent was approved in 2016. The 2016 Measure O proposal was approved in November of that same year and became effective on July 1, 2017. This revenue source will supplant the historic loss of property taxes and the 2014 Benefit Assessment the District received in the past.

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

|                               |             |           |
|-------------------------------|-------------|-----------|
| • Property taxes              | \$3,154,122 | 42%       |
| • Benefit Assessment District | \$1,354,034 | 18%       |
| • Measure O                   | \$2,352,672 | 32%       |
| • Miscellaneous other         | \$ 619,722  | <u>8%</u> |
|                               |             | 100%      |

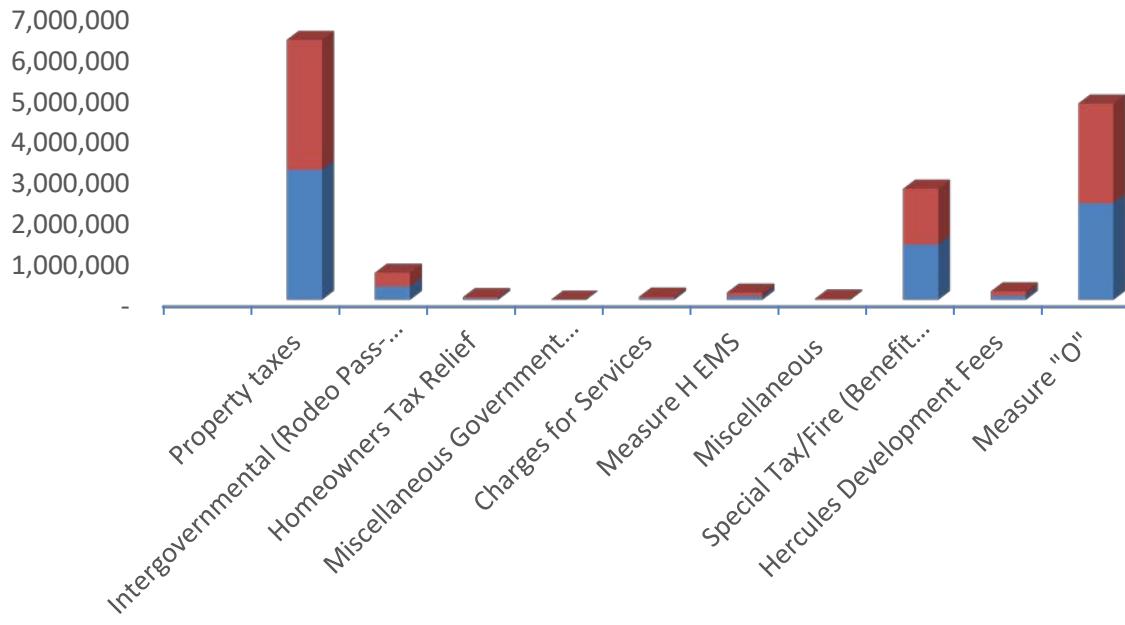
Property tax and Benefit Assessments District revenues have been in place since the District incorporated and the Measure O funding was approved by the voters in 2016. These three sources of revenue will provide a stable long-term revenue stream for the District. While the Benefit Assessment District and Measure O revenues are based on set annual amounts, the property tax is "ad valorem" based revenue. The annual revenue from property tax varies year to year depending on the general economic conditions as they affect property values.

Total projected revenues for FY 2018-19 are \$7,382,390.

| <b>RODEO HERCULES FIRE PREVENTION DISTRICT</b> |                |                        |                                   |                                 |
|--|----------------|------------------------|-----------------------------------|---------------------------------|
| <b>FISCAL YEAR 2018-19</b>                     |                |                        |                                   |                                 |
| <b>REVENUE</b>                                 |                |                        |                                   |                                 |
| <b>DESCRIPTION</b>                             | <b>GL CODE</b> | <b>ACTUALS FY16-17</b> | <b>PROJECTED ACTUALS FY 17-18</b> | <b>PROPOSED BUDGET FY 18-19</b> |
| Prop. Taxes-Current secured                    | 9010           | 2,784,636              | 2,937,718                         | 2,866,199                       |
| Prop. Tax-Supplemental                         | 9011           | 113,020                | 24,905                            | 114,818                         |
| Prop. Tax-Unitary                              | 9013           | 71,565                 | 74,884                            | 73,711                          |
| Prop. Tax-Current Unsecured                    | 9020           | 118,274                | 112,167                           | 114,508                         |
| Prop Tax-Prior-Secured                         | 9030           | (9,158)                | (8,569)                           | (9,158)                         |
| Prop Tax-Prior-Supplemental                    | 9031           | (5,789)                | (4,981)                           | (5,789)                         |
| Prop Tax-Prior-Unsecured                       | 9035           | 3,825                  | (948)                             | (167)                           |
| <b>TOTAL PROPERTY TAXES</b>                    |                | <b>3,076,373</b>       | <b>3,135,177</b>                  | <b>3,154,122</b>                |
| Benefit District                               | 9066           | 1,339,548              | 1,354,034                         | 1,354,034                       |
| <b>TOTAL BENEFIT DISTRICT</b>                  |                | <b>1,339,548</b>       | <b>1,354,034</b>                  | <b>1,354,034</b>                |
| H/O Prop Tax Relief                            | 9385           | 30,665                 | 30,945                            | 31,873                          |
| Other in Lieu Taxes                            | 9580           | 182                    | -                                 | -                               |
| RDA NonProp-Tax Pass Thru                      | 9591           | 334,773                | 322,276                           | 331,944                         |
| Misc. Government Revenue                       | 9595           | 17,321                 | -                                 | -                               |
| Fire Prevention Plan Review                    | 9741           | 23,009                 | 41,812                            | 43,066                          |
| Measure H EMS                                  | 9895           | 85,525                 | 87,565                            | 87,565                          |
| Other Revenue                                  | 9980           | 13,623                 | 26,323                            | 27,113                          |
| <b>TOTAL INTERGOVERNMENTAL</b>                 |                | <b>505,098</b>         | <b>508,921</b>                    | <b>521,561</b>                  |
| Measure "0"                                    |                | -                      | 2,429,756                         | 2,352,672                       |
| Fire Assessment Fund                           |                | 1,006,138              | -                                 | -                               |
| Capital Fund                                   |                | 65,000                 | -                                 | -                               |
| SAFER Grant                                    |                | 880,740                | -                                 | -                               |
| <b>TOTAL OTHER REVENUE</b>                     |                | <b>1,951,878</b>       | <b>2,429,756</b>                  | <b>2,352,672</b>                |
| <b>TOTAL PROJECTED FY2018-2019 REVENUE</b>     |                | <b>6,872,897</b>       | <b>7,427,888</b>                  | <b>7,382,389</b>                |

## TOTAL REVENUE FY 2017-18 VS 2018-2019

■ Adopted Budget FY2017-18 ■ Proposed Budget FY2018-19

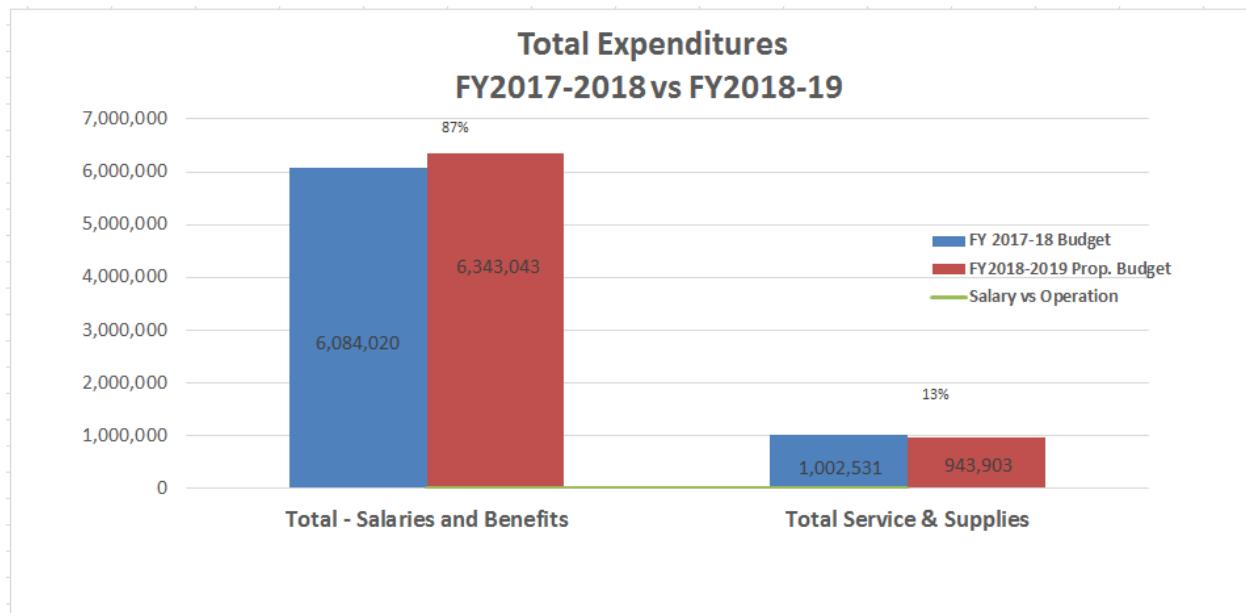


### B. District Expenditures

As discussed earlier the Proposed Budget for FY 2018-19 is based on maintaining the 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 2018-19 are \$7,286,946.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**FY2018-19 EXPENDITURES BUDGET**

| Expenditure Category                  | GL CODE | ADOPTED BUDGET<br>FY 17-18 | ESTIMATED TO<br>06/30/18 | PROPOSED BUDGET<br>FY 2018-19 |
|---------------------------------------|---------|----------------------------|--------------------------|-------------------------------|
| Holiday Pay                           | 1001    | 156,543                    | 146,325                  | 149,923                       |
| Permanent Salaries                    | 1011    | 2,199,278                  | 2,147,211                | 2,360,955                     |
| Drill/Temporary Salaries              | 1013    | 500                        | 22                       | 500                           |
| <b>Overtime</b>                       |         |                            |                          | -                             |
| Backfill (Overtime)                   | 1014    | 376,200                    | 367,486                  | 376,200                       |
| FLSA                                  | 1014    | 50,877                     | 55,236                   | 48,725                        |
| Deferred Compensation                 | 1015    | 10,800                     | 9,900                    | 10,800                        |
| FICA                                  | 1042    | 31,115                     | 45,811                   | 32,103                        |
| <b>Retirement</b>                     | 1044    |                            |                          | -                             |
| Retirement - Normal                   | 1044    | 540,149                    | 518,901                  | 561,262                       |
| Retirement - UAAL                     | 1044    | 1,652,779                  | 1,652,889                | 1,683,840                     |
| Group Insurance                       | 1060    | 503,911                    | 379,937                  | 517,577                       |
| Group Insurance - Retiree             | 1061    | 315,000                    | 244,221                  | 337,050                       |
| Unemployment                          | 1063    | 1,000                      | 611                      | 1,000                         |
| Workers Compensation Insurance        | 1070    | 245,868                    | 245,868                  | 263,108                       |
| <b>Total - Personnel</b>              |         | <b>6,084,020</b>           | <b>5,814,418</b>         | <b>6,343,043</b>              |
| Office Expenses                       | 2100    | 12,780                     | 12,780                   | 16,945                        |
| Books/Periodicals/Subscriptions       | 2102    | 2,485                      | 2,000                    | 2,485                         |
| Communications                        | 2110    | 162,656                    | 201,843                  | 180,915                       |
| Utilities                             | 2120    | 28,823                     | 28,823                   | 28,823                        |
| Small Tools & Instruments             | 2130    | 2,000                      | 5,414                    | 1,400                         |
| New Vehicle Equipment                 | 2130    | 30,000                     | 41,399                   | -                             |
| Medical Supplies                      | 2140    | 7,340                      | 7,000                    | 7,340                         |
| Food                                  | 2150    | 1,920                      | 3,115                    | 2,420                         |
| Clothing & Personal Supplies          | 2160    | 13,200                     | 12,650                   | 13,200                        |
| Household Expense                     | 2170    | 13,275                     | 10,000                   | 6,000                         |
| Publications & Legal Notices          | 2190    | 1,180                      | 1,400                    | 1,180                         |
| Memberships                           | 2200    | 4,204                      | 4,077                    | 4,204                         |
| Rents & Leases - Equipment            | 2250    | 8,640                      | 8,640                    | 8,640                         |
| Lease Payments-Vehicles               | 2250    | 80,401                     | 80,401                   | 80,401                        |
| Repairs & Service Equipment           | 2270    | 35,224                     | 10,000                   | 17,740                        |
| Central Garage Repairs                | 2271    | 71,620                     | 64,079                   | 72,820                        |
| Central Garage Gasoline/Oil           | 2272    | 8,620                      | 7,000                    | 10,000                        |
| Central Garage Tires                  | 2273    | 10,531                     | 13,409                   | 12,500                        |
| Maintenance Radio - Electronic Equip  | 2276    | 20,780                     | 20,680                   | 27,300                        |
| Maintenance of Buildings              | 2281    | 42,064                     | 15,000                   | 18,864                        |
| Other Travel Expenses                 | 2303    | 3,172                      | 2,500                    | 4,360                         |
| Professional/Specialized Services     | 2310    | 314,843                    | 320,000                  | 346,368                       |
| Data Processing Service               | 2315    | 192                        | 207                      | 192                           |
| Data Processing Supplies              | 2316    | 323                        | 323                      | 323                           |
| Information Security                  | 2326    | 1,020                      | 1,033                    | 1,020                         |
| Insurance                             | 2360    | 34,639                     | 41,539                   | 40,423                        |
| Fire Fighting Supplies                | 2474    | 48,498                     | 40,000                   | 4,180                         |
| Recreation/Physical Fitness Equipment | 2476    | 6,200                      | 1,000                    | 700                           |
| Education Supplies & Courses          | 2477    | 17,457                     | 7,500                    | 17,220                        |
| Other Special Departmental Expenses   | 2479    | 3,444                      | 1,500                    | 1,940                         |
| Interest on Notes & Warrants          | 3520    | 2,000                      |                          | 1,000                         |
| Taxes & Assessments                   | 3530    | 13,000                     | 11,158                   | 13,000                        |
| <b>Total Service &amp; Supplies</b>   |         | <b>1,002,531</b>           | <b>976,469</b>           | <b>943,903</b>                |
| <b>Total Expenditures</b>             |         | <b>\$7,086,551</b>         | <b>6,790,887</b>         | <b>7,286,946</b>              |

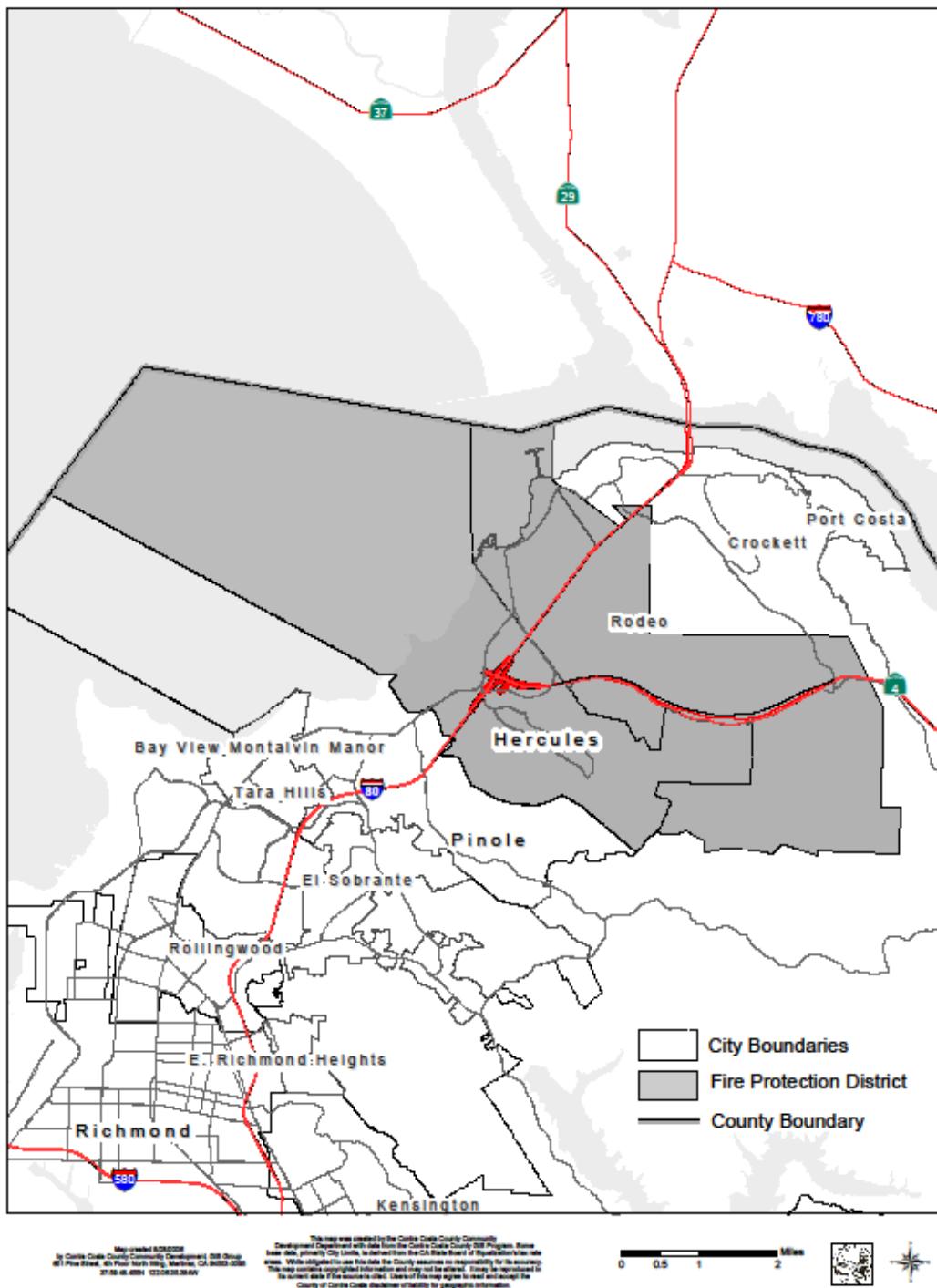


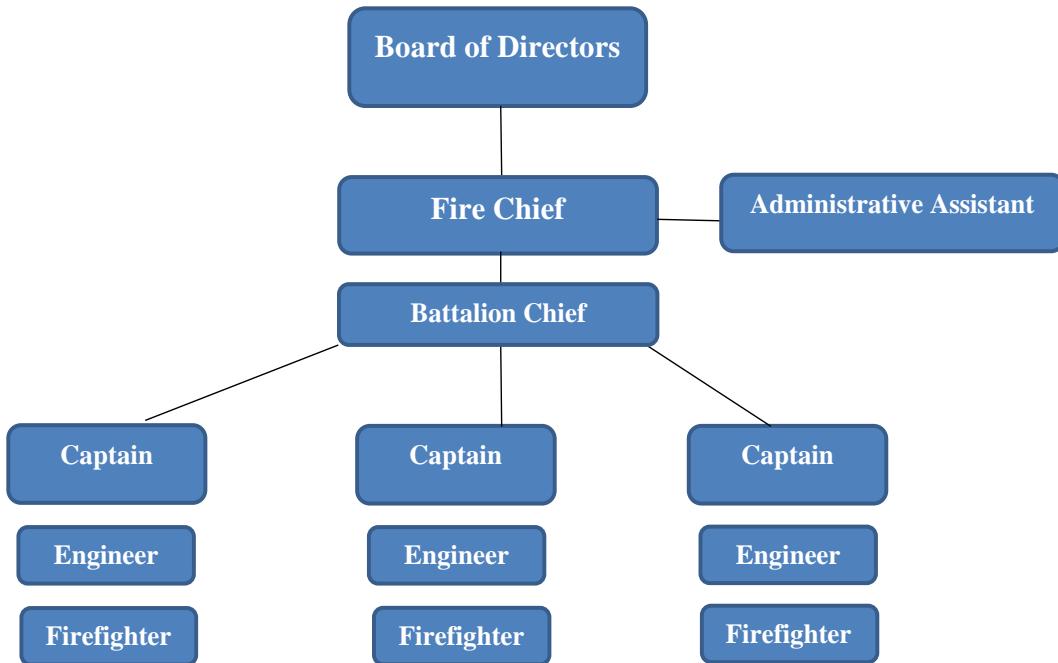
| <b>RODEO HERCULES FIRE PROTECTION DISTRICT</b>      |                    |                            |   |   |
|---|--------------------|----------------------------|---|---|
| <b>FISCAL YEAR 2018-19</b>                          |                    |                            |   |   |
| <b>FIRE FACILITIES FEE REVENUE AND EXPENDITURES</b> |                    |                            |   |   |
| <b>DESCRIPTION</b>                                  | <b>GL<br/>CODE</b> | <b>ACTUALS<br/>FY16-17</b> | <b>PROJECTED<br/>ACTUALS<br/>FY 17-18</b> | <b>PROPOSED<br/>BUDGET<br/>FY 18-19</b> |
| DEVELOPMENT IMPACT REVENUE                          |                    | 56,000                     | 100,000                                   | 103,000                                 |
| <b>TOTAL DEVELOPMENT REVENUE</b>                    |                    | <b>56,000</b>              | <b>100,000</b>                            | <b>103,000</b>                          |
| 100 1 1/2 " Hose Wildland                           | 2474               |                            |   | 1,600                                   |
| 100 5' LDH Hose                                     | 2474               |                            |   | 9,600                                   |
| 50' 1 3/4" Hose                                     | 2474               |                            |   | 1,848                                   |
| Rescue / Rope-Water                                 | 2474               |                            |   | 3,000                                   |
| Structure/ /Wildland Fire PPE                       | 2474               |                            |   | 30,000                                  |
| SCBA Compressor                                     | 2474               | -                          |   | 53,000                                  |
| <b>TOTAL EXPENDITURES</b>                           |                    | <b>-</b>                   | <b>-</b>                                  | <b>99,048</b>                           |
| <b>PROJECTED Excess</b>                             |                    |                            |   | <b>3,952</b>                            |

### C. District Fund Balances

The FY 2018-19 Proposed Budget is balanced. The District is projected to have a year-end **\$262,491** General Fund balance. That amount is roughly 2% of the District's total General Fund expenditures, far short of the \$1.2 million recommended uncommitted fund balance (equal to two months of operating expenses).

### Rodeo-Hercules Fire Protection District



**ORGANIZATIONAL CHART****RODEO-HERCULES FIRE PROTECTION DISTRICT****VI. GENERAL FUND EXPENDITURES**

The Proposed Budget expenditures include the District at full staffing. During FY 2016-17, three SAFER employees transitioned to the District on a permanent basis and three vacant positions were filled through recruitment. The District is currently at full staffing and anticipates a full staffing compliment for 2018-19 fiscal year that includes:

- One Interim Fire Chief
- One Battalion Chief
- Six Captains
- Six Engineers
- Six Firefighters
- One Administrative Assistant

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

Some observations regarding the proposed expenditures:

- Approximately 85% of all expenditures are employee related (salaries, benefits, retirement, etc.);
- Of the employee related expenses, salaries and retirement costs are virtually equal, retirement payments equal one \$1.00 for each \$1.00 of salary;

- The CCCERA retirement Unamortized Actuarial Accrued Liability (UAAL) payment increased by \$73,312 or approximately 4%;

The Budget includes the following significant items:

- No salary increases (See Appendix A-Employee Compensation Calculations);
- No new or modified benefits;
- Increases in retirement contributions for normal (\$42,361) and retirement UAAL (unamortized) costs (\$73,312);
- Increases in medical benefits costs (\$90,000);
- Budgeting current vehicle lease costs in the General Fund (\$80,401);
- Increase in professional services (\$75,000.).

## VII ADMINISTRATION & PROFESSIONAL SERVICES

The Administration portion of the budget is contained in the General Fund Expenditures and contains one Administrative position responsible for a variety of administrative activities. These include managing the District's payroll and accounting activities, authorizing vendor payments, processing personnel, conducting human resources activities and serving as Secretary to the Board of Directors.

Also included in this activity are the expenditures for Professional Services which are shown in the following table

**PROFESSIONAL SERVICES BUDGET 2017-18**

|  |                     |
|--|---------------------|
| IEDA (Labor Negotiator)                                      | \$18,396.00         |
| Annual Audit   | \$16,500.00         |
| Maintenance of Fire Trails                                   | \$13,000.00         |
| Information Technology Maintenance and Repair                | \$18,000.00         |
| Third Party - Audit/budgeting/Financial Assistance/Oversight | \$20,000.00         |
| Fire Information Support - Records                           | \$ 3,000.00         |
| Semi - Annual Medical Exams                                  | \$10,500.00         |
| Attorney (Meyers Nave)                                       | \$100,000.00        |
| Fire Prevention  | \$40,000.00         |
| County Auditor's Office Fees                                 | \$30,000.00         |
| Quarterly EMS Training / CQI / Infectious Disease Control    | \$24,000.00         |
| ATS (Phone System Support)                                   | \$ 250.00           |
| OPEB Actuarial   | \$ 3,800.00         |
| 2018 Board Election  | \$25,000.00         |
| County Levy Processing Fee                                   | \$ 2,200.00         |
| CUPA Fees  | \$ 402.00           |
| LAFCO  | \$ 3,300.00         |
| Avery & Associates   | \$17,000.00         |
| Website Web Hosting  | \$ 1,020.00         |
| <b>TOTAL</b>   | <b>\$346,368.00</b> |

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

- *Contra Costa County Board of Elections:* The District holds a staggered general election for Board Members that have reached the end of their term. Each Board member has a term of 4 years, with three seats available in 2018.
- *Avery and Associates:* The Board had elected to conduct an independent employment search for Fire Chief.
- *Attorney:* District utilizes attorney to ensure the District is compliant with all laws and regulations.

## VII. FIRE OPERATIONS

Rodeo-Hercules Fire 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 and 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 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 District also operates and participates in Battalion 7, a jointly operated Battalion with Pinole Fire Department and the Contra Costa County Fire Protection 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 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 District also responds 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 regionalized approach. These extended responses have included the Contra Costa County Fire Protection District, Crockett-Carquinez Fire Protection District, Pinole Fire Department, Richmond Fire Department, El Cerrito Fire Department, Moraga/Orinda Fire Protection District and Vallejo Fire Department.

The District also participates in the California Fire Assistance Agreement for the State of California and Federal Fire Agencies. This agreement, which is managed by the Office of Emergency Services, has called upon R.H.F.P.D. to provide Mutual Aid resources throughout the State of California, Oregon and Nevada.

### **Community Outreach:**

When not providing emergency services the Engine Company crews participate in a variety of community outreach programs that include:

- Conducting Blood Pressure Screening for Rodeo and Hercules Senior Citizens
- Providing bicycle safety helmets to District children through donations from the Rodeo Municipal Advisory Council;
- Providing smoke detectors and carbon dioxide (CO<sub>2</sub>) detectors to District residents;
- Participating with local schools in Adopt-A-Class Programs;

- Participating in the Salvation Army food and toy drive collection;
- Participating in community parades and festivals;
- Participating in the Harvest Festival and Breakfast with Santa at St. Patrick's School;
- Participating in Read Across America;
- Participating in the Hercules Senior Center Pancake Breakfast;
- Participating in Career Day at the Hercules Teen Center;
- Participating in the Boy Scout 9/11 Ceremony;
- Participating in the Rodeo baseball parade, the Hercules Fourth of July Parade, Veterans Walk of Honor, Safety and Health Fairs, Hercules Kids Fest, and
- Providing Fire Extinguisher Training for both the community and local businesses.

**Community Outreach Goals:**

- Hosting of Neighborhood Emergency Response Teams (NERT) classes.
- Establishing a Citizen Advisory Panel for the District.

**Fire Prevention:**

Engine companies conducted fire and life safety inspections of all schools and Business within the Fire District. Engine companies also conduct 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 District employees two independent outside contractors that split their time in accordance with their expertise for inspection of residential care facilities, licensed daycare and adult care facilities, commercial tenant improvements; new construction and provide construction plan review of construction plans and specifications for compliance with local and state requirements, and regularly meet with developers and contractors.

**Apparatus:**

The District operates a variety of Fire Apparatus including:

- A 75 foot Quint Ladder Truck
- One Type 1 Rescue Pumper
- Two Type 1 Engines
- Two Type 3 Wild Land Engines

Fire apparatus are placed into category types identified in the Incident Command System as a means of organizing multiagency resources through the National Interagency Fire Center. The District maintains a variety of fire apparatus and equipment in order to meet the public safety needs of our service area that includes major highways and streets, undeveloped wildland, developed urban residential and refinery/industrial areas.

**Fire Incident Calls—2017**

| <b>Incident Type</b>               | <b>Number of Calls</b> |
|------------------------------------|------------------------|
| Fire                               | 132                    |
| EMS/Rescue                         | 1,509                  |
| Hazardous Condition                | 44                     |
| Service Call                       | 196                    |
| Good Intent                        | 548                    |
| False Call                         | 189                    |
| Other                              | 7                      |
| <b>TOTAL</b>                       | <b>2,625</b>           |
| <b>*See Appendix E for Details</b> |                        |
|                                    |                        |

**VIII. VEHICLE REPLACEMENT RESERVE**

The Budget preparation process included an extensive review of the District's vehicle fleet. The vehicles were categorized by age, use and role in emergency response, and a replacement program was created. The District's recent vehicle replacements have been funded by securing a line of credit and paying off the debt on the line of credit over a 10-year period.

A 20-year vehicle replacement schedule was created as the basis for the cost modeling used to calculate the costs of leasing vehicles versus setting aside funds in a vehicle replacement reserve and acquiring the vehicles with cash.

The District has a current line of credit obligation that requires lease payments through FY 2021-22. The District will need to replace Engine 754 (Type I Spartan) and Engine 768 (Quint 76) in FY 2018-19, and the cost modelling assumes that this vehicle will be funded by another 10-year lease (because funds have not been previously set aside for the acquisition of this replacement vehicle).

The proposed (Lease-set aside) approach calls for the District to continue existing leases and add two additional lease for the replacement of Engine 754 and 768 (in 2018-19), and beginning to set aside funds in a Vehicle Replacement Reserve. Using this approach the District will need to add funds to the reserve in addition to the lease costs, but in 10 years the District will then acquire all other vehicles with cash on a 'go forward' basis. Utilizing the Lease-set-aside approach, the District will accumulate \$860,383 in cash in the vehicle replacement reserve at the end of 20 years and incur no interest costs after year 10. (See *Appendix C—Vehicle Replacement Schedules*).

**IX. FIVE YEAR REVENUE & EXPENDITURE PROJECTIONS**

Preparation of the Proposed Budget included the creation of Five Year Revenue and Expenditure Projections to provide the Board and staff with a roadmap for fiscal decisions and policy. (See *Appendix D-Five Year Revenue and Expenditure Projections*).

In summary, if the projections are sustained, the District is not projected to experience any significant financial issues. This conclusion is predicated on continued stable staffing, no benefit expansions or improvements, UAAL and other costs rising at the projected rate and no significant diminishment in revenues.

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

- A significant portion of the District's revenue (almost 42%) is property tax which is 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 could be largely consumed by expenditure areas with high growth potential including health care for employees and retirees and UAAL payments for the retirement system.
- As an important reminder, the District's OPEB medical insurance for retirees program is only partially funded. The District is not making payments into the UAAL portion of the program currently calculated as \$561,262 per year. If the District paid the full Actuarially Required Contribution (ARC) the program would be sustainable.
- Overtime is calculated on the minimum allocation per employee and major events/illnesses/long term disabilities could create additional costs.

The Budget for Fiscal Year 2018-19 is balanced and maintains the District's two Fire Station configuration with full staffing. The current Five Year Revenue and Expenditure projections also show that the District will remain in a balanced position during that period and retain a modest fund balance.

**X. RHFD BUDGET APPENDICES**

- A. CCCERA Retirement Costs & UAAL**
- B. OPEB Contribution Costs & UAAL**
- C. Vehicle Replacement Schedules**
- D. Five Year Revenue and Expenditure Projections**
- E. Incident Report Detail**



**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547  
(510) 799-4561 FAX: (510) 799-0395

**MEASURE O OVERSIGHT COMMITTEE MEETING MINUTES**  
**JUNE 19, 2019**

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**1. CALL TO ORDER/ROLL CALL (00:22)**

3:08 p.m. - Members present: Paul Freese, Annie Ziff, Ron Ardissonne

**2. PLEDGE OF ALLEGIANCE (00:42)**

**3. CONFIRMATION OF THE AGENDA (1:11)**

**4. APPROVAL OF PRIOR MEETING MINUTES (3:00)**

Ron Ardissonne made motion to approve April 17 minutes. Annie Ziff 2<sup>nd</sup>. Aye =3, No =0  
Ron Ardissonne made motion to approve May 1 minutes. Annie Ziff 2<sup>nd</sup>. Aye =3, No =0  
Annie Ziff made motion to approve May 15 minutes. Ron Ardissonne 2<sup>nd</sup>. Aye =3, No =0

**5. PUBLIC COMMUNICATIONS (7:25)**

None.

**6. RECEIVE, DISCUSS, AND COMMENT ON COMMITTEE BYLAWS (8:00)**

**7. RECEIVE, DISCUSS, AND COMMENT ON DIRECTOR PRATHER'S BOARD**

**CORRESPONDENCE (11:41)**

**8. REVIEW REQUEST TO DISTRICT REGARDING DETAILS OF REVENUE AND EXPENSE  
ACCOUNTS AND ADDITIONAL FEES THAT ADD UP TO AUDITED NUMBERS (59:14)**

**9. REVIEW FISCAL YEAR 2019-20 BUDGET (2:16:17)**

**10. DISCUSSION ITEM: PUBLIC OUTREACH (2:18:36)**

**11. POSSIBLE AGENDA ITEMS (2:26:59)**

**12. ADJOURNMENT (2:30:02)**

Audio from this board meeting can be heard at [www.rhfd.org](http://www.rhfd.org):

Number in parenthesis is time stamp on audio where agenda item begins.

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Board Secretary